



**MEETING OF THE  
BOARD OF COMMISSIONERS  
TELEPHONIC MEETING**

**Monday, June 15, 2019**

**Phone: 800-829-9063**

**Conference ID: 986016**

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



# **MEETING OF THE BOARD OF COMMISSIONERS TELEPHONIC AGENDA**

June 15, 2020  
8:30 a.m.

**PHONE: 800-829-9063**  
**Conference ID: 986016**

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

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**I. Call to Order**

**II. Roll Call**

**III. Public Comment**

**IV. Approval of Minutes**

**1**

A. Board Meeting Minutes – May 18, 2020

B. Board Meeting Minutes – June 9, 2020

**V. Approval of Agenda**

**VI. Consent Agenda**

**2**

A. Voucher Certification Reports for April 2020

**VII. Resolution for Discussion and Possible Action**

## **VIII. Briefings & Reports**

A. Virus Response Team Briefing	
B. Payment Standards Review	<b>3</b>
C. Sale of KCHA Bonds	
C. Annual Resource Conservation Sustainability Plan Update	<b>4</b>
D. First Quarter 2020 Procurement Report	<b>5</b>
E. First Quarter 2020 Summary Write-Offs	<b>6</b>

## **IX. Executive Director Report**

## **X. Executive Session**

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

## **XI. KCHA in the News** **7**

## **XII. Commissioner Comments**

## **XIII. Adjournment**

Members of the public who wish to give public comment: We are only accepting written comments for the time being due to COVID-19. Please send your written comments to [kamir@kcha.org](mailto:kamir@kcha.org) prior to the meeting date. If you have questions, please call 206-574-1206.

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

**Monday, May 18, 2020**

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**I. CALL TO ORDER**

The telephonic annual meeting of the King County Housing Authority Board of Commissioners was held on Monday, May 18, 2020 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the meeting was called to order by Chair Doug Barnes at 8:30 a.m.

**II. ROLL CALL**

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

**III. Public Comment**

None.

**IV. APPROVAL OF MINUTES**

A. Board Meeting Minutes – March 23, 2020

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the March 23, 2020 Board of Commissioners' Meeting Minutes.

**V. APPROVAL OF AGENDA**

On motion by Commissioner Michael Brown and seconded by Commissioner Susan Palmer, the Board unanimously approved the May 18, 2020 telephonic annual Board of Commissioners' meeting agenda.

**VI. CONSENT AGENDA**

On motion by Commissioner Susan Palmer and seconded by Commissioner Michael Brown, the Board unanimously approved the May 18, 2020 telephonic annual Board of Commissioners' meeting consent agenda.

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

**A. Resolution No. 5653** – A Resolution Authorizing the Executive Director to Provide Authority Eligible Employees with Additional Paid Leave in Calendar Year 2020

Jill Stanton, Deputy Executive Director for Administration explained that this recognizes the extraordinary efforts of the employees of the King County Housing Authority in response to the COVID-19 global pandemic by providing an additional benefit of five days of paid flexible leave for use in calendar year 2020. This also allows for carryover of annual vacation leave.

Questions of Commissioners' were answered.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner John Welch, the Board unanimously approved Resolution No. 5653.

## **VIII. BRIEFINGS AND REPORTS**

### **A. VRT Briefing –**

Jill Stanton, Deputy Executive Director for Administration

VRT – Virus Response Team

- The VRT continues to meet daily for an hour and to strategize on ways to keep both staff and residents safe to the best extent that we can. They are shifting focus to reopening with a conservative approach.

Tonya Harlan, Director of Human Resources

- We have emergency Pay Plans that we introduced on March 18<sup>th</sup> that avoid disruption of pay/benefits. They are effective and have improved moral. There is a larger scale of the teleworking culture.

Judi Jones, Director of Housing Initiatives - Policy and Program Waivers Update

- We have implemented waivers that are allowed through the MTW program and there was a policy put in place in 2009 that still remains part of our HCV policy that we have now revamped.
- There are 24 policy waivers and procedural waivers that we have implemented. We have simplified reporting. These can stay in place for up to 60 days following the announcement that the emergency no longer exists.
- There were 16 waivers that HUD approved under the CARES ACT.
- Some of the waivers have current end dates of July 31, 2020 unless HUD extends them.
- Full suspension of HUDS community service through March 2021.

