MEETING OF THE
BOARD OF COMMISSIONERS

Special Meeting

Monday, June 10, 2019

King County Housing Authority
700 Andover Park West
Tukwila, WA

SPECIAL MEETING OF THE BOARD OF COMMISIONERS AGENDA

June 10, 2019
8:30 a.m.

King County Housing Authority
Snoqualmie Conference Room
700 Andover Park West
Tukwila, WA 98188

I. Call to Order

II. Roll Call

III. Public Comment

IV. Approval of Minutes

A. Board Meeting Minutes – May 20, 2019 **1**

V. Approval of Agenda

VI. Consent Agenda

A. Voucher Certification Report for April 2019 **2**

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 206-574-1206 prior to the meeting date.

TAB NUMBER 1

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

Monday, May 20, 2019

I. CALL TO ORDER

The meeting of the King County Housing Authority Board of Commissioners was held on Monday, May 20, 2019 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:31 a.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair), Commissioner Susan Palmer, Commissioner TerryLynn Stewart, Commissioner Michael Brown (via Telephone), and Commissioner John Welch (via Telephone).

III. ELECTION OF OFFICERS

A. Chairperson: Commissioner Douglass Barnes

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Susan Palmer, Commissioner Douglass Barnes was nominated to serve as Chairperson and the board unanimously approved this election.

B. Vice-Chair: Commissioner Susan Palmer

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Michael Brown, Commissioner Susan Palmer was nominated to serve as Vice-Chair and the board unanimously approved this election.

IV. PUBLIC COMMENT

Resident Lillie Clinton presented Stephen Norman, Executive Director with a donation of 10 baby tree saplings for King County Housing Authority.

Resident Lillie Clinton gave public comment.

V. APPROVAL OF MINUTES

A. Board Meeting Minutes –March 25, 2019

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Michael Brown, the Board unanimously approved the March 25, 2019 Board of Commissioners' Meeting Minutes.

VI. APPROVAL OF AGENDA

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the May 20, 2019 Board of Commissioners' meeting agenda with revisions to move the Public Comment to the end of the agenda.

VII. CONSENT AGENDA

A. Voucher Certification Report for February 2019
B. Voucher Certification Report for March 2019

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

VIII. RESOLUTONS FOR DISCUSSION & POSSIBLE ACTION

A. **Resolution No. 5624**: A Resolution of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of the Authority's Non-Revolving Line of Credit Revenue Note, 2019 (Kendall Ridge Apartments), in the principal amount of not to exceed $75,000,000, the proceeds of which will be used to finance the acquisition of a 240-unit apartment complex located in Bellevue, Washington, known as Kendall Ridge Apartments; determining the form, terms and covenants of the note; creating a note fund; approving the sale and providing for the delivery of the note to Key Government Finance, Inc. or an affiliate thereof; 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.

Stephen Norman, Executive Director, provided a summary of the resolution.

Questions of Commissioners' were answered.

On motion by Commissioner Susan Palmer and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5624.

IX. BRIEFINGS AND REPORTS

A. First Quarter 2019 Procurement Report

Stephen Norman, Executive Director, provided a summary of the report.

Questions of Commissioners' were answered.

B. First Quarter 2019 Write-off's

Bill Cook, Director of Public Housing, provided a summary of the report and noted that the write off amounts have been trending down.

Questions of Commissioners' were answered.

C. First Quarter 2019 Executive Board Dashboard

Andrew Calkins, Manager of Policy and Legislative Affairs, presented the Executive Dashboard and welcomed input from the Board regarding additional areas of KCHA's operations that would be useful to incorporate into the quarterly Executive Dashboard.

The dashboard currently groups metrics into four areas: Finance, Housing Management, Housing Choice Voucher Program Operations, and Increasing Access to Opportunity Areas. The Social Impacts staff will continue to review the current set of dashboard metrics and confirm their ongoing relevance for KCHA. Board members expressed interest in seeing metrics for employee satisfaction.

X. EXECUTIVE DIRECTOR'S REPORT

The Executive Director reported that the FY19 federal funding allocations have been finalized and KCHA is reconciling these numbers with the revenue projections contained in the budget approved by the Board in December. KCHA's original numbers were on the conservative side given the level of uncertainty surrounding congressional negotiations. We are now projecting $2.4 million in additional Housing Choice Voucher funding in our MTW block grant. This will help support our over-leasing and need to re-benchmark payment standards as rents continue to rise. On the Public Housing side the prorate is 99% rather than the 90% assumed in the budget. Capital budget funding came in below projections, at $5.9 million vs. $6.6 million. As the expenditure of capital funds is a multiyear process this shortage will not impact FY19 actuals. At the state level, thanks to the good work of the Policy team, there was a $670,000 capital budget appropriation for the 4th avenue road project, reducing KCHA's out of pocket expenses. The King County Council also approved $30 million dollars in transit oriented development financing for the Federal Way and Kirkland acquisitions currently underway.

The ED reminded the Commissioners that the June Board Meeting has been moved to Monday, June 10, 2019.

XI. KCHA IN THE NEWS

None.

XII. COMMISSIONER COMMENTS

Commissioner Stewart asked a question regarding the consideration of future acquisitions.

Stephen Norman, Executive Director responded that we are constantly looking for properties that align with our mission and acquisition goals.

Commissioner Stewart also asked if there has been an update of the Homeless count in King County?

This happened approximately two weeks ago with a slight decrease in overall shelter and street population. Stephen will include this in his monthly Executive Report. The count has been expanded to Seattle and King County. We believe the decrease in numbers has been attributed to the increase in the number of shelter beds and diversion programs.

XIII. ADJOURNMENT

Chair Barnes adjourned the meeting at 9:37 a.m.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

____
DOUGLAS J. BARNES, Chair
Board of Commissioners

____
STEPHEN J. NORMAN
Secretary

TAB NUMBER 2

King County Housing Authority

To: Board of Commissioners

From: Linda Riley, Controller

Date: May 28, 2019

Re: **VOUCHER CERTIFICATION FOR APRIL 2019**

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
May 28, 2019

Bank Wires / ACH Withdrawals		6,002,974.64
	Subtotal	***6,002,974.64***
Accounts Payable Vouchers		
Key Bank Checks - #321911-#322425		5,868,498.16
Tenant Accounting Checks - #10842-#10862		4,644.96
Commerce Bank Direct Payment		28,944.11
	Subtotal	***5,902,087.23***
Payroll Vouchers		
Checks - #91465-91510		55,206.01
Direct Deposit		1,534,614.67
	Subtotal	***1,589,820.68***
Section 8 Program Vouchers		
Checks - #625097-#625438		201,604.08
ACH - #445465-#448225		14,368,771.74
	Subtotal	***14,570,375.82***
Purchase Card / ACH Withdrawal		259,179.86
	Subtotal	***259,179.86***
	GRAND TOTAL	***$ 28,324,438.23***

TAB NUMBER 3

King County Housing Authority

To: Board of Commissioners

From: Tim Walter, Sr. Director of Development & Asset Management

Date: June 4, 2019

Re: **Resolution No. 5625**: A Resolution authorizing the acquisition of the Emerson Apartments.

Resolution No. 5625 authorizes the Executive Director to negotiate and enter into a purchase agreement for the Emerson Apartments located in Kirkland at 11010 NE 124th Lane. The property is within an area of King County identified by KCHA as a high opportunity area, with excellent access to schools, jobs, and other amenities in addition to transit.

In February, 2016, the Board reviewed and encouraged KCHA to pursue a 5-year real estate development strategy for acquiring or building 2,250 units of affordable housing. Two of the high priority areas for acquisitions were housing located in high opportunity neighborhoods and workforce housing in close proximity to high capacity and reliable transit. This specific acquisition opportunity strategically aligns with both priorities allowing KCHA the unique ability to preserve existing housing along an emerging transit corridor as well as housing with access to great schools and good jobs.

A recent report issued by the Regional Affordable Housing Taskforce notes that some 36,000 units of affordable housing have been lost to the region over the past ten years through repositioning in the market or physical redevelopment. Given sub-market trends and the redevelopment of Totem Lake, KCHA regards this property as being at high risk of losing existing affordability, resulting in significant displacement of current residents, many with children in local schools, and further loss of affordable housing proximate to mass transit corridors.

Emerson Apartments has excellent access to public transportation. Metro route 255, which has a stop located at the entrance to Emerson, provides all day service to downtown Seattle to the west and to the Totem Lake Transit Center and Totem Lake Freeway station to the northeast. By 2025, Metro intends to convert Metro Route 255 to Rapid Ride Route 1027. Emerson is also located less than one mile east of Totem Lake's Urban Center which is currently in phase one of a two phase redevelopment that is estimated to add an additional 2,000 jobs when the redevelopment is complete. KCHA has reached out to the owner regarding the potential acquisition of the property. A full Project Profile is attached which outlines the strategic rationale for the acquisition, description of the property, proposed financing plan and analysis of the risks and risk mitigations associated with the transaction.

Staff recommends approval of Resolution 5625.

Emerson Apartments
Project Profile

Emerson is a 207-unit multifamily transit-oriented development (TOD) apartment community located in the Totem Lake neighborhood of Kirkland. Built in 1983, the development consists of 23 two-story buildings (60 one-bedroom units with 1 bath, 58 two-bedroom units with 1 bath, and 71 two-bedroom units with two baths and 18 three-bedroom units with two baths), a leasing office/clubhouse building and a swimming pool and sport court. KCHA has begun pre-acquisition due diligence including title review, survey and preparation for the physical investigation of the condition of the land and buildings.

Purchase Status

This property is currently owned by a private real estate investment company located in northern California. KCHA approached the ownership to discuss our interest in acquiring the property. Following a series of discussions, the ownership appears amenable to selling the property to KCHA in accordance with the direction of KCHA's Board of Commissioners, subject to negotiating the specific terms of an agreement and satisfaction of the Executive Director with the results of KCHA's due diligence review.

The terms of a purchase and sale agreement would contemplate a sales price of $66,000,000 ($318,840/unit) and allow for a 30-day due diligence inspection window in order for KCHA to complete a thorough review of title, environmental, physical condition and overall feasibility of the project. An earnest money deposit would be provided to the seller. The closing date is anticipated to be 60 - 90 days after mutual execution of the purchase and sale agreement.

Due Diligence Status

KCHA will conduct an appraisal, capital needs assessment, Phase I environmental assessment, zoning review and a survey from third party consultants. Results from the due diligence inspection reports will be available before the expiration of the 30-day contingency period. Based on initial property assessments by KCHA staff, the property appears to be in average to good condition.

Property Description & Building Condition

Emerson is a residential development located at 11010 NE 124th St. in Kirkland on a 16.8-acre parcel. The site was built in 1983 for multifamily residential use, consistent with current zoning. It has been operated as a rental apartment complex since that time.

The property consists of 23 multi-family buildings with a leasing office/laundry room/fitness center, outdoor playground, swimming pool, sport court and mature landscaping. The wood frame buildings, totaling 164,000 square feet, are two-story garden style structures with pitched roofs. The buildings provide a mix of in-unit and common laundry facilities and extra storage for the tenants. There are 39 covered parking spaces and 284 open spaces, with a parking ratio of 1.56 spaces per unit. One-bedroom units range in size between 470 - 610 sq. feet, two-bedroom units between 755 – 955 sq. feet and three-bedroom units are 1,100 sq. feet.

KCHA's Asset Management and Capital Construction staff, along with third party consultants, will be performing inspections of the buildings, including interior inspections of residential units. These reports will allow us to gauge the extent of the short and longer-term improvements anticipated to be necessary as well as the approximate cost of these improvements. Based on KCHA's history with acquiring and operating buildings of this age and condition, staff expects to find a need for short-term repairs (repairs to be made within the first 12 months) to be in the neighborhood of $250,000 and median term repairs and improvements to be between $3 - $5 million.

Unit Configuration

The unit mix includes:
- 26 one-bedroom, one bath units at 470 square feet each,
- 34 one-bedroom, one bath units of 610 square feet each,
- 56 two-bedroom, one bath units of approximately 755 square feet,
- 71 two-bedroom, two bath units of approximately 955 square feet,
- 18 three-bedroom, two bath units of approximately 1,100 square feet.

Neighborhood Description

The property is located in the Totem Lake neighborhood of Kirkland at the cross street of NE 124th St and 11th Lane NE. Centrally located, Emerson is less than a three minute walk to QFC, less than one mile from the Village at Totem Lake which is currently in phase one of a two phase redevelopment and will include 400,000 square feet of retail, restaurant and office space as well as a movie theater, apartments, a park and common space. The Village at Totem Lake is currently home to Whole Foods, Nordstrom Rack, Trader Joes and other major retailers. The fully completed redevelopment is expected to bring 2,000 new employees to the Totem Lake area.

Emerson is within the highly acclaimed Lake Washington School District. Local schools for the children living within the property include Bell Elementary, Finn Hill Middle School and Juanita High School.

The site has one primary entrance serving the complex and the bus stop for Metro route 255 which provides frequent all day access to the Totem Lake and to downtown Seattle is located adjacent to the entrance. The property is also less than ½ mile to both the Totem Lake Freeway Station and the Kingsgate Park and Ride. Metro's website indicates that their long-range expansion plan will include a Rapid Ride route which would run a similar route to the 255.

Emerson is surrounded by residential condominiums, with the Juanita Country Club condominiums to the west and Kirkland Place condominiums to the east. It is an easy commute to Seattle, Redmond and Bellevue and is in close proximity to major Eastside employers including Google, Evergreen Health, Oculus and Microsoft.

Strategic Rationale for Acquisition

KCHA's Board of Commissioners has identified the acquisition and development of affordable housing in high opportunity areas near or adjacent to transit (transit-oriented development "TOD") as a priority in order to address a shortage of affordable housing with easy access to reliable public transportation. Emerson's access to local transit and convenient access to downtown Seattle, the Totem Lake Freeway Station and the Kingsgate Park and Ride strategically positions the property to provide easy and convenient transportation to not only Kirkland itself, but the larger region as well.

Multifamily housing located in high opportunity areas with convenient access to transit and near expanding job centers has experienced continued rent escalation as demand for these locations grows. This is especially acute for existing properties whose rents have been relatively affordable relative to new construction in the same location. Emerson, while operating as a market rate apartment complex, currently provides housing generally affordable to households at or below 80% of the Area Median Income (AMI). Preservation of existing naturally occurring affordable housing is a key strategy to ensure that, over the long-term, rents within these communities do not continue to escalate to the point they are no longer affordable and existing residents displaced. With Amazon's announcement to locate up to 25,000 employees on the Eastside, the need to acquire and preserve this housing resource is necessary to ensure the preservation of the dwindling supply of affordable housing.

Emerson is also located in a high opportunity community, which is defined by King County as a "community where households have access to good schools, transportation and economic opportunities to promote upward mobility." With 207 apartments of which over 70% are two and three-bedroom units, Emerson provides access to transportation and economic opportunities for numerous households. The large number of two and three-bedroom units allows stable, uninterrupted access to excellent schools for lower income families who are at risk of being priced out of their homes.

Proposed Financing

Interim Financing - KCHA anticipates acquiring the property with proceeds from a draw on a proposed line of credit from KeyBank. The line of credit would bear an approximate interest rate of 2.75% and is subject to changes in the monthly LIBOR rate.

Permanent Financing – KCHA has a number of different options for the permanent financing of the development. The three most likely scenarios include: 1) a public sale of municipal bonds in the full amount of the interim financing backed by a general revenue pledge of KCHA; 2) a public sale of the amount of governmental housing bonds that can be supported directly by the net rental revenues of the property (approximately $45 million) and the balance of the interim loan refinanced with a public sale of municipal bonds backed by a combination of a general revenue pledge of KCHA and a King County loan guarantee (as part of KCHA's $200 million credit enhancement program with King County) or 3) a public sale of the amount of governmental housing bonds that can be supported directly by the net rental revenues of the property and the balance of the interim loan financed by a below market mezzanine loan financed in whole by public or private sources. All of the above financing structures would also rely on KCHA's AA credit rating from Standards & Poor's. It is KCHA's intention to put the permanent financing in place as soon as reasonably possible after closing. The financing terms for the primary loan in each of the three scenarios mentioned above assumes a 30-year amortizing facility with a 20-year maturity and an interest rate of 4%.

It is important to note that similar to other market rate acquisitions, the net rental income generated by the operations of the property can only support financing for approximately 55% - 70% of the purchase price. The debt service for the remainder of the purchase price will need to be covered either through an internal reallocation of net operating income from other Asset Management Department properties, through a direct payment of debt service by KCHA's corporate revenues or through a 0%-1% interest only mezzanine loan instrument.

Sources & Uses

USES	
Acquisition	$66,000,000
Closing Costs	$50,000
TOTAL	$66,050,000

SOURCES	
KeyBank Line of Credit	$66,000,000
KCHA Cash	$50,000
TOTAL	$66,050,000

Risks & Mitigation

Acquisition Risks & Mitigation

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

- (Mitigation) As part of the due diligence process, KCHA will obtain a market rate appraisal of the property performed by a MAI appraiser licensed to do business in the State of Washington and will limit the acquisition cost to no more than 105% of the appraised value. Based on current cap rates and market potential rents at the site, staff believes the purchase price to be below market value.

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

- (Mitigation) KCHA is obtaining a full title report from a title insurance company and is conducting extensive engineering and environmental due diligence on the property. KCHA will ensure that, upon closing, KCHA will be able to obtain a full owner's policy insuring clean title with extended coverage. KCHA is conducting a Phase 1 environmental assessment and a completing a survey of the property.

Financing Risk & Mitigation

- (Risk) KCHA is unable to secure sufficient credit capacity within its line(s) of credit for the initial acquisition financing.

- (Mitigation) KCHA has received initial authorization from KeyBank for a new line of credit in an amount sufficient to cover the full cost of acquisition. Formal approval is expected to be received prior to the end of KCHA's due diligence window.

- (Risk) Short-term/Long-term interest rates spike.

- (Mitigation) KCHA expects to pursue permanent financing within the next 4 – 9 months. While interest rates can swing widely within a short window of time, short-term interest rates have negligible costs on the overall financing and long-term interest rates have been stable. Securing permanent financing as soon as reasonably possible will help mitigate exposure to increases in long-term interest rates.

Rehab Risk & Mitigation

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

- (Mitigation) KCHA is in the process of completing its due diligence of the property. Staff estimates that of the $3.25 million - $5.25 million in projected repairs and improvements, the property will require less than $250,000 in short-term repairs. The additional improvements can be made over the next 3 – 8 years without negatively impacting the physical viability of the property. On-going routine repairs and replacements can be paid for through net cash flow from property operations. Unforeseen repairs not able to be paid for from property operations could also be funded from additional draws on a KCHA line of credit or from KCHA reserves. KCHA has extensive experience in assessing this type of property and in undertaking needed repairs and upgrades.

Balance Sheet Impact

- (Risk) The combined additional debt from acquisition of the IAM 751 properties, Kendall Ridge and the Emerson Apartments pushes KCHA's debt service coverage ("DSCR") below the 1.1 ratio required under existing debt covenants or jeopardizes KCHA's current Standard and Poor's rating.

- (Mitigation) While the additional debt will incrementally impact the debt service coverage ratio, KCHA DSCR is well above the 1.1 required ratio and the additional debt will not impact KCHA's ability to meet this covenant. KCHA has also been in discussion with Standard and Poor's regarding their rating criteria and given that their rating criteria equally weights financial performance and mission driven activity (which includes the acquisition and preservation of workforce housing), no change in KCHA's rating is expected from the increase in the Agency's debt related to these transactions.

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5625

A RESOLUTION AUTHORIZING ACQUISITION OF EMERSON APARTMENTS

WHEREAS, there is an increasingly serious shortage of affordable housing in King County, which the King County Housing Authority ("Housing Authority") is charged with addressing pursuant to its mission of providing quality affordable housing opportunities equitably distributed within King County; and

WHEREAS, it is a goal of local government and the Housing Authority to further fair housing in the region affirmatively, in part through preservation of existing affordable housing opportunities in areas with significantly appreciating housing costs; and

WHEREAS, Emerson Apartments (the "Property") is a 207-unit apartment complex located at 11010 NE 124th Lane, Kirkland, Washington, in an area of King County where rents are increasingly unaffordable to low-income households; and

WHEREAS, rents at the Property are expected to continue to escalate, making the Property and Kirkland increasingly less affordable to low income households; and

WHEREAS, there is a growing loss of affordable housing within transit corridors in King County; and

WHEREAS, access to reliable public transportation is a critical resource for low-income households, providing access to work, services, school, shopping, cultural and other activities for these residents; and

WHEREAS, the Housing Authority has identified acquiring and developing housing along planned transit corridors and areas with frequent high capacity transit as a strategic priority to ensure the long-term availability of low-income housing near reliable public transportation; and

WHEREAS, the Property is located within a transit corridor where rents are increasingly unaffordable to low-income households; and

WHEREAS, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations, and RCW 35.82.070(5) authorizes a housing authority to acquire real property by exercise of the power of eminent domain or by purchase in lieu of exercise of the power of eminent domain; and

WHEREAS, acquisition of the Property by the Housing Authority will serve the mission of the Housing Authority and the housing goals of the region through an approach that is considerably less expensive than constructing the same number of new housing units.

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

Section l: Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations and in areas of rising rents, planned transit corridors and high housing costs in particular.

Section 2: The Board of Commissioners hereby authorizes the Executive Director (i) to give notice to the current owner of the Property of the Housing Authority's intention to acquire the Property by eminent domain if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation and purchase in lieu of condemnation; and (ii) to acquire the Property by condemnation through exercise of the Housing Authority's power of eminent domain, if it is unsuccessful in acquiring the Property on satisfactory terms through negotiation with and purchase from the owner in lieu of condemnation.

Section 3: The Executive Director, Stephen J. Norman, is hereby vested with the authority, and with discretion in the exercise of such authority, to attempt to acquire the Property through negotiation and purchase in lieu of condemnation at a price anticipated to be approximately Sixty-Six Million Dollars ($66,000,000.00), ($318,840.58 per unit), but which shall not exceed 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser.

Section 4: If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then the Executive Director is hereby authorized (a) to sign a Purchase and Sale Agreement providing for the acquisition of the Property containing such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the Purchase and Sale Agreement under terms that would permit the earnest money to be forfeited to the seller as liquidated damages if the sale fails to close through no fault of the seller.

<u>Section 5:</u> The Board of Commissioners hereby elects pursuant to RCW 8.26.010(2) not to comply with the provisions of RCW 8.26.035 through RCW 8.26.115 in connection with the acquisition of the Property because no existing occupants of the Property will be displaced by reason of the acquisition.

<u>Section 6:</u> The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution.

<u>Section 6:</u> The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Deputy Executive Director Jill Stanton, to execute on behalf of the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the Housing Authority's acquisition of the Property pursuant to this Resolution.

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 10TH DAY OF JUNE, 2019.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

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DOUGLAS J. BARNES, Chair

Attest:

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STEPHEN J. NORMAN, Secretary

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King County Housing Authority

To: Board of Commissioners

From: Windy K. Epps, Assistant Director of Finance

Date: May 28, 2019

Re: **First Quarter 2019 Financial Statements**

EXECUTIVE SUMMARY

First quarter financial results tracked well against budget projections. Operating Revenue was on target at 100.03% of budget, while operating expenses were 6.6% under budget.

Throughout the first quarter, HUD used an interim proration of 88.7% for the Public Housing Operating Fund Subsidy which was slightly below the budgeted proration of 90%. Additionally, HUD based 2019 eligibility estimates on 2018 formula data, resulting in slightly lower actual cash receipts. HUD's interim proration for May rose to 90.0% but was still based on 2018 data. It is expected that current year proration levels will reach 99% by the end of 2019 and that this funding level will be applied retroactively to the full year's funding.

KCHA was awarded a 2019 Housing Choice Voucher program inflation factor of 2.173%, prorated at 99.5% vs. the budgeted 1.0% inflation and 99.0% prorate. Combining both factors, total HCV funding for 2019 reflects an increase of $2.9 million in block grant funding over 2018 receipts and a positive variance of $2.4 million vs. the 2019 budget.

2019 Housing Choice Voucher (HCV) Housing Assistance Payments (HAP), excluding payments made to landlords on behalf of tenants who have moved into KCHA's service area (ports-in), are essentially on target with a negative variance of $186,000 or 0.58%. KCHA is a cumulative 89 unit months under target for the quarter, offset by an average HAP payment that was $9.26 higher than budget estimates.

QUARTERLY HIGHLIGHTS

The Riverstone Apartment Complex in Federal Way was acquired in the first quarter for $70 million. The purchase of this 308 unit complex was secured with short-term financing provided by KeyBank Government Finance. This brings the total number of properties owned or controlled by the Housing Authority to 130 sites with 10,511 units.

The purchase of the IAM District 751 Properties that was budgeted for the first quarter has yet to occur.

The 4th Avenue construction project at Greenbridge is underway. It is now projected that KCHA's contribution to this project will be $1.07 million less than budgeted. This savings is attributable to an unbudgeted $650,000 grant from the Washington State Department of Commerce and to lower-than-expected construction costs. Based on bids received, and a contingency reserve in the amount of $300,000 set aside for unforeseeable expenses, the cost of construction should be approximately $420,000 less than budget.

Due to certain debt covenants, KCHA must maintain a debt service coverage ratio of 1.1 or better. The debt service coverage ratio is calculated by dividing net operating income by the annual required debt service payments and is a measure of the ability of a borrower to meet current debt obligations. A ratio of 1.0 or greater means the borrower has sufficient income to cover its obligations. This covenant is being met. Below is a chart detailing the recent history of this important metric:

2018 Ratios	
Q1	1.99
Q2	1.77
Q3	1.65
Q4	1.98

2019 Ratios	
Q1	2.08
Q2	
Q3	
Q4	

CASH AND INVESTMENT SUMMARIES

Overall cash balances were up by $10.9 million during the quarter. Driving this increase was a $5.8 million annual cash distribution from tax credit partnerships and cash from operations of the bond properties. For a complete report on KCHA's overall cash position at the end of the quarter, please see page 9.

Investment Summary (in millions) as of March 31, 2019	Amount	Yield	% of Total
Invested in the Local Government Investment Pool & Masterfund	$85.8	2.52%	39.3%
Invested by KCHA	66.4	2.09%	30.4%
Cash held by trustees	14.3	0.10% *	6.6%
Cash held in checking and savings accounts	29.0	0.10% *	13.2%
Invested by KCHA	$195.6	1.93%	89.5%
Cash loaned for low income housing & EPC project purposes	23.0	4.98%	10.5%
Loaned by KCHA	23.0	4.98%	10.5%
Total	$218.6	2.17%	100.0%

*Estimate

The overall Return on Investment (ROI) on KCHA investments, including loans made for low income housing and EPC project purposes, was 2.17%, down slightly from 2.18% last quarter. The Washington State Treasurer's Local Government Investment Pool (LGIP) average interest rate for the quarter was 2.51%.

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

Reserve Balances
(in millions of dollars)

MTW Cash, Beginning of Quarter	$20.9
Quarterly change:	
Block grant cash receipts from HUD	33.0
Operating Fund subsidy related to resident service activities	0.1
Amounts returned to MTW program	0.1
Quarterly HAP payments sourced from the block grant	(28.2)
Quarterly block grant administrative fees paid to Section 8	(2.2)
Additional subsidy transferred to Public Housing properties	(0.3)
Capital construction projects	(0.9)
Unit upgrades	(0.3)
Direct social service expenses	(1.0)
Homeless Housing expenses	(0.2)
Other net changes	(0.2)
MTW Cash, End of Quarter	$20.8
Less Reserves:	
Restricted reserve-Green River collateral	(5.2)
Restricted reserve-FHLB collateral	(3.9)
FSS reserves	(0.2)
MTW Available Cash, End of Quarter	$11.4

COCC Cash, Beginning of Quarter	$50.0
Quarterly change:	
Fee revenue	2.9
Transfer of excess cash to COCC	
Interest income on investments and loans	0.4
Net lending activity	(0.2)
Administrative expenses	(3.2)
Net change in Central Maintenance and Vehicle Funds	(0.2)
Other net change	(0.7)
COCC Cash, End of Quarter	$49.1
Less Reserves:	
Liquidity reserves for King County credit enhancement	(13.0)
COCC Working Capital Cash, End of Quarter	$36.1

CAPITAL INVESTMENTS (Including tax credit partnerships)

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

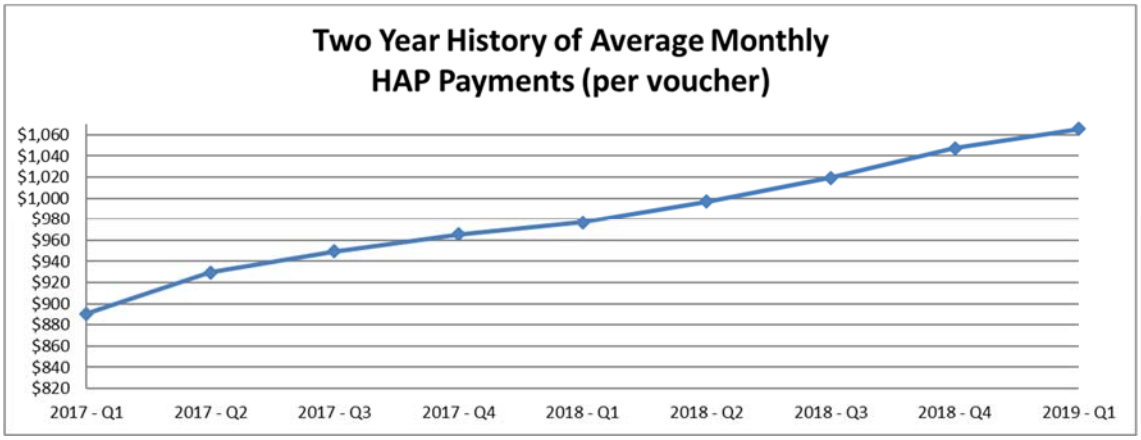
	Actuals Thru 3/31/2019		Budget Thru 3/31/2019	YTD Variance	Percent of Annual Budget	2019 Annual Budget
CONSTRUCTION ACTIVITIES						
Managed by Capital Construction Department						
Public Housing	$823,951	(1)	$1,563,973	($740,022)	10.8%	$7,602,543
509 Properties	388,074		482,558	(94,484)	31.1%	1,247,422
Other Properties	413,928	(2)	742,980	(329,052)	9.5%	4,338,529
	1,625,954		2,789,511	(1,163,557)	12.3%	13,188,494
Managed by Housing Management Department						
Unit Upgrade Program	904,798		1,061,952	(157,154)	21.3%	4,244,411
Energy Performance Contract	485,983	(3)	1,192,260	(706,277)	11.4%	4,247,414
Other Projects	1,081		-	1,081	N/A	-
	1,391,862		2,254,212	(862,350)	16.4%	8,491,825
Managed by Asset Management Department						
Bond Properties-managed by KCHA staff	307,992	(4)	50,000	257,992	32.3%	953,701
Bond Properties-managed by external property mgt	240,151	(5)	12,498	227,653	4.7%	5,078,600
	548,143		62,498	485,645	9.1%	6,032,301
Subtotal Construction Activities	**3,565,959**		**5,106,221**	**(1,540,262)**	**12.9%**	**27,712,620**
DEVELOPMENT ACTIVITY						
Managed by Hope VI Department						
Seola Gardens	-		-	-	N/A	-
Greenbridge	658,945		663,365	(4,420)	12.2%	5,418,569
Notch	-		12,500	(12,500)	0.0%	38,200
Salmon Creek/Nia	-		-	-	N/A	-
	658,945		675,865	(16,920)	12.1%	5,456,769
Managed by Development Department						
	-		-	-		-
Other Projects	86,781	(6)	932,295	(845,514)	2.3%	3,726,200
	86,781		932,295	(845,514)	2.3%	3,726,200
Subtotal Development Activity	**745,727**		**1,608,160**	**(862,433)**	**8.1%**	**9,182,969**
TOTAL CONSTRUCTION & DEVELOPMENT	**$4,311,685**		**$6,714,381**	**($2,402,696)**	**11.7%**	**$36,895,589**
PROPERTY ACQUISITIONS & OTHER ASSETS						
Acquisitions	70,011,646					
Other Assets	113,684					
TOTAL PER CASH RECONCILATION REPORT	**$74,437,015**					

1) Due to late construction start and work delays due to snow, the College Place envelope project is below target. Also, the site improvements project at Forest Glen is being postponed until May 1st.
2) The Egis elevator project was budgeted evenly through October. However, the majority of the work is now anticipated to take place during the 3rd and 4th quarters.
3) EPC project costs were lower than forecasted in the budget but are expected to increase later in the year.
4) Plaza Seventeen Elevator invoice was charged to current year costs instead of offsetting the prior year accrual. Correction was made in May 2019.
5) Ventilation for Village at South Station began in the first quarter but was budgeted in the third quarter.
6) Architectural contracts are now in place and activity will increase throughout the year.

PROGRAM ACTIVITIES

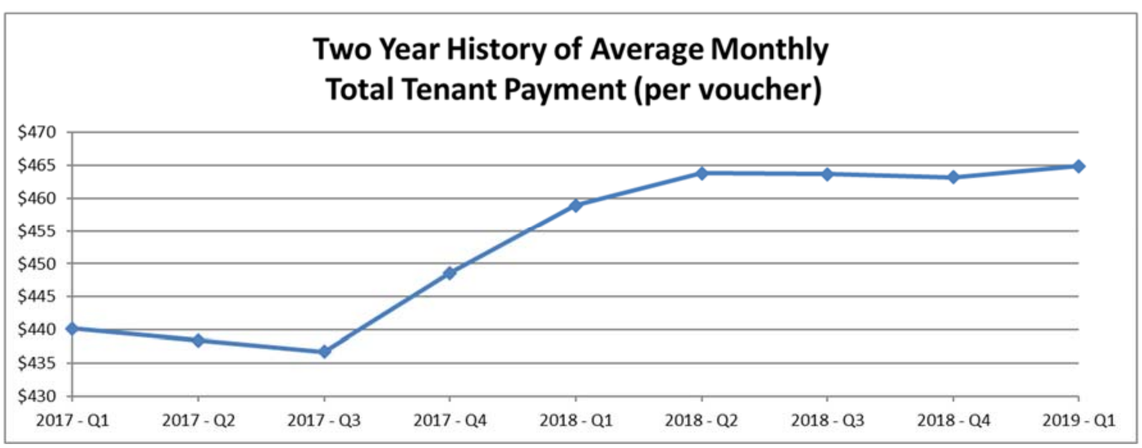
HOUSING CHOICE VOUCHERS

The average quarterly HAP payment to landlords for all HCV vouchers was $1,065.45, compared to $1,047.46 last quarter and $977.18 one year ago.