Mark Abernathy, Risk Manager

- VRT – Virus Response Team
- VST – Virus Supply Team
- VST is to determine the critical supply and standardize supply with a target of four months of inventory.
- This team is made up of: Mark Abernathy, Chris Clevenger, Kevin Anderson, David Miller, Craig Bartlett and Lisa Halvorson.

- Critical Supplies
  - Disinfectant
  - Hand Sanitizer
  - Face Coverings
  - Gloves

*Jill announced that this is Mark Abernathy's last Board meeting. He started at KCHA in 2011 and he will be retiring in June. Thank you Mark, for all that you have done. We will miss you.*

Bill Cook, Director of Public Housing - Impact on rent collections in Property Management.

1) Eviction Moratorium – Unpaid rent was \$90,000

2) Loss of jobs/income – 30-40% in the last couple months.

- Subsidy from HUD will help with the rent reductions for residents that have loss of jobs/income.
- There has been an uptick of online rent payments.

Craig Violante, Director of Finance

- Notification from HUD on additional funding
  - 1.7 Million Public Housing
  - 1.8 Million HCV Program

The 1.8 Million we have received in cash for the HCV Program. The 1.7 Million for the Public Housing is a reimbursement Program for a total of 3 ½ Million.

- Sunset of December 31, 2020 – If the funds are not spent, they are to be returned.
- There are not a lot of trends right now. We want to wait another month to see trends.

#### B. Community Indicators Dashboard

Helen Howell, Senior Director for Policy, Research and Social Impact Initiatives explained the Community Indicators Dashboard in detail.

- Over 65% of extremely low income households are severely rent burdened and paying over 50% of their income on rent. These are households that have \$0-36K (30%AMI) annually.
- The remaining 35% are likely recipients of housing assistance.
- According to HUD, King County has the 8<sup>th</sup> most expensive rental market in the nation. Rents have risen 29% since Dec 2019.

#### C. First Quarter 2020 Executive Dashboard

Andrew Calkins, manager of Policy and Legislative Affairs reported that this is for the First Quarter – January 2020 through the end of March 2020.

- Revenue for Q1 shows a variance of 104%, this was funding that was allocated in 2018 but doesn't represent any additional funding or spending.

- Shelter Burden Rate in the operations section dropped to 15.6% in March due to the Housing Authority applying Cost of Living adjustments (COLA's) for households that received Social Security Income. Approximately 33,000 households were affected. We also applied new payment standards which moved people from the shelter burden to the non-shelter burden category.

**D. Fourth Quarter 2019 Financial Statement**

Windy Epps, Assistant Director of Finance reviewed the Financial Statement.

- Overall financial position for KCHA in 2019 was very strong.
- Operating revenues were close to target exceeding the adopted budget by 2.7%.
- Operating expenses were favorable and coming under budget by 1%.

**IX. EXECUTIVE SESSION**

9:38am – KCHA Board meeting was suspended for an Executive Session.

10:35am – KCHA Board meeting was reconvened.

**IX. X. EXECUTIVE DIRECTOR REPORT**

Director Norman followed up on the report earlier from the Virus Response Team, complementing the VRT, Senior Leadership and the entire KCHA staff for the way they have risen to the occasion in the face of the COVID-19 epidemic. The VRT is doing stellar work in supporting staff and in being flexible and responsive as we try to keep essential services functioning during this time.

He thanked the Board for their support and encouragement.

He noted that slightly over \$3.5 million has been received by KCHA under the CARES Act to defray revenue losses and additional expenses incurred.

There has been a subsequent COVID-19 stimulus bill passed by the House of Representatives entitled the HEROS Act. Provision of this bill include:

- \$6 billion in supplemental funding for the Public Housing and Housing Choice Voucher programs.
- \$1 billion in incremental housing choice vouchers intended for one time use only
- \$100 billion in time-limited emergency rental assistance.

This bill has now been transmitted to the Senate and is a long way from passage, but it introduces the need for significant rental housing assistance into the discussion. It reflects the increasing realization that significant numbers of low income households in our country are in danger of falling into homelessness as a result of the economic collapse.



He was pleased to report that it appears that we are eligible for up to 95 additional vouchers for households living with disabilities under a recent award made by HUD. We have not received formal notification or the exact number of vouchers yet. These vouchers would target some of the most at-risk households in our region.

Director Norman was less pleased to report that while last month HUD informed Senator Murray that we had received \$1.2 in new funding million for 100 additional vouchers for homeless families, and had issued a press release and an award letter confirming this, they had just informed KCHA that while the monetary award remained at \$1.2 million, the number of new families we would be allowed to house had been reduced from 100 to 71.