KCHA's average HAP cost continued to rise during the quarter, but at a slower pace than 2018. With continued rising market rents for lower priced units, continued low vacancy rates and KCHA's commitment to adequately sizing subsidy payments to enable program participants to reside in higher priced sub-markets, the increase in average HAP costs is expected to continue.

Total Tenant Payment (TTP) is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. Average TTP for the quarter was $464.91, up slightly from $463.18 the previous quarter and $463.68 six months ago. This increase appears to be influenced by a combination of higher average tenant annual income—an increase of 2.5% over the same period.



MTW PROGRAM

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

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

Through the first three months, block grant payments from HUD have been based solely on HAP expenses incurred during the previous year with a 2% provision for inflation.

(In thousands of dollars)	Actual	Budget	Variance	%Var
HCV Block Grant Revenue	33,079.9	32,237.3	$842.7	2.6%
Funding of HAP Payments to Landlords	(28,185.4)	(28,079.5)	105.9	(0.4%)
Funding of Section 8 Administrative Costs	(2,225.5)	(2,222.7)	2.8	(0.1%)
Excess of HCV Block Grant Funding over Expenses	$ 2,669.1	$ 1,935.1	$ 733.9	37.9%

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

Through the first three months, the transfer of MTW funds to subsidize Public Housing operations has been exactly on target.

(In thousands of dollars)	Actual	Budget	Variance	%Var
Standard Transfers to PH AMPs Based on Need	($331.6)	($331.6)	$0.0	0.0%
Net Flow of Cash(from)/to MTW from/(to) PH	($331.6)	($331.6)	$0.0	0.0%

3. *Expenditures for homeless and resident service programs*

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

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Public Housing Subsidy earmarked for resident services	$99.9	$108.7	($8.9)	(8.1%)	
Homeless Initiatives	(244.7)	(564.5)	$319.7	(56.6%)	(1)
Resident Services	(968.5)	(1,039.4)	$71.0	(6.8%)	
Use of MTW Funds for Special Programs	($1,113.4)	($1,495.2)	$381.8	(25.5%)	

1) Homeless program service providers have been slow in billing the Authority. Program expenses are expected to increase as the year progresses.

4. *Other uses of MTW funds*

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

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Construction Activity & Management Fees	$1,296.83	$2,450.39	($1,153.6)	(47.1%)	(1)
Misc. Other Uses	416.1	316.4	99.7	31.5%	
	$1,712.9	$2,766.8	($1,053.8)	(38.1%)	

1) As some of the MTW-funded construction projects included in 2019 budget were completed during the 4th quarter of 2018, the actual capital transfer in the 1st quarter was less than anticipated in the budget. Also, MTW funded unit upgrade projects are below target as actual projects depend on unit availability.

5. *Costs to administer the MTW program*

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs, with year-to-date expenses of $164,418 or 0.50% of program gross revenues. Expenses are below the year-to-date budget of $246,744 due mainly to timing issues.

AGENCY OVERHEAD

The Central Office Cost Center (COCC) aggregates overhead costs for the Authority. The COCC is supported by fees charged to both Federal and non-Federal programs and housing properties, and by transfers of excess cash from non-Federal housing programs. KCHA continues to administer its programs in a fiscally-prudent manner and within HUD guidelines. The net change in available COCC resources is understated at the end of the first quarter as budgeted transfers of cash from local properties did not occur until the second quarter. The chart below reflects a summary of COCC activity.

(In thousands of dollars)

	YTD Actual	YTD Budget	Variance	%Var	
Revenues					
Management fees	2,421.2	2,453.6	($32.4)	(1.3%)	
Cash transferred-in from local properties	0.0	1,545.7	(1,545.7)	0.0%	(1)
Investment income	648.1	659.5	(11.4)	(1.8%)	
Other income	379.8	324.9	54.8	14.4%	(2)
	$3,449.1	$4,983.7	($1,534.7)	(44.5%)	
Expenses					
Salaries & Benefits	2,635.6	2,944.4	($308.8)	(11.7%)	(3)
Administrative Expenses	613.0	1,058.0	(445.0)	(72.6%)	(4)
Occupancy Expenses	58.3	63.7	(5.5)	(9.4%)	
Other Expenses	169.1	167.8	1.4	0.8%	
	$3,475.9	$4,233.9	($758.0)	(21.8%)	
Net Change in Available COCC Resources	($26.8)	$749.8	($776.7)		

1) Expected transfer of cash from local properties occurred in the second quarter.
2) Negotiated contract cancellation fee related to investments by USDA properties. Unbudgeted.
3) Due to unfilled positions.
4) Various administrative categories are under target.

REPORTS TABLE OF CONTENTS

King County Housing Authority
Consolidated Cash Report
As of 3/31/2019

	KCHA Cash		Cash of Other Entities
	Current Quarter	Prior Quarter	
Unrestricted	$55,038,503	$58,145,080	$1,652,566
Designated, but Available for General Use			
Excess Cash Flow from Birch Creek	8,588,000	8,588,000	0
Excess Cash Flow from Green River	4,500,000	4,500,000	0
Voluntary Debt Service Reserve-Birch Creek	2,487,521	2,487,521	0
Exit Tax Reserve, Birch Creek	3,000,000	3,000,000	0
Exit Tax Reserve, Egis	3,000,000	3,000,000	0
Liquidity Reserve-County Credit Enhancement Program	13,000,000	13,000,000	0
Total Cash Available for General Use	**89,614,024**	**92,720,601**	1,652,566
Other Designated Cash			
Voluntary Replacement Reserves	21,188,962	20,663,292	0
Funds Held by Outside Property Management Companies	15,532,870	4,833,807	0
Excess Cash Reserve	0	0	400,000
EPC Project Reserves	1,275,000	1,100,000	0
Unspent Debt Proceeds Reserves	3,296,836	3,975,519	0
Hope VI Loan Interest Income Reserves	1,397,901	463,603	0
Other Designated Funds	81,948	82,596	268,919
Total Other Designated Cash	42,773,517	31,118,817	668,919
Programmatic Cash			
MTW Program	11,393,886	11,592,500	0
Public Housing	5,427,397	5,126,234	1,129,618
Housing Choice Voucher Program	116,751	(641,579)	0
Energy Performance Contract Project	1,019,062	1,357,172	0
Greenbridge/Seola Gardens General Cash Balances	1,683,877	1,837,076	0
Other Programmatic Cash	2,218,145	974,927	0
Total Programmatic Cash	21,859,116	20,246,330	1,129,618
Restricted Cash			
MTW Pledged as Collateral	9,109,835	9,109,835	0
Bond Reserves-1 Year Payment	2,256,222	2,256,117	0
Bond Reserves-P & I	5,226,508	2,969,211	0
Hope VI Lot Sales Proceeds	10,901,622	10,721,424	0
Replacement Reserves	586,727	581,615	2,349,649
Highland Village/Somerset Projects	6,404,761	6,790,785	0
FSS Reserves	1,410,150	1,316,512	0
Security Deposits	2,587,452	2,356,377	161,955
Other Restricted Cash	1,333,368	2,999,018	130,735
Total Restricted Cash	41,305,177	40,483,226	2,642,340
TOTAL CASH	$195,551,834	$184,568,974	$6,093,444

King County Housing Authority **Statements of Financial Position** **As of March 31, 2019**	Public Housing Not For Profit Properties	Other LIH Not for Profit Properties	Housing Net Cash Flow Properties	Other LIH Net Cash Flow Properties	Housing Choice Voucher Program	MTW Program	Development Program	Other Funds	COCC Overhead	Total
Assets										
Cash-Unrestricted	$7,227,675	$4,342,403	$7,110,282	$10,546,976	$116,751	$11,393,886	$862,710	$1,338,774	$36,061,665	$79,001,121
Cash-Designated	3,668,919	3,072,370	30,711,126	21,312,401	(10,679)	0	9,260,198	5,527,504	13,017,098	86,558,937
Cash-Restricted	2,089,315	1,643,685	17,312,696	891,849	1,668,319	9,358,527	3,120,827	0	0	36,085,220
Accounts Receivable	227,127	687,519	484,461	4,185,415	214,351	1,008,927	0	1,512,927	1,008,226	9,328,954
Other Short-term Assets	167,481	421,486	338,288	94,392	39,393	1,022	94	13,247	105,758	1,181,161
Long-term Receivables	85,914,417	26,564,046	109,403,745	115,357,815	0	25,666,860	346,959	13,174,736	34,775,238	411,203,817
Capital Assets	228,144,122	120,729,994	385,252,173	177,954,860	0	10,030	18,195,555	23,593,139	13,795,297	967,675,171
Other Assets	1,345,902	(251,474)	100	279,903	(884)	0	49,550	2,258	(7,813)	1,417,541
Total Assets	$328,784,959	$157,210,029	$550,612,870	$330,623,611	$2,027,252	$47,439,251	$31,835,893	$45,162,586	$98,755,469	$1,592,451,921
Liabilities and Equity										
Short-term Liabilities	$1,549,657	$1,034,967	$5,748,756	$1,318,047	$1,638,277	$915,895	$686,143	$2,197,957	$1,645,952	$16,735,650
Current Portion of Long-term Debt	0	25,639,098	12,597,852	6,640,010	0	0	0	0	900,000	45,776,960
Long-term Debt	74,559,894	28,660,600	451,502,555	145,523,235	0	0	0	4,445,792	22,602,432	727,294,508
Other Long-term Liabilities	11,966,413	1,799,998	512,177	4,753,188	0	0	10,529,414	27,146,326	0	56,707,515
Total Liabilities	88,075,963	57,134,663	470,361,340	158,234,480	1,638,277	915,895	11,215,557	33,790,075	25,148,384	846,514,633
Equity	240,708,996	100,075,366	80,251,530	172,389,131	388,975	46,523,356	20,620,337	11,372,512	73,607,085	745,937,288
Total Liabilities and Equity	$328,784,959	$157,210,029	$550,612,870	$330,623,611	$2,027,252	$47,439,251	$31,835,893	$45,162,586	$98,755,469	$1,592,451,921

King County Housing Authority
Cash Reconciliation Report
Combined Operations
Through March 31, 2019

	Actuals	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$85,201,366**				
Rental Revenue and Subsidy					
Tenant Revenue	$26,005,142	$25,745,870	$259,272	1.0%	
Federal Operating Support	2,681,453	2,837,001	(155,548)	-5.5%	
Total Rental Revenue and Federal Support	28,686,595	28,582,871	103,724	0.4%	
Other Operating Revenue					
Federal Support for HCV Program	38,224,372	37,170,111	1,054,261	2.8%	
Other Revenue	18,948,944	20,084,674	(1,135,730)	-5.7%	
Total Other Operating Revenue	57,173,316	57,254,785	(81,469)	-0.1%	
Total Operating Revenue	85,859,911	85,837,656	22,255	0.0%	
Operating Expenses					
Salaries and Benefits	(11,191,065)	(11,719,895)	528,830	4.5%	
Administrative Expenses	(2,618,813)	(3,611,641)	992,828	27.5%	(1)
Maintenance Expenses, Utilities, Taxes	(6,851,310)	(8,361,812)	1,510,502	18.1%	(2)
Management Fees Charged to Properties and Programs	(2,099,944)	(2,026,857)	(73,087)	-3.6%	
HCV Housing Assistance Payments to Landlords	(42,746,988)	(42,353,269)	(393,719)	-0.9%	
Other Programmatic Expenses	(1,674,590)	(2,589,250)	914,660	35.3%	(3)
Other Expenses	(194,676)	0	(194,676)	n/a	(4)
Transfers Out for Operating Purposes	(820,793)	(2,322,312)	1,501,519	64.7%	(5)
Total Operating Expenses	(68,198,178)	(72,985,036)	4,786,858	6.6%	
Net Operating Income	17,661,733	12,852,620	4,809,113	37.4%	
Non Operating Income/(Expense)					
Interest Income from Loans	2,905,879	2,912,989	(7,110)	-0.2%	
Interest Expense	(5,850,368)	(6,120,959)	270,591	4.4%	
Other Non-operating Income/(Expense)	(1,933,395)	(5,247,409)	3,314,014	63.2%	(6)
Total Non Operating Income/(Expense)	(4,877,885)	(8,455,379)	3,577,494	42.3%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	2,663,867	3,786,935	(1,123,068)	-29.7%	(7)
Capital Project Expenditures	(74,398,991)	(143,835,585)	69,436,594	48.3%	(7,8)
Total Change in Capital Assets, net of Direct Funding and Debt	(71,735,124)	(140,048,650)	68,313,526	48.8%	
Change in Assets/Liabilities					
Change in Designated/Restricted Cash	(13,224,833)	7,712,477	(20,937,310)	-271.5%	(9)
Change in Short-term Assets	2,685,734	756,289	1,929,445	255.1%	(10)
Change in Long-term Receivables	2,141,315	12,438,147	(10,296,832)	-82.8%	(11)
Change in Other Assets	308,798	0	308,798	n/a	(12)
Change in Short-term Liabilities	(18,048,375)	(582,070)	(17,466,305)	-3000.7%	(13)
Change in Long-term Debt	78,403,085	115,560,308	(37,157,223)	-32.2%	(14)
Change in Other Liabilities	485,308	1,329,573	(844,265)	-63.5%	(15)
Change in Equity	(1)	0	(1)	n/a	
Change in Other Assets/Liabilities	52,751,031	137,214,724	(84,463,693)	-61.6%	
Change in Unrestricted/Program Cash	($6,200,244)	$1,563,315	($7,763,559)	-496.6%	
ENDING UNRESTRICTED/PROGRAM CASH	$79,001,121				

	Actuals	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$109,419,324**				
Change in Replacement Reserves	601,338	565,515	35,823	6.3%	
Change in Debt Service Reserves	2,257,298	0	2,257,298	n/a	(9)
Change in Other Reserves	10,366,197	(8,277,992)	18,644,189	225.2%	(9)
Change in Designated/Restricted Cash	13,224,833	(7,712,477)	20,937,310	271.5%	
ENDING DESIGNATED/RESTRICTED CASH	**$122,644,156**				

1) Various categories are under target (professional services, admin contracts, computer equipment, and agency-wide training). Professional real estate and legal costs were budgeted for new acquisitions are expected to be incurred later in the year. $200K EPC one-time fee was budgeted as an administrative expense but was instead capitalized.
2) Timing of invoicing; some properties have not yet been billed for water and sewer expense in March. The budgeted fire benefit charges have yet to be paid. Also, seasonal and periodic contracts are low as is typical early in the year.
3) Homeless and Resident Services programs service providers have been slow in billing the Authority. Program expenses are expected to increase as the year progresses.
4) Most of the Nike fire loss insurance reimbursement was received in 2018 while the actual repair invoices were paid in 2019. The Southwood Square fire loss repair invoices were paid in the first quarter and the insurance proceeds were received in April 2019.
5) Excess cash transfer from bond properties to COCC occurred in the second quarter.
6) The City of Bellevue grant to Highland Village totaling $2M was budgeted in 2018 but received in January 2019. Also, the budgeted transfer of funds from EPC to Egis for elevator work is expected to occur later in the year.
7) Due to late start of construction and work delays due to snow, the College Place envelope project is below target. Site improvements project at Forest Glen is being postponed until May 1st. Unit upgrade projects are below target as actual projects depend on unit availability. These resulted in the related capital and unit upgrade transfers from MTW being less than anticipated in the budget.
8) IAM 751 properties were budgeted to be acquired in the first quarter for $66M but the acquisition is expected to occur in the second quarter.
9) Due to increases in management depository accounts which are reflected as "designated". Amounts are periodically transferred to the KCHA masterfund bank account. Also, due to an unbudgeted increase in the 2018 pool bond trustee account. Finally, the budgeted draw from EPC debt proceeds will occur later in the year.
10) Due to collection of HUD Grant Receivable from 2018 accruals and port-in receivables. Unbudgeted. Also, due to decrease in tenant receivables. Unbudgeted.
11) Mainly due to unbudgeted new Somerset Key Bank Tax exempt loan totaling $15M, the proceeds of which were used for the repayment of the Somerset interim loan, the repayment was budgeted at $13M. This is partially offset as the budgeted draw of $5M from Somerset KCHA subordinate loan that did not occur.
12) Tall Cedars suspense account balance of $251K is expected to be cleared in the second quarter. Due to reduction in prepaid insurance. Unbudgeted.
13) Mainly due to unbudgeted repayment of Bank of America interim bond totaling $15M from the proceeds of Key Bank tax exempt loan. Also, due to decrease in accounts payable.
14) New loan totaling $66M was budgeted for acquisition of IAM 751 properties. The acquisition is expected to occur in the second quarter. This is partially offset by unbudgeted Somerset Key Bank Tax exempt loan totaling $15M and reclassification of the Bank of America interim bond totaling $15M to short term. See note 13.
15) Due to decrease in short term liabilities and less than budgeted draw from COCC internal loan for Greenbridge project.

King County Housing Authority
Cash Reconciliation Report
Public Housing Not for Profit
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$8,136,831**				
Rental Revenue and Subsidy					
Tenant Revenue	$2,049,101	$1,932,924	$116,177	6.0%	
Federal Operating Support	1,763,377	1,888,557	(125,180)	-6.6%	
Total Rental Revenue and Federal Support	3,812,478	3,821,481	(9,003)	-0.2%	
Other Operating Revenue					
Other Revenue	62,315	67,170	(4,855)	-7.2%	
Total Other Operating Revenue	62,315	67,170	(4,855)	-7.2%	
Total Operating Revenue	3,874,793	3,888,651	(13,858)	-0.4%	
Operating Expenses					
Salaries and Benefits	(1,397,289)	(1,339,290)	(57,999)	-4.3%	
Administrative Expenses	(265,492)	(299,069)	33,577	11.2%	
Maintenance Expenses, Utilities, Taxes	(1,131,231)	(1,400,858)	269,627	19.2%	(1)
Management Fees Charged to Properties and Programs	(454,020)	(421,521)	(32,499)	-7.7%	
Other Programmatic Expenses	(12,395)	(19,317)	6,922	35.8%	
Other Expenses	(67,382)	0	(67,382)	n/a	(2)
Total Operating Expenses	(3,327,810)	(3,480,055)	152,245	4.4%	
Net Operating Income	546,984	408,596	138,388	33.9%	
Non Operating Income/(Expense)					
Interest Income from Loans	428,232	427,029	1,203	0.3%	
Interest Expense	(453,762)	(433,671)	(20,091)	-4.6%	
Other Non-operating Income/(Expense)	(15,780)	(34,800)	19,020	54.7%	
Total Non Operating Income/(Expense)	(41,310)	(41,442)	132	0.3%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	1,143,177	2,926,311	(1,783,134)	-60.9%	(3)
Capital Project Expenditures	(1,590,831)	(2,974,711)	1,383,880	46.5%	(3)
Total Change in Capital Assets, net of Direct Funding and Debt	(447,653)	(48,400)	(399,253)	-824.9%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(36,596)	(54,426)	17,830	32.8%	
Change in Receivables	111,923	(428,574)	540,497	126.1%	(4)
Change in Other Assets	120,032	0	120,032	n/a	(5)
Change in Other Liabilities	(1,162,534)	433,671	(1,596,205)	-368.1%	(6)
Change in Equity	(1)	0	(1)	n/a	
Change in Other Assets/Liabilities/Equity	(967,176)	(49,329)	(917,847)	-1860.7%	
Change in Unrestricted/Program Cash	($909,156)	$269,425	($1,178,581)	-437.4%	
ENDING UNRESTRICTED/PROGRAM CASH	**$7,227,675**				

BEGINNING DESIGNATED/RESTRICTED CASH	**$5,721,638**			
Change in Replacement Reserves	37,096	54,426	(17,330)	-31.8%
Change in Debt Service Reserves	0	0	0	n/a
Change in Other Reserves	(500)	0	(500)	n/a
Change in Designated/Restricted Cash	36,596	54,426	(17,830)	-32.8%
ENDING DESIGNATED/RESTRICTED CASH	**$5,758,234**			

1) Timing of invoicing; some properties have not yet been billed for water and sewer expense in March. The budgeted fire benefit charges have yet to be paid. Also, seasonal and periodic contracts are low as is typical early in the year.
2) Insurance reimbursement has yet to be received for Casa Madrona fire loss repair totaling $64K.
3) Due to weather-related late start of construction, the College Place envelope project is below target. The site improvement project at Forest Glen is being postponed until May 1st due to permitting issues. Unit upgrade expenditures are below target as actual projects depend on unit availability. The related funding transfer from MTW is also lagging.
4) Due to collection of HUD Grant Receivable from 2018 accruals and port-in receivables. Unbudgeted.
5) Due to reduction in prepaid insurance. Unbudgeted.
6) Due to decrease in accounts payable. Unbudgeted.

King County Housing Authority
Cash Reconciliation Report
Other Low Income Housing-Not for Profit
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$5,228,787**				
Rental Revenue and Subsidy					
Tenant Revenue	$3,566,091	$3,799,412	($233,321)	-6.1%	
Federal Operating Support	105,874	112,740	(6,866)	-6.1%	
Total Rental Revenue and Federal Support	3,671,965	3,912,152	(240,187)	-6.1%	
Other Operating Revenue					
Federal Support for HCV Program	101,870	109,065	(7,195)	-6.6%	
Other Revenue	1,064,488	1,226,096	(161,608)	-13.2%	(1)
Total Other Operating Revenue	1,166,358	1,335,161	(168,803)	-12.6%	
Total Operating Revenue	4,838,323	5,247,313	(408,990)	-7.8%	
Operating Expenses					
Salaries and Benefits	(689,901)	(706,245)	16,344	2.3%	
Administrative Expenses	(111,898)	(110,553)	(1,345)	-1.2%	
Maintenance Expenses, Utilities, Taxes	(1,037,599)	(1,236,612)	199,013	16.1%	(2)
Management Fees Charged to Properties and Programs	(266,395)	(269,172)	2,777	1.0%	
Other Programmatic Expenses	(7,647)	(6,757)	(890)	-13.2%	
Other Expenses	(80,190)	0	(80,190)	n/a	(3)
Total Operating Expenses	(2,193,630)	(2,329,339)	135,709	5.8%	
Net Operating Income	2,644,693	2,917,974	(273,281)	-9.4%	
Non Operating Income/(Expense)					
Interest Income from Loans	357,316	357,600	(284)	-0.1%	
Interest Expense	(524,423)	(666,589)	142,166	21.3%	(4)
Other Non-operating Income/(Expense)	(2,192,608)	(1,694,674)	(497,934)	-29.4%	
Total Non Operating Income/(Expense)	(2,359,714)	(2,003,663)	(356,051)	-17.8%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	515,271	695,213	(179,942)	-25.9%	(5)
Capital Project Expenditures	(668,766)	(764,767)	96,001	12.6%	(5)
Total Change in Capital Assets, net of Direct Funding and Debt	(153,495)	(69,554)	(83,941)	-120.7%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(401,075)	36,111	(437,186)	-1210.7%	(6)
Change in Receivables	340,177	206,014	134,163	65.1%	(7)
Change in Other Assets	278,380	0	278,380	n/a	(8)
Change in Debt	(342,819)	(534,659)	191,840	35.9%	(4)
Change in Other Liabilities	(892,532)	(26,070)	(866,462)	-3323.6%	(9)
Change in Other Assets/Liabilities/Equity	(1,017,868)	(318,604)	(699,264)	-219.5%	
Change in Unrestricted/Program Cash	($886,384)	$526,153	($1,412,537)	-268.5%	
ENDING UNRESTRICTED/PROGRAM CASH	**$4,342,403**				
BEGINNING DESIGNATED/RESTRICTED CASH	**$4,314,980**				
Change in Replacement Reserves	76,870	(36,111)	112,981	312.9%	(6)
Change in Debt Service Reserves	(84,072)	0	(84,072)	n/a	(6)
Change in Other Reserves	408,277	0	408,277	n/a	(6)
Change in Designated/Restricted Cash	401,075	(36,111)	437,186	1210.7%	
ENDING DESIGNATED/RESTRICTED CASH	**$4,716,055**				

1) Mobile home sales were less than anticipated in the budget. As MKCRF capital expenditures were less than budgeted, the related capital reimbursement was below target. See note 5.
2) Timing of invoicing; some properties have not yet been billed for water and sewer expense in March. Also, seasonal and periodic contracts are low as is typical early in the year but expected to increase as the year progresses.
3) Most of the Nike fire loss insurance reimbursement was received in 2018 while the actual repair invoices were paid in 2019.
4) Friendly Village is to be added to the 2013 pool late this year. Interest and principal payments were budgeted in anticipation of the refinancing beginning in January.
5) MKCRF expenditures were less than budgeted. Some projects that were included in the 2019 budget were completed in 2018, which resulted in fewer capital expenditures in the first quarter. This also resulted in lower amount of MKCRF capital project transfer in.
6) Unbudgeted increase in Tall Cedars Revenue Reserves by $325K as the property was reacquired by KCHA. Also, a draw totaling $197K from Vantage Glen replacement reserves was budgeted evenly through out the year, but the actual draw is expected to occur in August 2019.
7) Mainly due to decrease in tenant receivables. Unbudgeted.
8) Tall Cedars suspense account balance of $251K is expected to be cleared in the second quarter.
9) Mainly due to decreases in accounts payable and deferred rent revenue.

King County Housing Authority
Cash Reconciliation Report
Workforce Housing-Net Cash Flow
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$10,740,481**				
Rental Revenue and Subsidy					
Tenant Revenue	$16,520,346	$15,990,402	$529,944	3.3%	
Total Rental Revenue and Federal Support	16,520,346	15,990,402	529,944	3.3%	
Other Operating Revenue					
Other Revenue	796,757	326,878	469,879	143.7%	(1)
Total Other Operating Revenue	796,757	326,878	469,879	143.7%	
Total Operating Revenue	17,317,103	16,317,280	999,823	6.1%	
Operating Expenses					
Salaries and Benefits	(1,851,664)	(1,947,193)	95,529	4.9%	
Administrative Expenses	(1,055,628)	(1,095,018)	39,390	3.6%	
Maintenance Expenses, Utilities, Taxes	(3,710,760)	(4,562,718)	851,958	18.7%	(2)
Management Fees Charged to Properties and Programs	(398,905)	(398,904)	(1)	0.0%	
Other Programmatic Expenses	(49,119)	(62,348)	13,229	21.2%	
Other Expenses	(3,735)	0	(3,735)	n/a	
Transfers Out for Operating Purposes	(118,085)	(867,945)	749,860	86.4%	(3)
Total Operating Expenses	(7,187,895)	(8,934,126)	1,746,231	19.5%	
Net Operating Income	10,129,207	7,383,154	2,746,053	37.2%	
Non Operating Income/(Expense)					
Interest Income from Loans	691,245	621,673	69,572	11.2%	(4)
Interest Expense	(3,197,538)	(3,399,950)	202,412	6.0%	
Other Non-operating Income/(Expense)	1,933,115	0	1,933,115	n/a	(5)
Total Non Operating Income/(Expense)	(573,178)	(2,778,277)	2,205,099	79.4%	
Capital Activity					
Capital Project Expenditures	(70,239,791)	(137,012,498)	66,772,707	48.7%	(6)
Total Change in Capital Assets, net of Direct Funding and Debt	(70,239,791)	(137,012,498)	66,772,707	48.7%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(11,148,721)	6,825,563	(17,974,284)	-263.3%	(7)
Change in Receivables	(276,903)	10,577,789	(10,854,692)	-102.6%	(8)
Change in Other Assets	117,040	0	117,040	n/a	(9)
Change in Debt	66,756,248	119,140,878	(52,384,630)	-44.0%	(10)
Change in Other Liabilities	1,605,898	0	1,605,898	n/a	(11)
Change in Other Assets/Liabilities/Equity	57,053,562	136,544,230	(79,490,668)	-58.2%	
Change in Unrestricted/Program Cash	($3,630,199)	$4,136,609	($7,766,808)	-187.8%	
ENDING UNRESTRICTED/PROGRAM CASH	**$7,110,282**				

BEGINNING DESIGNATED/RESTRICTED CASH	**$36,875,101**				
Change in Replacement Reserves	401,750	424,437	(22,687)	-5.3%	
Change in Debt Service Reserves	2,341,370	0	2,341,370	n/a	(7)
Change in Other Reserves	8,405,601	(7,250,000)	15,655,601	215.9%	(7)
Change in Designated/Restricted Cash	11,148,721	(6,825,563)	17,974,284	263.3%	
ENDING DESIGNATED/RESTRICTED CASH	**$48,023,822**				

1) Due to rising interest rates, interest income from investments was higher than budgeted. Unbudgeted PSE grant income for Windsor Heights, Meadows at Lea Hill and Overlake. Also, Windsor Heights transferred $118K to Meadowbrook Apartments to cover the 2015 Pool first quarter debt payment, unbudgeted.
2) Timing of invoicing; some properties have not yet been billed for water and sewer expense in March. Also, seasonal and periodic contracts are low as is typical early in the year but expected to increase as the year progresses.
3) The budgeted transfer-outs of excess cash from bond properties to the COCC occurred in the second quarter.
4) Mainly due to unbudgeted Somerset Trustee interest payments; offset by lower-than-expected interest income from Highland Village KCHA Subordinate Loan.
5) The City of Bellevue grant to Highland Village totaling $2M was budgeted in 2018 but received in January 2019.
6) IAM 751 properties were budgeted to be acquired in the first quarter for $66M but the acquisition is expected to occur in the second quarter.
7) Due to increases in management depository accounts which are reflected as "designated". Amounts are periodically transferred to the KCHA masterfund bank account. This is partially offset as budgeted draw from Somerset project reserve account has yet to occur.
8) Mainly due to unbudgeted new Somerset Key Bank Tax exempt loan totaling $15M the proceeds of which was used for the repayment of the Somerset interim loan, the repayment was budgeted at $13M. This is partially offset as the budgeted draw of $6M from Somerset KCHA subordinate loan did not occur.
9) Due to decrease in prepaid insurance.
10) New loan totaling $66M was budgeted for acquisition of the IAM 751 properties. The acquisition is expected to occur in the second quarter. This is partially offset by unbudgeted Somerset Key Bank Tax exempt loan totaling $15M. See note 8.
11) Mainly due to unbudgeted 2018 pool interest accrual of $1.5M.

King County Housing Authority
Cash Reconciliation Report
Other Low Income Housing-Net Cash Flow
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$9,347,364**				
Rental Revenue and Subsidy					
Tenant Revenue	$3,828,929	$3,998,112	($169,183)	-4.2%	
Federal Operating Support	(1,642)	2,538	(4,180)	-164.7%	
Total Rental Revenue and Federal Support	3,827,287	4,000,650	(173,363)	-4.3%	
Other Operating Revenue					
Other Revenue	193,579	204,238	(10,659)	-5.2%	
Total Other Operating Revenue	193,579	204,238	(10,659)	-5.2%	
Total Operating Revenue	4,020,866	4,204,888	(184,022)	-4.4%	
Operating Expenses					
Salaries and Benefits	(552,166)	(558,430)	6,264	1.1%	
Administrative Expenses	(240,324)	(263,754)	23,430	8.9%	
Maintenance Expenses, Utilities, Taxes	(817,088)	(1,022,909)	205,821	20.1%	(1)
Management Fees Charged to Properties and Programs	(114,443)	(119,652)	5,209	4.4%	
Other Programmatic Expenses	(26,877)	(46,685)	19,808	42.4%	
Other Expenses	(43,369)	0	(43,369)	n/a	(2)
Transfers Out for Operating Purposes	0	(677,793)	677,793	100.0%	(3)
Total Operating Expenses	(1,794,266)	(2,689,223)	894,957	33.3%	
Net Operating Income	2,226,600	1,515,665	710,935	46.9%	
Non Operating Income/(Expense)					
Interest Income from Loans	786,215	782,100	4,115	0.5%	
Interest Expense	(1,108,073)	(1,066,022)	(42,051)	-3.9%	
Other Non-operating Income/(Expense)	(210,054)	(66,000)	(144,054)	-218.3%	(4)
Total Non Operating Income/(Expense)	(531,913)	(349,922)	(181,991)	-52.0%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	71,122	45,411	25,711	56.6%	
Capital Project Expenditures	(406,532)	(197,013)	(209,519)	-106.3%	(5)
Total Change in Capital Assets, net of Direct Funding and Debt	(335,410)	(151,602)	(183,808)	-121.2%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(234,552)	(99,036)	(135,516)	-136.8%	(6)
Change in Receivables	4,419,981	3,666,827	753,154	20.5%	(7)
Change in Other Assets	53,620	0	53,620	n/a	(8)
Change in Debt	(2,821,294)	(2,820,731)	(563)	0.0%	
Change in Other Liabilities	(1,577,420)	(691,487)	(885,933)	-128.1%	(9)
Change in Other Assets/Liabilities/Equity	(159,665)	55,573	(215,238)	-387.3%	
Change in Unrestricted/Program Cash	$1,199,612	$1,069,714	$129,898	12.1%	
ENDING UNRESTRICTED/PROGRAM CASH	**$10,546,976**				

BEGINNING DESIGNATED/RESTRICTED CASH	**$21,969,698**				
Change in Replacement Reserves	64,219	99,036	(34,817)	-35.2%	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	170,333	0	170,333	n/a	(6)
Change in Designated/Restricted Cash	234,552	99,036	135,516	136.8%	
ENDING DESIGNATED/RESTRICTED CASH	**$22,204,250**				

1) Timing of invoicing; some properties have not yet been billed for water and sewer expense in March. Also, seasonal and periodic contracts are low as is typical early in the year but expected to increase as the year progresses. The budgeted fire benefit charges are expected to be paid in the second quarter.
2) Related to Southwood Square fire loss repair. The insurance proceeds were received in April 2019.
3) The budgeted transfer of excess cash to the COCC occurred in the second quarter.
4) Unbudgeted transfer of $144K from Salmon Creek net cash flow for HOPE VI loan interest payment.
5) Six unit upgrades have already occurred at Hidden Village for the first quarter, which is higher than the five units anticipated for the whole year.
6) Due to increases in management depository accounts which are reflected as "designated". Amounts are periodically transferred to the KCHA masterfund bank account. Unbudgeted.
7) Repayment of KCHA notes and lease receivable from the proceeds of tax credit projects net cash flow distribution was higher than anticipated in the budget.
8) Mainly from decrease in prepaid insurance.
9) Repayment KCHA internal loans from the proceeds of tax credit projects net cash flow distribution was higher than anticipated in the budget.