Director Norman has appealed this issue directly to the Assistant Secretary for Public and Indian Housing and will let the Board know the outcome of the appeal.

On the operations side, Director Norman noted that we are continuing to move new families into housing and that at the end of the day, particularly in light of the pandemic, this is the most important role that we can play. He thanked the line staff for their hard work and commitment in making this possible.

#### **XI. KCHA IN THE NEWS**

None.

#### **XII. COMMISSIONER COMMENTS**

Commissioners thanked staff for all of the reports and wanted to share that staff knows their importance and that the Board supports them through this crisis.

#### **XIII. ADJOURNMENT**

Chair Barnes adjourned the meeting at 10:43 a.m.

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

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

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**STEPHEN J. NORMAN**  
Secretary

**MEETING MINUTES  
OF THE  
KING COUNTY HOUSING AUTHORITY  
SPECIAL BOARD OF COMMISSIONERS  
TELEPHONIC MEETING – EXECUTIVE SESSION ONLY**

**Tuesday, June 9, 2020**

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**I. CALL TO ORDER**

The telephonic special Executive Session meeting of the King County Housing Authority Board of Commissioners was held on Tuesday, June 9, 2020 via telephone. There being a quorum, the meeting was called to order by Chair Doug Barnes at 1:00 p.m.

**II. ROLL CALL**

**Present:** Commissioner Doug Barnes (Chair) (via Telephone), Commissioner Susan Palmer (Vice-Chair) (via Telephone), Commissioner John Welch (via Telephone) and Commissioner TerryLynn Stewart (via Telephone).

**Excused:** Commissioner Michael Brown

**IX. EXECUTIVE SESSION**

This special meeting in executive session is held to review the performance of a public employee (RCW 42.30.110 (1) (g)).

**XIII. ADJOURNMENT**

Chair Barnes adjourned the meeting at 1:50 p.m.

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

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

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**STEPHEN J. NORMAN**  
Secretary

# T A B N U M B E R



**To:** Board of Commissioners

**From:** Ai Ly, Accounting Manager

**Date:** June 3, 2020

**Re:** **VOUCHER CERTIFICATION FOR APRIL 2020**

I, Ai Ly, 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.

\_\_\_\_\_  
 Ai Ly  
 Accounting Manager  
 June 3, 2020

Bank Wires / ACH Withdrawals		19,518,240.00
	<i>Subtotal</i>	<b>19,518,240.00</b>
Accounts Payable Vouchers		
Key Bank Checks - #328618-#329070		4,353,727.99
Tenant Accounting Checks - #11104-#11123		4,813.55
Commerce Bank Direct Payment		-
	<i>Subtotal</i>	<b>4,358,541.54</b>
Payroll Vouchers		
Checks - #92089-92140		69,308.92
Direct Deposit		1,592,465.57
	<i>Subtotal</i>	<b>1,661,774.49</b>
Section 8 Program Vouchers		
Checks - #629070-629459; #629417-629419		272,963.63
ACH - #477886-480750		15,957,511.15
	<i>Subtotal</i>	<b>16,230,474.78</b>
Purchase Card / ACH Withdrawal		319,067.81
	<i>Subtotal</i>	<b>319,067.81</b>
	<b>GRAND TOTAL</b>	<b>\$ 42,088,098.62</b>