King County Housing Authority
Cash Reconciliation Report
Housing Choice Voucher Program
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**($641,579)**				
Operating Revenue					
Federal Support for HCV Program	35,453,451	35,125,912	327,539	0.9%	
Revenue from Collection	$40,676	$25,020	$15,656	62.6%	
Portability Income	10,325,297	10,016,015	309,282	3.1%	
Other Revenue	505,372	568,566	(63,194)	-11.1%	(1)
Total Operating Revenue	46,324,796	45,735,513	589,283	1.3%	
Operating Expenses					
Salaries and Benefits	(1,724,333)	(1,869,468)	145,135	7.8%	
Administrative Expenses	(201,318)	(253,541)	52,223	20.6%	(2)
Maintenance Expenses, Utilities, Taxes	(84,606)	(70,809)	(13,797)	-19.5%	
Management Fees Charged to Properties and Programs	(782,899)	(736,896)	(46,003)	-6.2%	
HCV Housing Assistance Payments to Landlords	(32,421,284)	(32,337,254)	(84,030)	-0.3%	
HCV Housing Assistance Payment-Ports In	(10,325,704)	(10,016,015)	(309,689)	-3.1%	
Other Programmatic Expenses	(21,644)	(37,347)	15,703	42.0%	
Total Operating Expenses	(45,561,788)	(45,321,330)	(240,458)	-0.5%	
Net Operating Income	763,008	414,183	348,825	84.2%	
Non Operating Income/(Expense)					
Other Non-operating Income/(Expense)	(59,031)	(86,319)	27,289	31.6%	
Total Non Operating Income/(Expense)	(59,031)	(86,319)	27,289	31.6%	
Capital Activity					
Capital Project Expenditures	(105)	0	(105)	n/a	
Total Change in Capital Assets, net of Direct Funding and Debt	(105)	0	(105)	n/a	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(61,433)	0	(61,433)	n/a	(3)
Change in Receivables	83,787	0	83,787	n/a	(4)
Change in Other Assets	18,244	0	18,244	n/a	
Change in Other Liabilities	13,859	0	13,859	n/a	
Change in Other Assets/Liabilities/Equity	54,457	0	54,457	n/a	
Change in Unrestricted/Program Cash	$758,330	$327,864	$430,466	131.3%	
ENDING UNRESTRICTED/PROGRAM CASH	**$116,751**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$1,596,208**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	61,433	0	61,433	n/a	(3)
Change in Designated/Restricted Cash	61,433	0	61,433	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$1,657,641**				

1) Port-in admin fee income was below target due to the first quarter write-off of $40k of receivables deemed uncollectible. Also, port-in admin fee income for the quarter was based on 2018 per unit rates as HUD had not yet issued updated rates. New rates have been subsequently issued and admin fee revenue will increase.
2) Various categories were under target (i.e., computer equipment, administrative contracts, and professional services) and are expected to increase as the year progresses.
3) Mainly due to increase to FSS escrow account. KCHA does not budget for changes in escrow accounts.

King County Housing Authority
Cash Reconciliation Report
MTW Program
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$11,592,500**				
Federal Support					
Block Grant Revenue	$33,079,940	$32,237,253	$842,687	2.6%	
Less: Used for HAP	(28,185,406)	(28,079,458)	(105,948)	-0.4%	
Less: Used HCV Administrative Program Support	(2,225,483)	(2,222,661)	(2,822)	-0.1%	
Federal Operating Support	99,854	108,711	(8,857)	-8.1%	
Total Net Federal Support	2,768,905	2,043,845	725,060	35.5%	
Other Operating Revenue					
Other Revenue	111,990	51,837	60,153	116.0%	(1)
Total Other Operating Revenue	111,990	51,837	60,153	116.0%	
Total Operating Revenue	2,880,895	2,095,682	785,213	37.5%	
Program Expenses					
Resident Service Salaries and Benefits	(673,442)	(706,461)	33,019	4.7%	
Resident Service Program and Administrative Expenses	(295,043)	(332,976)	37,933	11.4%	
Homeless Salaries and Benefits	(96,825)	(99,837)	3,012	3.0%	
Homeless Program and Administrative Expenses	(147,902)	(464,634)	316,732	68.2%	(2)
Policy Salaries and Benefits	(139,876)	(163,086)	23,210	14.2%	
Policy Administrative Expenses	(7,715)	(75,918)	68,203	89.8%	(3)
Other Policy Expenses	(130,010)	(370,077)	240,067	64.9%	(2)
Additional Support of Public Housing Program	(331,647)	(331,647)	0	0.0%	
Other Programmatic Expenses	(59,115)	(59,115)	0	0.0%	
Total Programmatic Expenses	(1,881,574)	(2,603,751)	722,177	27.7%	
Used for Rehabilitation, Development or Debt Service Purposes					
Funding for Capital Construction Projects	(856,816)	(1,563,969)	707,153	45.2%	(4)
Funding for Unit Upgrades	(323,358)	(664,548)	341,190	51.3%	(5)
Management Fees Charged by COCC	(116,658)	(222,849)	106,191	47.7%	(6)
Total Rehab, Development and Debt Service Expenses	(1,296,832)	(2,451,366)	1,154,534	47.1%	
Administrative Expenses					
Salaries and Benefits	(39,463)	(37,476)	(1,987)	-5.3%	
Administrative Expenses	(30,091)	(28,856)	(1,235)	-4.3%	
Internal Management Fees	(10,407)	(9,546)	(861)	-9.0%	
Total Administrative Expenses	(79,961)	(75,878)	(4,083)	-5.4%	
Total Operating Expenses	(3,258,367)	(5,130,995)	1,872,628	36.5%	
Net Operating Income	(377,472)	(3,035,313)	2,657,841	87.6%	
Non Operating Income/(Expense)					
Interest Income from Loans	265,622	261,969	3,653	1.4%	
Total Non Operating Income/(Expense)	265,622	261,969	3,653	1.4%	
Capital Activity					
Capital Project Expenditures	(10,000)	0	(10,000)	n/a	
Total Change in Capital Assets, net of Direct Funding and Debt	(10,000)	0	(10,000)	n/a	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(32,206)	0	(32,206)	n/a	
Change in Receivables	271,158	245,408	25,750	10.5%	
Change in Other Assets	669	0	669	n/a	
Change in Other Liabilities	(316,385)	0	(316,385)	n/a	(7)
Change in Other Assets/Liabilities/Equity	(76,764)	245,408	(322,172)	-131.3%	
Change in Unrestricted/Program Cash	($198,615)	($2,527,936)	$2,329,321	92.1%	
ENDING UNRESTRICTED/PROGRAM CASH	**$11,393,886**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance
BEGINNING DESIGNATED/RESTRICTED CASH	**$9,326,321**			
Change in Replacement Reserves	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a
Change in Other Reserves	32,206	0	32,206	n/a
Change in Designated/Restricted Cash	32,206	0	32,206	n/a
ENDING DESIGNATED/RESTRICTED CASH	**$9,358,527**			

1) Seattle Housing Authority reimbursement of KCHA 50% of the 2017 Fair Market Rent Study fees paid to Washington State University. Unbudgeted. Also, interest income was higher than budgeted.
2) Homeless and Education initiative programs service providers have been slow in billing the Authority. Program expenses are expected to increase as the year progresses.
3) Professional services and agency-wide training are under target.
4) As some of the MTW-funded construction projects included in 2019 budget were completed during the fourth quarter of 2018, the actual capital transfer in the first quarter was less than anticipated in the budget.
5) MTW funded unit upgrade projects are below target as actual projects depend on unit availability.
6) Reduced construction and unit upgrade activity resulted in lower management fees charged to MTW.
7) Mainly due to unbudgeted decrease in short-term liabilities.

King County Housing Authority
Cash Reconciliation Report
Development Activities
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$1,412,983**				
Rental Revenue and Subsidy					
Total Rental Revenue and Federal Support	0	0	0	n/a	
Other Operating Revenue					
Other Revenue	186,219	139,621	46,598	33.4%	(1)
Total Other Operating Revenue	186,219	139,621	46,598	33.4%	
Total Operating Revenue	186,219	139,621	46,598	33.4%	
Operating Expenses					
Salaries and Benefits	(103,977)	(77,403)	(26,574)	-34.3%	
Administrative Expenses	(9,131)	(116,094)	106,963	92.1%	(2)
Total Operating Expenses	(113,108)	(193,497)	80,389	41.5%	
Net Operating Income	73,111	(53,876)	126,987	235.7%	
Non Operating Income/(Expense)					
Interest Income from Loans	75	0	75	n/a	
Total Non Operating Income/(Expense)	75	0	75	n/a	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	934,297	120,000	814,297	678.6%	(3)
Capital Project Expenditures	(726,892)	(1,594,253)	867,361	54.4%	(4)
Total Change in Capital Assets, net of Direct Funding and Debt	207,405	(1,474,253)	1,681,658	114.1%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(1,114,496)	(81,186)	(1,033,310)	-1272.8%	(5)
Change in Receivables	4,925	0	4,925	n/a	
Change in Other Assets	47	0	47	n/a	
Change in Other Liabilities	278,659	1,213,239	(934,580)	-77.0%	(6)
Change in Other Assets/Liabilities/Equity	(830,865)	1,132,053	(1,962,918)	-173.4%	
Change in Unrestricted/Program Cash	($550,274)	($396,076)	($154,198)	-38.9%	
ENDING UNRESTRICTED/PROGRAM CASH	**$862,710**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$11,266,529**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	1,114,496	81,186	1,033,310	1272.8%	(5)
Change in Designated/Restricted Cash	1,114,496	81,186	1,033,310	1272.8%	
ENDING DESIGNATED/RESTRICTED CASH	**$12,381,025**				

1) Greenbridge home and lot sales price participation were higher than budgeted.
2) Professional real estate and legal costs were budgeted for new acquisitions are expected to be incurred later in the year.
3) Unbudgeted transfer of the 2017 and 2018 net cash flow distribution from Nia, Salmon Creek and Seola Crossing to development fund.
4) Architectural contracts are now in place and activity will increase throughout the year.
5) Mostly reclassifying cash reserves related to 2018 and 2019 interest income on HOPE VI loans.
6) Due to decrease in short term liabilities and less than budgeted draw of from COCC internal loan.

King County Housing Authority
Cash Reconciliation Report
Other Activities
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$2,357,393**				
Rental Revenue and Subsidy					
Federal Operating Support	713,990	724,455	(10,465)	-1.4%	
Total Rental Revenue and Federal Support	713,990	724,455	(10,465)	-1.4%	
Other Operating Revenue					
Other Revenue	1,900,382	2,147,983	(247,601)	-11.5%	
Total Other Operating Revenue	1,900,382	2,147,983	(247,601)	-11.5%	
Total Operating Revenue	2,614,372	2,872,438	(258,066)	-9.0%	
Operating Expenses					
Salaries and Benefits	(510,334)	(548,130)	37,796	6.9%	
Administrative Expenses	(16,202)	(223,652)	207,450	92.8%	(1)
Maintenance Expenses, Utilities, Taxes	(8,364)	(4,157)	(4,207)	-101.2%	
Management Fees Charged to Properties and Programs	(7,629)	(6,666)	(963)	-14.4%	
Other Programmatic Expenses	(1,139,318)	(1,410,489)	271,171	19.2%	(2)
Transfers Out for Operating Purposes	(311,947)	(385,812)	73,865	19.1%	(3)
Total Operating Expenses	(1,993,794)	(2,578,906)	585,112	22.7%	
Net Operating Income	620,578	293,532	327,046	111.4%	
Non Operating Income/(Expense)					
Interest Income from Loans	0	88,821	(88,821)	-100.0%	(4)
Interest Expense	(397,576)	(386,976)	(10,600)	-2.7%	
Other Non-operating Income/(Expense)	0	(743,202)	743,202	100.0%	(5)
Total Non Operating Income/(Expense)	(397,576)	(1,041,357)	643,781	61.8%	
Capital Activity					
Capital Project Expenditures	(486,370)	(1,192,260)	705,890	59.2%	(6)
Total Change in Capital Assets, net of Direct Funding and Debt	(486,370)	(1,192,260)	705,890	59.2%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(196,403)	1,085,451	(1,281,854)	-118.1%	(7)
Change in Receivables	(395,483)	0	(395,483)	n/a	(8)
Change in Other Assets	3,062	0	3,062	n/a	
Change in Other Liabilities	(166,428)	(181,850)	15,422	8.5%	
Change in Other Assets/Liabilities/Equity	(755,251)	903,601	(1,658,852)	-183.6%	
Change in Unrestricted/Program Cash	($1,018,619)	($1,036,484)	$17,865	1.7%	
ENDING UNRESTRICTED/PROGRAM CASH	**$1,338,774**				

	Actual	Budget	$ Variance	% Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$5,331,102**				
Change in Replacement Reserves	21,403	23,727	(2,325)	-9.8%	(7)
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	175,000	(1,109,178)	1,284,178	115.8%	(7)
Change in Designated/Restricted Cash	196,403	(1,085,451)	1,281,854	118.1%	
ENDING DESIGNATED/RESTRICTED CASH	**$5,527,504**				

1) $200K EPC one-time fee was budgeted as an administrative expense but was instead capitalized.
2) Slow spending on HHS and Matchmaker grants resulted in rehab materials being less than budgeted.
3) Transfer outs for Weatherization program support are under target due to lower salary and benefit expense in the first quarter.
4) Interest income budgeted for Tall Cedars and Wonderland Estates, but both have exited the new market tax credit deal.
5) The budgeted transfer of funds from EPC to Egis for elevator work has yet to occur.
6) EPC project costs were lower than forecasted in the budget but are expected to increase later in the year .
7) The entry to record the draw from EPC debt proceed reserves for construction activity has not yet been made.
8) Due to increase in grant receivables. Unbudgeted.

King County Housing Authority
Cash Reconciliation Report
Central Office Cost Center
Through March 31, 2019

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$37,026,604**				
Operating Revenue					
Property Management Fees	$1,201,666	$1,180,767	$20,899	1.8%	
Bookkeeping Fees	570,769	515,862	54,907	10.6%	(1)
Asset Management Fees	382,593	382,596	(3)	0.0%	
Construction Fees	264,957	371,148	(106,191)	-28.6%	(2)
Other Revenue	464,256	427,653	36,603	8.6%	
Total Operating Revenue	2,884,241	2,878,026	6,215	0.2%	
Operating Expenses					
Salaries and Benefits	(2,635,908)	(2,944,413)	308,505	10.5%	(3)
Administrative Expenses	(501,798)	(894,672)	392,874	43.9%	(4)
Maintenance Expenses, Utilities, Taxes	(57,841)	(63,749)	5,908	9.3%	
Management Fees Charged to Properties and Programs	(34,155)	(32,163)	(1,992)	-6.2%	
Other Programmatic Expenses	(116)	0	(116)	n/a	
Total Operating Expenses	(3,229,817)	(3,934,997)	705,180	17.9%	
Other Operating Sources					
Transfer in of Excess Cash	0	1,545,735	(1,545,735)	-100.0%	(5)
Central Maintenance Cash Flow	(28,943)	20,691	(49,634)	-239.9%	(6)
Central Vehicle Cash Flow	48,841	22,864	25,977	113.6%	
Total Other Operating Sources	19,899	1,589,290	(1,569,391)	-98.7%	
Net Operating Income	(325,677)	532,319	(857,996)	-161.2%	
Non Operating Income/(Expense)					
Interest Income from Loans	377,174	373,797	3,377	0.9%	
Interest Expense	(168,997)	(167,751)	(1,246)	-0.7%	
COCC Capital Projects	(206,178)	(100,083)	(106,095)	-106.0%	(7)
Funding for Capital Construction Projects Outside of COCC	0	(146,028)	146,028	100.0%	(8)
Other Operating Income/(Expense)	(60,000)	0	(60,000)	n/a	(9)
Total Non Operating Income/(Expense)	(58,001)	(40,065)	(17,936)	-44.8%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	648	0	648	n/a	
Change in Receivables	(71,920)	(1,073,028)	1,001,108	93.3%	(10)
Change in Other Assets	13,960	0	13,960	n/a	
Change in Debt	(225,000)	(225,180)	180	0.1%	
Change in Other Liabilities	(299,316)	0	(299,316)	n/a	(11)
Change in Other Assets/Liabilities/Equity	(581,629)	(1,298,208)	716,579	55.2%	
Change in Unrestricted/Program Cash	($965,307)	($805,954)	($159,353)	-19.8%	
ENDING UNRESTRICTED/PROGRAM CASH	**$36,061,297**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance
BEGINNING DESIGNATED/RESTRICTED CASH	**$13,017,746**			
Change in Replacement Reserves	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a
Change in Other Reserves	(648)	0	(648)	n/a
Change in Designated/Restricted Cash	(648)	0	(648)	n/a
ENDING DESIGNATED/RESTRICTED CASH	**$13,017,098**			

1) Some bookkeeping fee revenue was duplicated in the first quarter and corrected in the second quarter.
2) Construction management fee is low due to project timing.
3) Salaries and benefits were below target due to unfilled positions.
4) Various categories are under target (professional services, admin contracts, computer equipment, and agency-wide training).
5) Variance is due to timing. Excess cash transfer from bond properties occurred in the second quarter.
6) Unbudgeted union benefit expenses for temporary employees.
7) Due to an expansion in the scope of work on the 700 building office remodel.
8) The use of the budgeted COCC local funding for the 8th Ave Lots project is expected to occur in the third or fourth quarter of 2019 but will likely be less than originally anticipated.
9) Purchase option extension fee paid to Chicago Title to facilitate the acquisition Howe Property by City of Redmond. Unbudgeted.
10) Patricia Harris, Abbey Ridge, Woodland North and Bellevue Manor development projects are budgeted to be financed by COCC internal loan. Architectural contracts for projects are now in place and activity will increase throughout the year. Also, draw from Greenbridge internal loan is expected to increase in the third or forth quarters. See note 8.
11) Decrease in short term liabilities. Unbudgeted.

TAB NUMBER 5

To: Board of Commissioners

From: Jenna Smith, Resource Conservation Manager

Date: June 5, 2019

Re: **2017-2021 Environmental Sustainability Plan - 2018 Results**

2018 marked the completion of the second year of the 2017-2021 Environmental Sustainability Plan (ESP), adopted by the Board on November 21, 2016. At the June 10th board meeting, staff will present a progress summary of the seven sustainability target areas and highlight related current year accomplishments.

Executive Summary: 2018 ESP Results

Sustainability Target Areas	2018 Goal	2018 Actual	% of Annual Goal
1) 10% Reduction Multifamily Water Use: Gallons/ Person/Day (GPD)	50.8 GPD	46.5 GPD	109%
2) 10% Reduction Multifamily Energy Use (EUI - 1k British Thermal Units/Square Foot)	35.3 EUI	34.6 EUI	102%
3) 5% Reduction Multifamily Greenhouse Gas Intensity (Kg CO_2e/Square Foot)	4.261 GHG	4.208 GHG	101%
4) 100% Increase Kilowatts (kW) Solar Energy Capacity	195.5 kW	99.7 kW	51%
5) 55% Waste Diversion Rate	46%	44.6%	97%
6) *EnviroStars Certified Tier Level 1-3	15%	13%	87%
7) 25% of Fleet Alternative Fuel Vehicles	13%	12%	92%

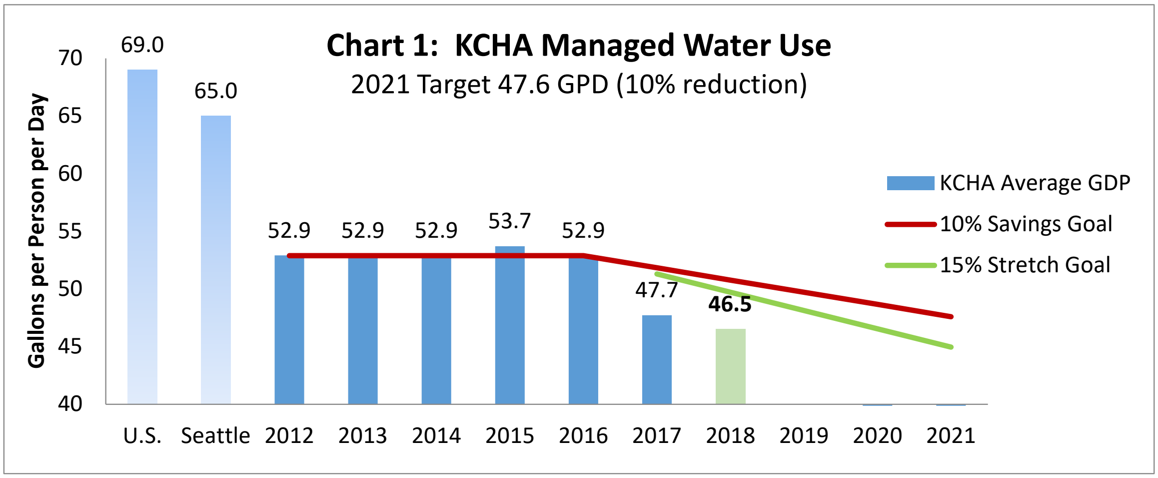
*EnviroStars program changed in 2018. New annual goals for recertification have been established.

Target Areas Summaries:

Target 1: KCHA Managed Multifamily Water Use (Gallons per Person per Day: GPD)

Total water use for KCHA managed multifamily properties was 3% lower in 2018 than the previous year (Chart 1), and saved roughly $100,000 in water and sewer utility costs. Since 2012, GPD has declined by 13%, with the largest annual reduction occurring in 2017 due to the water efficiency measures installed at 34 public housing properties (about 1,250 units) for the Energy Performance Contract (EPC). Currently, KCHA is assessing the cost benefits of implementing additional water saving measures at properties that did not participate in the EPC.

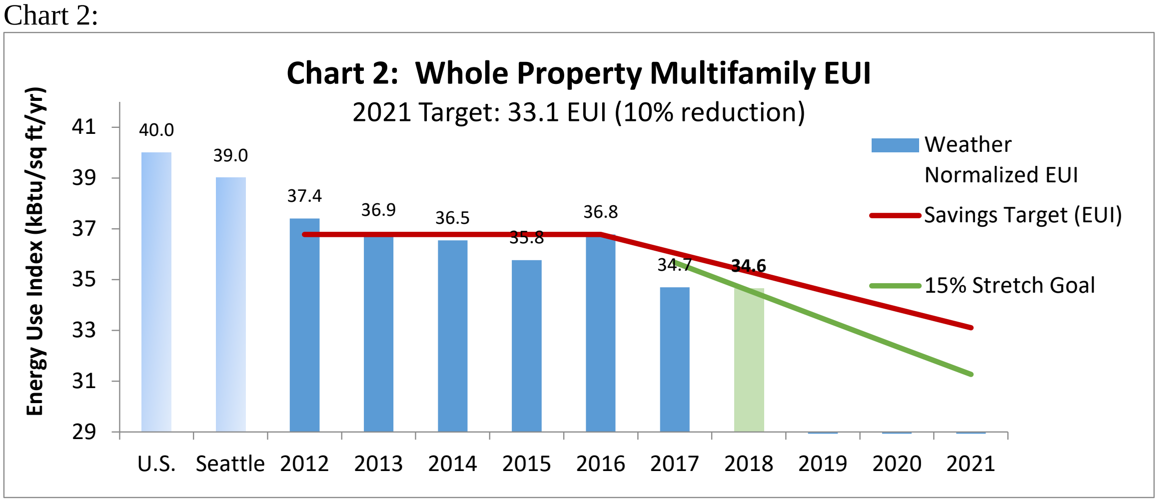
Chart 1:



Target 2: Whole Property Multifamily Energy Use (Energy User per Square Foot: EUI)

Last year EUI decreased only slightly compared to the previous year, however because of the savings from the EPC energy measures installed in 2017, KCHA still met its 2018 savings target (Chart 2). In 2018, 10 KCHA properties (539 units) received weatherization upgrades, which should help to further reduce energy use in 2019.

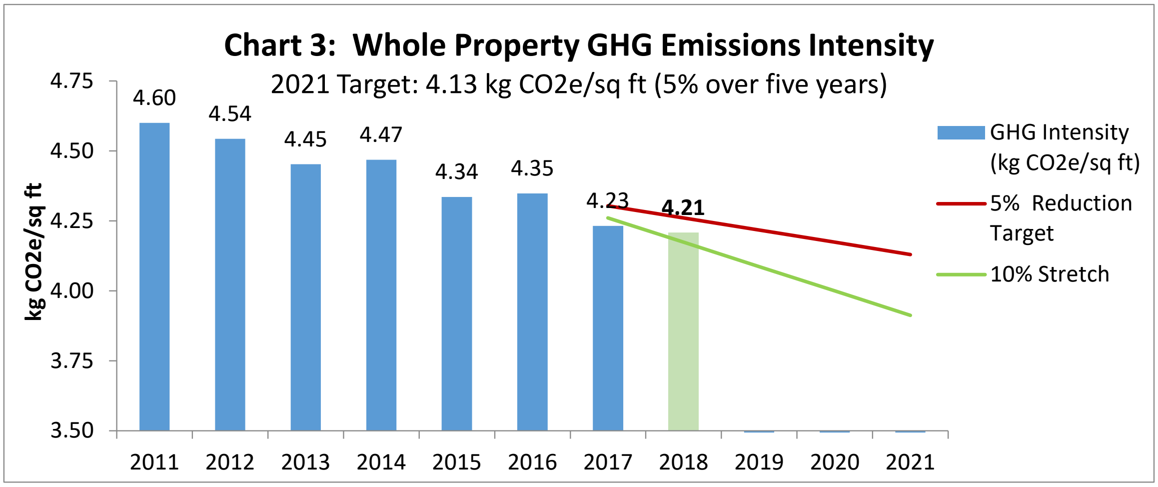
Chart 2:



Target 3: Whole Property Greenhouse Gas Emissions

In 2018, the greenhouse gas emissions per square foot (GHG) from the energy use at KCHA properties (multifamily, office, and community/family centers) decreased slightly (Chart 3) from the previous year. Last year, KCHA hired a Climate Corps Fellow from the Environmental Defense Fund for a 12 week project to build a comprehensive GHG footprint of the entire organization. The report calculates direct and indirect GHG emissions affiliated with materials consumption, employee commuting, work travel, solid waste disposal, and building energy consumption. This work will advance current and future environmental initiatives.

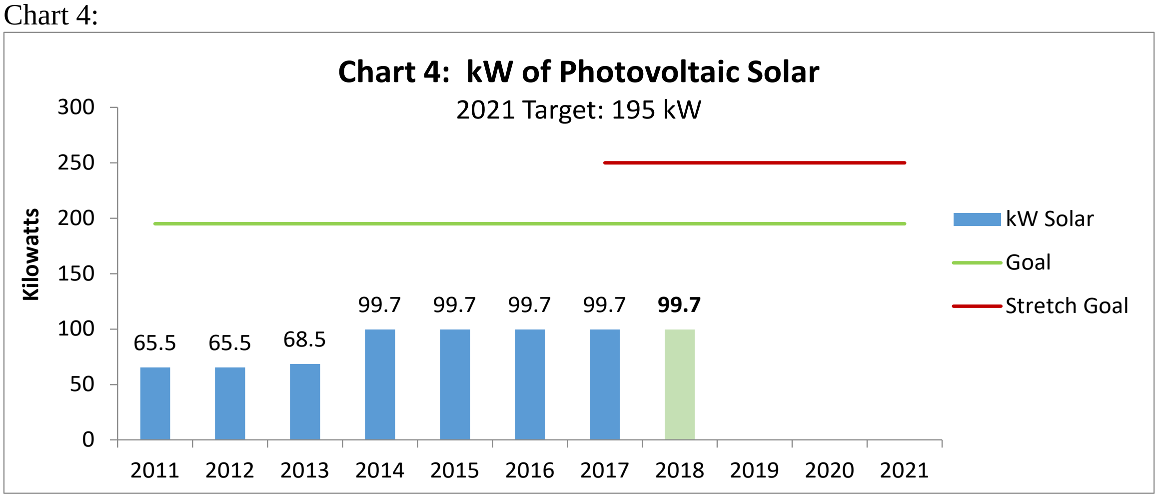
Chart 3:



Target 4: Solar Energy Capacity

In 2018, there was no change to the amount of solar at KCHA properties (Chart 4). However, Puget Sound Energy awarded KCHA with over $246,000 to install a total of 97 kW at three properties by June 2019. Upon completion, these installations will bring total system capacity to 196.7 kW, within 98% of the 2021 goal. From November 2017 to October 2018 (the utility solar program year), KCHA's six solar systems generated about $11,000 in electricity savings and over $12,000 in rebates from the state's solar energy credit program. Since 2012, the value of the energy generated from the six solar systems, plus the annual rebates received from the state is over $134,000 dollars.

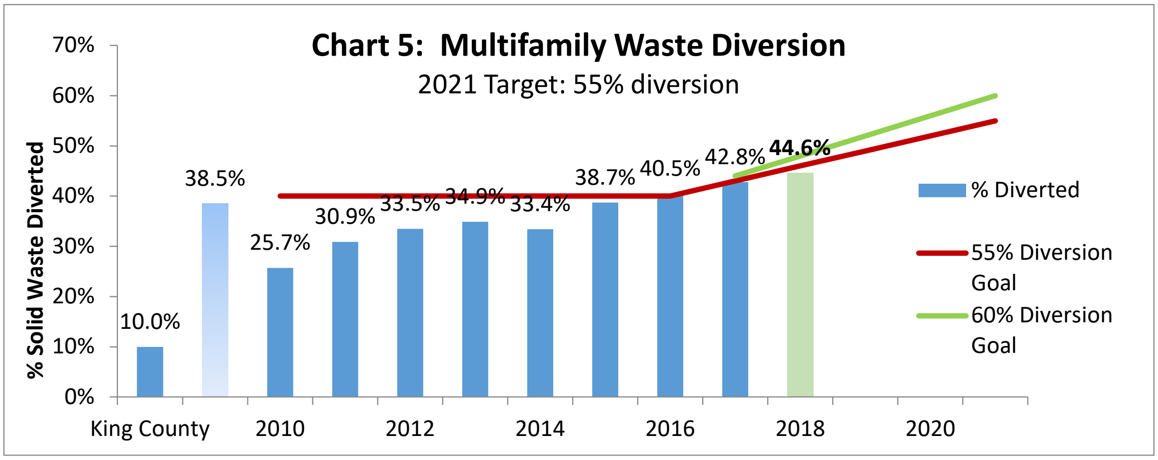
Chart 4:



Target 5: Property Waste Diversion

By the end of 2018, 44.6% of KCHA's property waste was being diverted from the landfill to regional recycling and composting facilities (Chart 5). This figure combines KCHA managed (45.5% diversion) and vendor managed (43.7% diversion) properties. Currently, all properties subscribe to recycling service, 35 subscribe to organics collection, and 16 encourage residents to compost food scraps. Last year, KCHA saved nearly $14,000 by "right-sizing" garbage and recycling capacity at properties, and was reimbursed $30,000 due to errors we identified in solid waste billings.

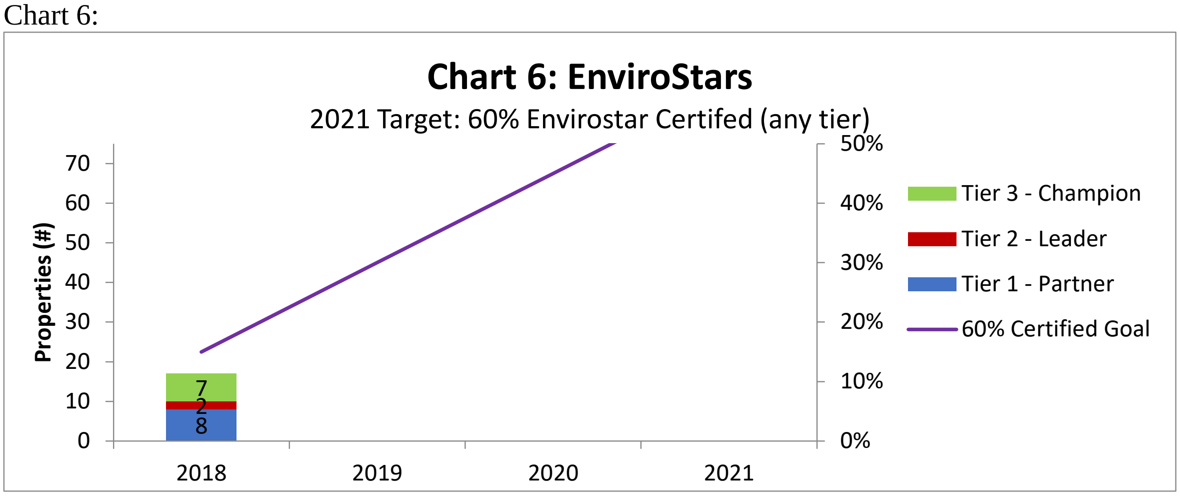
Chart 5:



Target 6: EnviroStars

Last year, King County relaunched a new EnviroStars program which incorporates a broader spectrum of sustainable property management practices for energy, water, pollution prevention, drainage, wastewater, and solid waste. The new program also changed its EnviroStars levels from a maximum of five stars to three tiers. Those changes are reflected in this year's annual update. In 2018, 17 properties (13%) became certified in the new program, and 7 have reached the highest goal of Tier 3 – Champion (Chart 6). Currently, we are more than half way to reaching the 2019 goal of 30% properties certified.

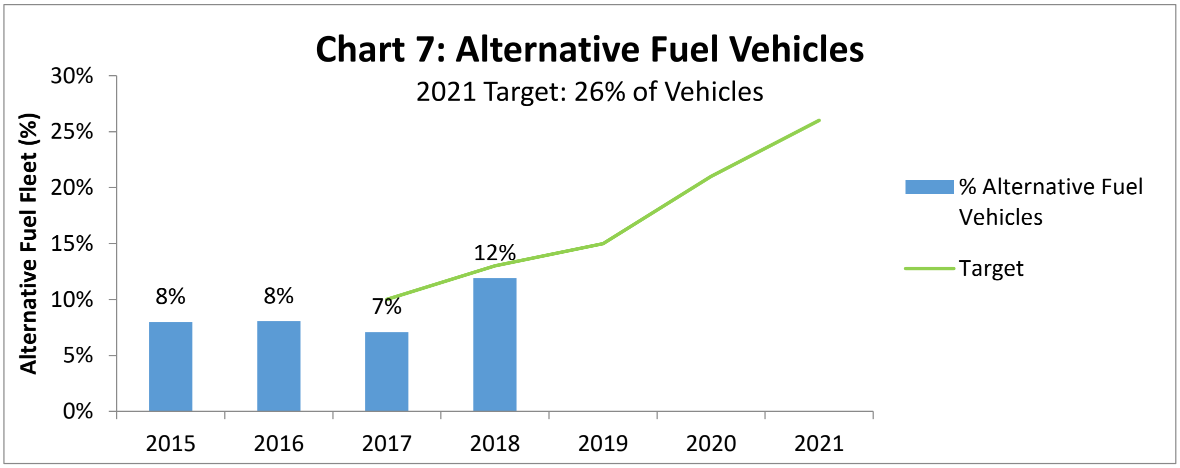
Chart 6:



Target 7: Alternative Fuel Vehicles

In 2018, Washington State implemented requirements that all local governments begin purchasing alternative fuel vehicles. During that time, KCHA purchased 11 alternative fuel vehicles, increasing the overall number of alternative fuel vehicles in the fleet to 15, or 12% of KCHA vehicles (Chart 7). By the end of 2019, KCHA is expected to have roughly 20% of the fleet utilizing more environmentally friendly fuels.