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

FROM: Wen Xu, Director of Asset Management

SUBJECT: VOUCHER CERTIFICATION FOR APRIL 2020

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

Wen Xu

Date

Property	Wired to Operating Account for Obligations of Property			Notes:
	Date	Wire Transaction	Claim	
Ballinger Commons	04/01/2020	\$ 147,055.87	A/P Payroll	
Bellepark	04/01/2020	\$ 5,524.00	A/P	
Emerson	04/01/2020	\$ 62,971.01	A/P Payroll	
GILMAN SQUARE	04/01/2020	\$ 23,674.73	A/P Payroll	
Hampton Greens	04/01/2020	\$ 81,435.73	A/P	
Kendall Ridge	04/01/2020	\$ 70,282.84	A/P	
Landmark	04/01/2020	\$ 14,742.11	A/P	
Meadowbrook	04/01/2020	\$ 20,276.18	A/P Payroll	
RAINIER VIEW I	04/01/2020	\$ 4,641.26	A/P A/P	
RAINIER VIEW II	04/01/2020	\$ 951.98	A/P A/P	
Riverstone	04/01/2020	\$ 54,562.57	A/P	
SI VIEW	04/01/2020	\$ 1,220.78	A/P	
Tall Cedars	04/01/2020	\$ 18,721.73	A/P	
Vashon Terrace	04/01/2020	\$ 1,312.96	A/P	
Villages at South Station	04/01/2020	\$ 30,002.71	A/P Payroll	
ABBEY RIDGE	04/02/2020	\$ 21,856.00	Deposit Correction	
ALPINE RIDGE	04/02/2020	\$ 4,835.46	A/P	
ARBOR HEIGHTS	04/02/2020	\$ 4,578.92	A/P	
Aspen Ridge	04/02/2020	\$ 6,720.93	A/P	
Auburn Square	04/02/2020	\$ 2,461.99	A/P	
Carriage House	04/02/2020	\$ 9,877.96	A/P	
CASCADIAN	04/02/2020	\$ 9,044.53	A/P	
Colonial Gardens	04/02/2020	\$ 18,647.61	A/P	
FAIRWOOD	04/02/2020	\$ 38,203.69	A/P	
HERITAGE PARK	04/02/2020	\$ 6,192.14	A/P	
LAURELWOOD	04/02/2020	\$ 5,664.70	A/P	
Meadows	04/02/2020	\$ 5,490.98	A/P	
Newporter	04/02/2020	\$ 26,417.84	A/P	
Overlake TOD	04/02/2020	\$ 19,511.47	A/P A/P	
Parkwood	04/02/2020	\$ 16,213.63	A/P	
SOUTHWOOD SQUARE	04/02/2020	\$ 11,185.99	A/P	
Timberwood	04/02/2020	\$ 4,698.15	A/P	
WINDSOR HEIGHTS	04/02/2020	\$ 11,877.90	A/P	
Woodland North	04/02/2020	\$ 14,097.50	A/P	
Woodridge Park	04/02/2020	\$ 15,706.16	A/P	
ALPINE RIDGE	04/03/2020	\$ 3,081.13	Payroll	
ARBOR HEIGHTS	04/03/2020	\$ 7,931.00	Payroll	
Aspen Ridge	04/03/2020	\$ 5,180.35	Payroll	
Auburn Square	04/03/2020	\$ 9,218.58	Payroll	
Carriage House	04/03/2020	\$ 13,917.55	Payroll	
CASCADIAN	04/03/2020	\$ 12,795.88	Payroll	
Colonial Gardens	04/03/2020	\$ 4,724.78	Payroll	
FAIRWOOD	04/03/2020	\$ 10,464.62	Payroll	
HERITAGE PARK	04/03/2020	\$ 5,329.52	Payroll	
LAURELWOOD	04/03/2020	\$ 8,855.84	Payroll	
Meadows	04/03/2020	\$ 6,232.67	Payroll	
Newporter	04/03/2020	\$ 9,436.69	Payroll	
Overlake TOD	04/03/2020	\$ 17,295.86	Payroll	
Parkwood	04/03/2020	\$ 5,970.87	Payroll	
SOUTHWOOD SQUARE	04/03/2020	\$ 7,190.33	Payroll	
Timberwood	04/03/2020	\$ 13,262.37	Payroll	
Walnut Park	04/03/2020	\$ 47,602.86	A/P Payroll	
WINDSOR HEIGHTS	04/03/2020	\$ 18,029.74	Payroll	
Woodland North	04/03/2020	\$ 10,353.01	Payroll	
Woodridge Park	04/03/2020	\$ 11,066.40	Payroll	
Bellepark	04/08/2020	\$ 36,061.96	A/P Payroll	
Cottonwood	04/08/2020	\$ 100,000.00	KCHA Distribution	
Cottonwood	04/08/2020	\$ 21,531.10	A/P Payroll	
Cove East	04/08/2020	\$ 36,643.50	A/P Payroll	
Hampton Greens	04/08/2020	\$ 30,679.25	A/P Payroll	
Juanita View	04/08/2020	\$ 14,465.33	A/P OCR	
Kendall Ridge	04/08/2020	\$ 12,747.41	Payroll	
Kirkland Heights	04/08/2020	\$ 63,534.03	A/P Payroll OCR	