Chart 7:



2018 Highlights and Current Year Initiatives:

- **Weatherization:** KCHA's Weatherization department leveraged over $1.6 million in outside funding to retrofit ten KCHA multifamily properties (539 units) in 2018. Energy conservation measures included heating systems (ductless heat pumps and furnaces), insulation (walls, attic, and floor), mechanical ventilation (bathroom fans and energy recovery ventilators), and low cost items (LED bulbs, showerheads, and faucet aerators). In 2019, work is planned for 15 KCHA sites (over 1,000 residential units).

- **Solar:** Last year, KCHA explored multiple opportunities to fund solar projects. As previously mentioned, Puget Sound Energy awarded KCHA with a $246,000 grant to install photovoltaic systems at three properties: Windsor Heights (29.6kW), Meadows on Lea Hill (40.3kW), and The Village at Overlake (27kW). They will be completed by the end of June. KCHA is also working with a local non-profit called Access Solar, who is developing a solar tax credit program aimed at low-income housing providers. Though the program is still in the development phase, the partnership between Access Solar and KCHA is creating opportunities to pursue other solar-related benefit opportunities for KCHA residents.

- **Partnerships:** KCHA continues to reach out to organizations to partner on environmental initiatives. In 2018, KCHA worked with King County Wastewater to teach residents about what doesn't belong down the drain. In 2019, work continues with the Cascade Water Alliance to provide landscape trainings to staff, and the Resource Conservation, Resident Services, Asset Management and Housing Management departments continue to collaborate to address resident and staff engagement opportunities.

- **Landscape Initiatives:** For the fourth year in a row, KCHA has worked with the Cascade Water Alliance to bring sustainable landscape management trainings to KCHA staff. Using the same techniques highlighted in KCHA Landscape Maintenance Manual, 25 maintenance and property management staff attended 4 trainings in 2018, and 23 attended 3 training so far in 2019.

- **Recognition:** KCHA received three awards for environmental work in 2018. First, Birch Creek won Puget Sound Energy's Strategic Energy Management award for their participation in a multifamily resident and property management engagement program. Second, KCHA received the Washington State Recycling Association's Recycler of the Year Award for its partnership with the Bellevue Boys and Girls Clubs, and third, KCHA received recognition from HUD and the Department of Energy for tracking and sharing energy data via the EPA's on-line energy management system called Portfolio Manager.

- **Construction and Demolition Waste:** KCHA is exploring ways to monitor and track diversion from construction and demolition waste streams that are not currently included in the diversion rate for properties. King County requires some C&D waste to be recycled, by assessing current practices KCHA will confirm compliance and determine if there are any additional opportunities to divert waste from the landfill.

TAB NUMBER 6

King County Housing Authority

To: Board of Commissioners

From: Andrew Calkins, Manager of Policy & Legislative Affairs

Date: June 10, 2019

Re: **Housing Choice Voucher Mid-Year Payment Standards Review**

Executive Summary

KCHA supports over 10,000 vouchers across the county through the tenant-based Housing Choice Voucher Program (HCV or Section 8). The payment standard is a critical component of the HCV program that ensures households can secure and maintain safe and affordable housing in different regions of the county. After transitioning to multi-tiered payment standards in 2016, KCHA has increased payment standards substantially to keep pace with an increasingly costly rental market, most recently in December 2018. KCHA began reviewing payment standards on a biannual basis beginning in 2018 following exceptional increases in rents around the county and input from program staff. At the June 2019 Board Meeting, staff will review high-level findings from 2019's mid-year review. Due to slowing growth in the rental market, staff is recommending that we do not change the current payment standards at this time and that we will continue to closely monitor trends in preparation for the annual analysis planned for the end of 2019.

Background & Methodology

Payment standards represent the maximum amount that a housing authority will provide to a voucher holder to assist with rent and utilities. While housing authorities typically have a single payment standard set at a level between 90% and 110% of the area's Fair Market Rent, since 1999 KCHA has maintained multiple payment standards. In 2016, the Board expanded the two-tiered system of payment standards (which involved a regular standard and an "exception area" standard that covered East King County) to create a ZIP code-based, multi-tiered structure with five payment standard levels. In November 2017, the Board approved additional changes to this system including: higher payment standards, shifting certain ZIP codes to more appropriate tiers, and the identification of a new (sixth) tier.

The Board's initial adoption of multi-tiered payment standards and subsequent changes to KCHA's payment standard system recognizes the importance of closely aligning payment standards to local rental sub-markets as a means of achieving four goals: (1) increasing access to high opportunity areas; (2) containing program costs by "right-sizing" subsidy amounts in lower and middle cost markets; (3) ensuring that new and existing voucher holders can secure and maintain their housing in competitive and increasingly costly rental markets; and (4) limiting the number of households experiencing shelter burden (indicated by spending more than 40% of their income on rent).

KCHA began reviewing payment standards twice a year beginning in 2018, following two years of rapid rent increases that made annual updates too infrequent. The purpose of the mid-year check-in is to ensure that payment standards do not fall behind the market to such a degree that voucher holders cannot lease-up in the latter part of the year. In contrast to the annual analysis, the mid-year review does not focus on changes to ZIP code groupings or overall tier configuration.

Rental Data Sources and Analysis Process

Since Dupre & Scott closed their business at the end of 2017, the region has been without a provider of similarly detailed information on local rents. To review payment standards in 2018 and 2019, KCHA has relied on Apartment Insights, Zillow, and aggregated rental listing data from Craigslist. These providers are useful for observing trends over time but lack the market coverage and methodology to reliably and consistently determine 40th percentile rents by ZIP code. Instead, these data sources have been used to trend the prior set of payment standards forward to capture increases in rents. For the last two payment standards updates, KCHA has applied the change in 40th percentile rents as observed by Apartment Insights to the prior set of payment standards. For this mid-year analysis, KCHA has used a similar approach and will continue looking to emerging data sources for future analyses.

As with each review of payment standards, we have incorporated feedback from housing specialists and other members of the HCV team. Additionally, staff closely examined trends from the 10,000 tenant-based households who are leased in KCHA's jurisdiction and information on the success of those recently searching for housing.

Analysis Findings

After multiple years of rapid growth in the King County rental market, rents have begun to stabilize in many areas. Data from Apartment Insights show little change in 40th percentile two-bedroom rents over the last six months across all payment standard tiers, and only small increases of between one and two percent for one-bedroom units in Tiers 1 (1.4%) and 2 (2.3%). These minor increases are less concerning when compared to data on rental market listings from Craigslist, which have showed listings in these two areas as relatively flat over the last six months.

Information gleaned from tenant rents are also encouraging. When excluding households that have opted to lease in larger units than their voucher approved bedroom size, shelter burden for tenant-based households has declined to its lowest point since KCHA established multi-tiered payment standards in 2016 (most recently, a decrease from 15.5% in June 2018 to 12.3% in June 2019). In a similar vein, shopping success rates (the percentage of newly issued voucher holders leasing up within 240 days of issuance) have shown positive trends, increasing across all bedroom sizes. Over the last year vouchers issued in 2018 have averaged success rates of 76%, nearly to the HCV program's stretch goal of 80%.

Recommendation

Due to the softening rental market as observed by multiple data providers, the continued ability of voucher holders to locate units in a timely manner, and the effectiveness of the existing payment standards on reducing shelter burden, staff is recommending that KCHA not adjust payment standard levels at this time.

KCHA will again conduct a payment standards analysis beginning in October 2019, with any potential adjustments effective January 1, 2020. This analysis will consider the effectiveness of the current tier configuration on program goals and consider changes to ZIP code groupings. To prepare for this work staff will be working to identify and analyze emerging rental data sources and continue to monitor changes in the rental market and its impact on voucher holders.

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To: Board of Commissioners

From: David Forte, Manager of Measurement, Learning & Evaluation

Date: June 10, 2019

Re: **2018 Resident Characteristics Analysis**

Background

The Resident Characteristics Analysis (RCA) is an annual data analysis on the characteristics and outcomes of federally subsidized households living within the KCHA geographic boundaries in the calendar year.[1] It provides a data-informed view of who KCHA serves and how that population may be changing in order to support program and policy decisions. Metrics calculated through the RCA also serve as the foundation for reporting to federal and other key stakeholders. Included in the RCA are all federally subsidized households residing with the KCHA geographic jurisdiction except for a subset of households (201) served through locally designed, non-traditional programs[2]; non-federal workforce housing residents are also not included in the RCA[3].

This memo highlights key findings from the 2018 RCA; we look forward to discussing these patterns and implications for program and policy directions at the June 10th Board Meeting Study Session.

Key Findings from 2018

- *KCHA is serving more households.* In 2018, KCHA served 16,427 households (a 3.1% increase from 2017). In 2018, entries into the program (1,529) continued to outpace exits (888), suggesting year-over-year household growth as a result of increased program capacity rather than turnover. Roughly 70% of households served receive Tenant-Based vouchers[4], with the remaining 30% of households residing in either Public Housing[5] or other Project-Based units[6].

- *KCHA is serving more individuals.* KCHA served 40,099 individuals in 2018, including 15,172 children. Children represent roughly 40% of all individuals KCHA serves. KCHA

[1] Households using their voucher to reside outside of King County (i.e. port-outs) are excluded from the RCA. For most analyses, port-in households from other housing authorities that are residing in KCHA's jurisdiction are included.
[2] These 201 households are excluded from the RCA because subsidies are administered by local partners and household data is not tracked via the HUD 50058 form in an effort to increase partner flexibility and ability to reach traditionally harder to serve households.
[3] This equates to approximately 4,000 units.
[4] A Housing Choice Voucher subsidy that enables households to rent a unit on the private market.
[5] Federally subsidized housing owned and managed by KCHA.
[6] A Housing Choice Voucher subsidy tied to designated units within KCHA or nonprofit owned buildings.

continues to see an upward trend in the number of individuals served – a 5% increase between 2016 and 2018.

- *Elderly households are the fastest growing population.* Households are categorized as either elderly[7], disabled[8], or non-elderly/non-disabled[9] and represent roughly 30%, 30%, and 40% of all households served in 2018, respectively. Elderly households are increasing at the fastest pace, growing from 4,455 in 2016 to 5,010 in 2018. This growth is due to an aging resident population and should be anticipated to continue in the coming years (e.g. over the next 5 years, roughly 400 individuals annually will reach age 62).

- *Racially/ethnically, KCHA's households reflect the County's homeless system more than its low-income residents.* 80% of KCHA's federally subsidized population in 2018 was comprised of households that identify as White (43%) or Black/African American (37%). The remaining 20% was distributed across Asian (7%), Hispanic (6%), Multiple/other (3%), Native Hawaiian/Other Pacific Islander (~1%), and American Indian/Alaskan Native (~1%). When comparing the racial demographics of KCHA households to King County's low income population per census data, Black/African American households appear to be overrepresented, while Multiple/Other, Hispanic, and Asian households are underserved. However, the racial composition of KCHA households is nearly identical to All Home's demographic data of persons experiencing homelessness.

- *Nearly half of entering households were previously homeless.* In 2018, 45% of entering households (491) were previously homeless (representing 887 individuals). More than 85% of homeless entries in 2018 were via special purpose vouchers.[10]

- *Incomes are increasing equal to the rate of inflation; households served are very low income.* The median KCHA household income in 2018 was $12,780. On a whole, incomes have increased in recent years – up from $11,858 in 2016 – but the purchasing power of residents remains steady as income growth has kept pace with inflation rates. Households with children are an exception to this pattern: median incomes grew from $15,912 in 2016 to $18,442 in 2018 (a 16% increase) thereby outpacing inflation by about $2,000. In terms of area median income (AMI) which normalizes for household size, in 2018, 84% of households fell below HUD's extremely low income threshold (30% of AMI).

- *Access to high opportunity areas is on the rise, but access gaps persist for non-white households and households with children.*[11] In 2016, 33.8% of households and 25.1% of households with children resided in high opportunity areas. In 2018, these proportions

[7] Where one or more household members are age 62 or older.
[8] Where all household members are less than 62 years of age and one or more identify as having a disability.
[9] All household members are under age 62 and have not identified as disabled.
[10] This calculation is based on a combination of self-reported data at intake and program eligibility rules (e.g. households receiving support via certain voucher types are, by program definition, homeless upon entry).
[11] High opportunity area access calculations exclude both port-in and port-out households.

increased to 35.2% and 27.5%, respectively. Across racial/ethnic groups, all populations have experienced increased access to high opportunity areas, however, non-white households lag behind in accessing these areas of the County, most notably, Black/African American households. In 2018, 43.6% of White households resided in high opportunity areas as compared to 22.4% of Black/African American households.

- *Average household size remains stable.* Average household size continues to be around 2.5 individuals, with households with children averaging closer to 4. While household sizes in 2018 ranged from 1 to 13 individuals, few households have very large families – 90% of households in 2018 had a household size of 4 or less.

- *Median length of tenure[12] is decreasing, but Public Housing residents are staying longer.* The median length of tenure in 2018 was 6.5 years. Generally, the length of tenure is decreasing, with medians falling from 7.16 years in 2016. However, over the past three years, Public Housing residents have seen an increase in length of tenure by nearly 1.25 years – an indication of decreased turn over.

- *Program exits are relatively few, but typically for non-positive reasons.* Roughly 5% of households served within a given year exit KCHA programs – in 2018, the total number exiting was 888 households. In 2018, 20% of households exited with positive exit reasons (e.g. over income, purchased a home, etc.), while 52% exited for negative or neutral exit reasons (e.g. moving in with family/friends, voucher cancelled, eviction, etc.). Operationally, the completeness of exit data is improving ('unknown' exit reasons decreased from 28% to only 4% of exiters between 2016 and 2018), however, the accuracy of this data remains an area for continued focus.

- *Lengths of stay[13] are increasing, with positive exiters staying longer than neutral/negative exiters.* The median length of stay in 2018 was 5.1 years, representing roughly a 6-month increase from 2016. Positive exiters in 2018 had a median length of stay of 6.2 years, while negative and neutral exiters stayed in KCHA programs for a median of 3.4 and 4.5 years, respectively.

An opportunity for more in-depth conversation on the RCA

The RCA results provide a foundation for KCHA leadership and program staff to make data-informed decisions in program design and policy development. Over the coming months, the Division of Policy and Research will be meeting with leadership and program teams to disseminate the RCA results as well as to pilot new tools, including a Tableau dashboard through which staff can interact with the RCA data directly; this is with the goal of making the RCA information more accessible and useful to KCHA strategy development and operational processes.

[12] Length of tenure refers to the length of time Year-Long households (i.e. excluding entering and exiting households) have been in KCHA programs.
[13] Length of stay refers to the length of time Exiting households have been in KCHA programs.

2018 | Key metrics

16,427
Households served
3.1% increase from 2017.

491 households or **887** individuals
Entries from homelessness
Represents 45% of entering households.
No change from 2017.

$12,780
Median household income
5% increase from 2017.

2 ½
Median household size
No change from 2017.
Median size for household with children was 4.

40,099 individuals served, including **15,172** children
Children represent nearly 40% of all people served.

20% of exits are for positive reasons.
Exiting program is not common – only 5% of households per year do so – but when exits occur, they are likely for non-positive reasons.

25% of households w/ kids reside in high opportunity areas
1% point increase from 2017. 33% of all households reside in opportunity areas.

6.5 years: Median length of tenure
A 6 month decrease from 2017 for Year Long households.

5.1 years: Median length of stay
A 5 month increase from 2017 for exiting households.

Entries from homelessness do not include new port-ins. Opportunity areas for families are defined using CMTO jurisdictions (Kirwan index is used for remainder of analysis).

TAB NUMBER 8

King County Housing Authority

KCHA IN THE NEWS

June 10, 2019

WEST SEATTLE BLOG
NEWS 24/7

FOLLOWUP: 4th Avenue SW reopens after month-long closure

JUNE 4, 2019 12:01 PM

(WSB photo, looking south toward 4th SW from Roxbury)

4th Avenue SW, closed for a month of work south of SW Roxbury, is open again. We just noticed it while passing by – and construction manager **Joshua Bowen** with the **King County Housing Authority** just sent the notice confirming most of the work is complete:

Following the successful construction of 4th Avenue SW, we are reopening the road! Please note that there will be no parking for the first few weeks as we complete landscaping, concrete detailing, and pedestrian lighting. Also, we will need to close the road briefly to complete a few details in the roadway (painting/striping). Thank you for your patience as we beautify your road.

This road improvement of 1,300 feet of 4th Avenue SW in the Greenbridge Community of the White Center neighborhood includes surface water runoff water quality upgrades, storm water infrastructure, channelization, signage, traffic calming measures, improved pedestrian crossings, street paving, pedestrian lighting, and landscaping.

The project was originally planned for earlier this spring but had to be delayed to a late-April start.

Crosscut.

GROWTH (/GROWTH-0)

It's going to get harder to evict people in WA. Will that reduce homelessness?

New eviction laws cap late fees and give tenants 14 days to pay back rent, among other protections.

by Josh Cohen (/author/josh-cohen)/June 4, 2019

Uli Fuamaila, 73, and his twin 8-year-old grandchildren Neamiah, right, and Naomi in their Federal Way home on June 3, 2019. Fuamaila raises the twins, along with his 2-year-old grandson. (Photo by Dorothy Edwards/Crosscut)

Uli Fuamaila and his wife, Loto, moved from Lake Stevens to Federal Way a few years ago. She needed to be closer to her doctors, and he wanted to be closer to his job driving a paratransit bus for Metro's Access program, based in Bellevue.

Though Fuamaila had already retired from his career in manufacturing, he had gone back to work to help pay for Loto's mounting medical bills. Then, in 2015, Loto passed away. Fuamaila stayed in Federal Way and continued to drive for Metro.

Last August, he and his three grandchildren, a 2-year-old and 8-year-old twins, moved into a King County Housing Authority apartment building for moderate-income residents. He took on a roommate to help cover the rent, but she unexpectedly moved out in April, taking her half of the $1,775 monthly rent with her.

When Fuamaila went to pay his rent at the beginning of May, the building managers told him he owed the entirety of the May rent, as well as his roommate's half of the April rent. The landlord told him to pay the full amount in three days or vacate the premises. When Fuamaila couldn't come up with a month and a half's rent on short notice, the landlord took him to court.

Washington's eviction courts have long disadvantaged renters like Fuamaila. The state's eviction laws leave very little wiggle room when rent has not been paid. Unless the landlord violated the terms of a lease or the tenant had the full rent and fees to pay back on their day in court, the tenant would be evicted.

On May 23, Fuamaila walked into the Maleng Regional Justice Center courthouse in Kent alongside his daughter Ono, who had come to support her dad as he faced eviction. But instead of appearing in a courtroom, they were directed to the Housing Justice Project. Run by the King County Bar Association, the Housing Justice Project provides pro bono representation to low-income tenants facing eviction in King County. The project's lawyers and legal assistants work out of both the justice center and the King County Courthouse in downtown Seattle.

Fuamaila's timing was fortunate. Edmund Witter, managing attorney of the Housing Justice Project, said that had Fuamaila been served his eviction notice a month earlier, "I have no doubt in my mind that they would have been evicted."

The difference now is Home Base, a United Way project largely funded by the Seattle Mariners and Microsoft to help some tenants cover their back rent and late fees. Landlords are not obligated to take the late rent, but Witter said, "At the end of the day most landlords want their money."

The Housing Justice Project has been assisting tenants in eviction court since 1998. But only since Home Base launched in April 2019 has the project been able to offer landlords money. Witter said before Home Base, the project was able to prevent evictions in only about 20 percent of its cases. The money has helped get it to about 66 percent.

Home Base doesn't have enough funding to cover every tenant's costs, so the organization gives priority to people it believes have the greatest ability to pay rent on time moving forward, people with children in the home and people who can put some money down towards their debt.

By the time Fuamaila came to eviction court, he owed the landlord back rent, as well as $1,000 in late fees that had stacked up at $15 a day for two months. Though Fuamaila had only $1,500 on hand to pay towards the $4,852 he owed, Witter thought he had a compelling case for Home Base and made his pitch.

Things move slowly in eviction court, however. Fuamaila had to simply wait in purgatory in the halls outside the courtroom as lawyers negotiated and the Home Base staff sorted through the cases of 15 other tenants facing eviction that morning. It would be several hours before he would know if he could stay in his home or would be out in a week with the dark mark of eviction on his record.

Uli Fuamaila, 73, and his daughter Ono, 26, fill out paperwork at the Maleng Regional Justice Center in Kent on May 23, 2019. They are working with the Housing Justice Project, which aims to prevent homelessness by providing free legal eviction defense to low-income tenants in King County. (Photo by Dorothy Edwards/Crosscut)

As the number of homeless residents soars in King County and across the state, housing and homelessness advocates have turned their attention to eviction reform as a piece of the solution. One prominent study, from the Seattle Women's Commission, found that the vast majority of people evicted end up on the street, in shelters or living with friends and family.

"We have an affordable housing and homelessness crisis across the state," said Sen. Patty Kuderer, D-Bellevue. "I'm interested in preventing the problem from becoming worse. ... For me success will be if we at a minimum significantly slow the rate of people dropping into homelessness for nonpayment of rent situations."
Kuderer was the primary sponsor on a raft of reforms to the statewide Residential Landlord Tenant Act that kick in at the end of July and are meant to make it harder to evict people.

The Legislature's sweeping changes (https://app.leg.wa.gov/billsummary?BillNumber=5600&Initiative=false&Year=2019) include a measure that gives tenants significantly more time to come up with late rent, allows judges to apply more discretion in eviction proceedings, caps late fees and more. Tenant advocates and legislators say it's an overdue change that will help keep low-income residents from becoming homeless. Landlords see it as onerous overregulation that will limit their ability to get rid of problem tenants and will drive "mom and pop" landlords out of the business.

The 2018 report (https://crosscut.com/2018/09/new-report-details-seattles-eviction-epidemic) from the Seattle Women's Commission and the Housing Justice Project looked at 1,218 eviction cases in Seattle. In more than 86 percent of those cases, eviction proceedings were started for nonpayment of rent. More than half of the tenants owed less than one month's rent, with 20 individuals owing $100 or less. In at least one case, tenants were taken to court over $10 owed. The report found that only 12.5 percent of the people evicted moved directly into a new home. Half of the people they looked at either moved into transitional shelter or crashed with friends or family; 37.5 percent ended up on the streets.

It's perhaps unsurprising that evictions are prevalent in Seattle, where housing costs have rocketed to record heights. But Seattleites are not alone in facing eviction. A recent study (https://evictions.study/results.html#eviction-counts) by University of Washington researchers found that, in 2017, 17,551 people across the state faced eviction. King County had the most that year, with 4,737 eviction cases. Pierce County had 3,219 and Snohomish County had 2,063. Even tiny Garfield County, with 2,300 residents, had five evictions on the books in 2017.

"It's definitely a statewide issue that impacts a lot of people," said Dr. Tim Thomas, the UW researcher behind the eviction study. "Having broad-based legislation is really important. These reforms are a massive step forward."

The centerpiece of the new regulations is an extension of the "pay or vacate" period. Currently, landlords wanting to evict sometime file a notice that gives the tenant three days to pay what is owed or move out. It's up to the landlords to decide when to file, but they can do it as soon as the day after rent is due. If the tenant does not pay within that three-day period, the landlord files a summons to take the tenant to eviction court.

Under the new regulations, tenants will have 14 days to come up with the rent they owe.

"With just three days, people don't have the time to get resources together to stay in their home," said Kuderer. "Over half of Americans are now living paycheck to paycheck and almost half of them can't cobble together $400 for an emergency. With 14 days, people can get another paycheck, or get diversion resources, or borrow money from family and friends and pay."

Washington's new 14-day pay or vacate period is among the top-five longest for U.S. states, whereas the old three-day period put Washington in the bottom half of the U.S. The District of Columbia tops the list, giving tenants a full 30 days to come up with rent owed.

Uli Fuamaila, 73, in his Federal Way home on June 3, 2019. (Photo by Dorothy Edwards/Crosscut)

Pay or vacate is only one aspect of Washington's eviction law affected by reforms. Under the current system, for instance, a judge has no choice but to evict tenants if they did not pay rent. The new legislation provides judges with more leeway to offer payment plans to tenants or otherwise stop the eviction. The increased discretion is intended to provide a second chance to those tenants who fall behind on rent because of an unexpected life event, such as a medical bill, broken down car or lost job.

Recognizing that these greater allowances come with greater risks, the state is offering landlords access to a mitigation fund. If tenants default on their payment plan for back rent, the landlord can apply to the Department of Commerce to get reimbursed for the rent lost.

The new regulations also limit the monthly late fees landlords can charge and makes it so that the landlord can evict tenants only over missing rent, not because the tenant hasn't paid late fees or other costs. Currently there are no limits on late fees.

"It's a big deal," said Witter. "We're talking about someone getting charged $100 for the fact that the landlord had to put a piece of paper on the door. It's one reason people fall behind, the unexpected fees that get tacked on."

Landlords are not happy.

"I think it's a disaster," said Rob Trickler, an eviction attorney with All County Evictions (http://www.allcountyevictionsonline.com/) and head of the Washington Landlord Association (https://walandlord.org/). "The mom-and-pop landlords are going to be selling and getting out of the business. ... I have 7,000 members statewide in the association, and I can tell you the number of landlords who said they will not renew has doubled."

Trickler said that in many cases landlords cannot afford to wait for rent payments because they need the money to pay for the mortgage on their rental property. Members are telling him that they plan to raise rents or security deposits to make up for the fact that late fees and other charges will now be capped. He also thinks that the stricter regulations will result in less leeway from landlords who might otherwise have tried to work with tenants outside of the legal process first. Instead, he expects landlords to file their pay-or-vacate notices as soon as they can.

"I think you're going to see higher rents, lower inventory, higher security deposits and less cooperation," Trickler said.

One of his biggest concerns is with the longer pay or vacate period. That, he said, will limit landlords' ability to use nonpayment of rent as a way to evict problem tenants.

The Residential Landlord Tenant Act does contain a 10-day comply-or-vacate provision for tenants violating the terms of their lease, as well as allowing a three-day notice for nuisances, which includes major damage to the property, drug use and excessive noise. Trickler said in both forms of eviction, it's too easy for judges to say tenants are attempting to comply and, therefore, cannot be evicted. "For example if the tenant has an unauthorized pet," he explained. "They can say they're looking for someone to take the pet and the court can say that's substantial performance, even if there's still a pet. The landlord is out of luck."

Trickler said landlords often use pay or vacate as a way to evict people who aren't complying with other terms of the lease. That will still be technically possible under the new regulations, but, "Now they have 11 more days to make the payment and, if they do pay, you still have a problem tenant on your hands," he explained. "I think it's going to take away landlords' ability to protect good tenants from bad tenants."

The Rental Housing Association of Washington (RHAWA), another landlord lobby, also takes issue with the new legislation, saying that focusing on evictions is the wrong priority for the state.

"We must urgently address the rising costs of scarce housing in Washington," said Sean Martin, RHAWA executive director, in a statement. "Unfortunately, the new rules do nothing to help keep people in their homes and neighborhoods in the long-term. Policymakers should work with all stakeholders on solutions like providing housing vouchers that keep low-income families in their homes and public/private partnerships that build more housing that fits the needs of everyone."

Rep. Nicole Macri, D-Seattle, agrees that rising housing costs are a major problem in the state, but argues that's exactly why eviction reform is so essential. "The fact that housing costs are going up for renters means people have less wiggle room when they're hit with financial crisis or rent goes up again."

Uli Fuamaila is evidence of that. He said between his current job and the Social Security he earns from his first career, he has enough to cover his rent, even without the help of a roommate. But he was unprepared for his rent to essentially double without notice when the roommate left town.

That Fuamaila can cover rent moving forward, coupled with the fact that he cares for his grandkids, was compelling enough for the caseworkers at Home Base. They agreed to cover the gap between the back rent and late fees, and the $1,500 he could pay. Witter negotiated with the landlord's lawyer to knock $375 from the late fees and remove the eviction from Fuamaila's record, if he can pay rent on time for three months.

Fuamaila simply cracked a smile and said, "This is good."

TOPICS:

changing region (/changing-region), growth (/growth),

law & justice (/law-justice), washington state (/washington-state)

International Examiner

Comcast uniquely positioned to bridge Seattle’s digital divide

By **Comcast Washington** May 29, 2019

Kids at Beverly Park Elementary in Seattle get reduced internet & digital access tools from Comcast’s Internet Essentials program. ***Photo courtesy of Comcast.***

The City of Seattle Technology Access and Adoption study showed that more Seattle residents are connected to the internet than ever before. While this is good news for the 95 percent of Seattle households that report internet access where they live, access to internet and technology resources among low-income residents remains low. Further, disconnected households are disproportionately impoverished and families of color – two groups that would benefit most from internet connection at home.

This gap in access is what we call the “digital divide,” and bridging this gap is critical to workforce and economic development, as well as providing the best possible educational opportunities to our local youth – all of which are vital to the future of our city.

Research examining the digital divide among these households shows some consistent causes. The number one barrier to internet adoption is a complex mix of digital literacy skills and a lack of perceived need or interest in having the internet at home. The second barrier is the lack of an internet capable computer, and third is the cost of a monthly internet subscription.

This is a troubling problem that Comcast is uniquely positioned to address as a leading home broadband provider in Seattle. That is why we are working with the city to help low-income residents get connected.

Across our footprint, including right here in Seattle, we offer Internet Essentials a comprehensive, holistic and research-based program designed to address each of the barriers to internet adoption head on. Internet Essentials provides low-cost internet access, the option to purchase a heavily discounted computer, and access to a full suite of print, online and in-person digital literacy resources and training.

Comcast partners with Highline School District Foundation to provide digital literacy resources to Seattle area students. **Photo credit: Comcast.**

“The study shows us that lower-income individuals and families need more information about affordable options for internet connectivity and we are committed to helping them find and apply for those resources,” said Jim Loter, Director of Digital Engagement for the City of Seattle. “Affordable internet service programs have a tremendous impact for our residents and they are critical for helping connect people and families to technology they need to succeed in today’s digital world. By assisting people in accessing affordable options, we can bridge the digital divide in Seattle and ensure everyone has a chance at the same education, career opportunities, and overall quality of life."

Since 2011, we have connected more than six million low-income Americans to the internet at home – most of them for the first time in their lives – including more than 260,000 across Washington and 100,000 in King County. We've been growing this program here in the City, and have already served more than 30,000 residents.

However, there is more work to do. Internet Essentials was initially designed for families with school-aged children and we have expanded to meet more needs. It now serves residents of public housing and recipients of federal housing assistance.

In addition, we recently expanded eligibility for Internet Essentials to all low-income veterans who live in our service area, including here in Seattle. This expansion is enabling as many as one million veterans nationally – and nearly 60,000 veterans in Washington – to connect to online resources at home to better navigate the complexities of transitioning from military to civilian life.

Last year Comcast expanded eligibility for Internet Essentials to all low-income veterans. **Photo credit: Comcast.**

It is also important to note that great collaboration between cities and organizations is key to driving adoption of these services. We are working with the city now more than ever before to ensure people get the information they need about our internet services that support folks with economic challenges.

Internet Essentials is a key part of our partnerships between Comcast and thousands of cities, school districts, libraries, elected officials and nonprofit community partners nationwide. Locally, we have, and continue to work with great Seattle organizations like King County Housing Authority, Renton Housing Authority, Highline Schools Foundation, Ada Developers Academy, Literary Source, Chief Seattle Club, El Centro de la Raza, Seattle Goodwill, Solid Ground, Technology Access Foundation, and the Urban League of Metropolitan Seattle.

Comcast meets with Seattle business leaders to discuss efforts to bridge the digital divide among low-income residents. **Photo credit: Comcast.**

By collaborating with these civic and community groups, we can enhance their growing technology access programs with Internet Essentials programming, and help them in their efforts ensure everyone in the community has access to the technology resources they need. And, by improving digital adoption rates and connecting more families and individuals to the internet, we can make progress educational achievements and workforce preparedness, in order to give more people a chance to succeed in today's digital economy.

To learn more about Internet Essentials from Comcast or to apply for the service, visit www.internetessentials.com or call 1-855-846-8376.

DAILY JOURNAL OF COMMERCE

Helping Business do Business Since 1893

May 20, 2019

Redmond pays $6M for downtown site

By JOURNAL STAFF

REDMOND — The city of Redmond has purchased a downtown commercial property near the future light rail station, at 16725 Cleveland St., for $5.5 million, according to King County records.

No new plans have been filed for the site. The city didn't respond to DJC queries.

The seller was the Howe family, which reacquired the property in a 2010 foreclosure sale. Before that, it had paid $415,000 for the property in 1990, then sold it in 2006 for $2.1 million to a buyer who went into foreclosure.

Brokers were not announced. The deal was worth about $212 per square foot for the land.

The midblock parcel totals 25,913 square feet. The one-story Hopelink Building, whose past or current tenant may be Motley Zoo Animal Rescue, has 7,800 square feet. It dates to 1978. It's between the separately owned Computer Surplus and Value Village properties.

King County Housing Authority had the property under contract last year, but no plans were advanced.

Downtown Redmond Station, scheduled to open in 2024, is in an area upzoned for more density and transit oriented development. Many private developers are building and buying in the area, including Mill Creek Residential Trust, Pastakia + Associates, Legacy Partners, Cosmos Development and Trammell Crow Residential.

SEATTLE
DAILY JOURNAL OF COMMERCE
Helping Business do Business Since 1893

May 10, 2019

ABC Awards -- Merit Award: Tenant Improvement/Renovation (Less Than $4 million)

Synergy

Construction, Inc.
Paramount House

Owner: King County Housing Authority

Other Stories:

- ABC Awards -- Eagle of Excellence • Historical Restoration/Renovation ($10 million to $25 million)
- ABC Awards -- Merit Award: Multi-Family Construction ($10 million - $25 million)