Landmark	04/08/2020	\$ 17,408.83	A/P Payroll	
RAINIER VIEW I	04/08/2020	\$ 15,929.44	A/P Debt Service	
RAINIER VIEW II	04/08/2020	\$ 10,220.01	A/P Debt Service	
Riverstone	04/08/2020	\$ 142,902.15	A/P Payroll	
SI VIEW	04/08/2020	\$ 3,508.31	A/P Debt Service	
Woodside East	04/08/2020	\$ 27,298.95	A/P Payroll	
ALPINE RIDGE	04/09/2020	\$ 965.62	A/P	
ARBOR HEIGHTS	04/09/2020	\$ 343.30	A/P	
Aspen Ridge	04/09/2020	\$ 6,279.79	A/P	
Auburn Square	04/09/2020	\$ 47,753.63	A/P	
Carriage House	04/09/2020	\$ 5,068.74	A/P	
CASCADIAN	04/09/2020	\$ 2,262.23	A/P	
Colonial Gardens	04/09/2020	\$ 2,586.79	A/P	
FAIRWOOD	04/09/2020	\$ 13,144.16	A/P	
HERITAGE PARK	04/09/2020	\$ 12,455.12	A/P	
LAURELWOOD	04/09/2020	\$ 1,995.98	A/P	
Meadows	04/09/2020	\$ 764.70	A/P	
Newporter	04/09/2020	\$ 13,743.15	A/P	
Overlake TOD	04/09/2020	\$ 122,404.78	A/P A/P Debt Service	
Parkwood	04/09/2020	\$ 3,041.42	A/P	
SOUTHWOOD SQUARE	04/09/2020	\$ 5,602.20	A/P	
Timberwood	04/09/2020	\$ 3,171.58	A/P	
Walnut Park	04/09/2020	\$ 17,070.85	A/P	
WINDSOR HEIGHTS	04/09/2020	\$ 38,869.59	A/P	
Woodridge Park	04/09/2020	\$ 26,433.84	A/P	
CASCADIAN	04/10/2020	\$ 16,743.81	BOA Analysis Fees	
Woodland North	04/10/2020	\$ 57,775.18	A/P	
Ballinger Commons	04/15/2020	\$ 158,965.90	A/P Payroll	
Bellepark	04/15/2020	\$ 1,406.00	A/P	
Emerson	04/15/2020	\$ 93,880.06	A/P Payroll	
GILMAN SQUARE	04/15/2020	\$ 56,178.37	A/P Payroll	
Hampton Greens	04/15/2020	\$ 17,388.14	A/P	
Kendall Ridge	04/15/2020	\$ 4,974.00	A/P	
Landmark	04/15/2020	\$ 11,453.20	A/P	
Meadowbrook	04/15/2020	\$ 48,679.67	A/P Payroll	
Riverstone	04/15/2020	\$ 14,293.67	A/P	
Villages at South Station	04/15/2020	\$ 70,703.00	A/P Payroll	
Woodland North	04/15/2020	\$ 56,498.98	To New LLLP	
Woodside East	04/15/2020	\$ 9,378.26	A/P	
ALPINE RIDGE	04/16/2020	\$ 14,270.37	A/P Payroll	
ARBOR HEIGHTS	04/16/2020	\$ 11,515.78	A/P Payroll	
Aspen Ridge	04/16/2020	\$ 7,462.80	A/P Payroll	
Auburn Square	04/16/2020	\$ 27,864.30	A/P Payroll	
Carriage House	04/16/2020	\$ 27,559.43	A/P Payroll	
CASCADIAN	04/16/2020	\$ 52,819.09	A/P Payroll	
Colonial Gardens	04/16/2020	\$ 72,915.38	A/P Payroll	
FAIRWOOD	04/16/2020	\$ 26,012.60	A/P Payroll	
HERITAGE PARK	04/16/2020	\$ 22,186.08	A/P Payroll	
LAURELWOOD	04/16/2020	\$ 11,707.33	A/P Payroll	
Meadows	04/16/2020	\$ 23,059.47	A/P Payroll	
Newporter	04/16/2020	\$ 26,007.17	A/P Payroll	
Overlake TOD	04/16/2020	\$ 62,491.40	A/P Payroll	
Parkwood	04/16/2020	\$ 22,518.74	A/P Payroll	
RAINIER VIEW I	04/16/2020	\$ 10,474.84	A/P	
RAINIER VIEW II	04/16/2020	\$ 7,576.53	A/P	
SI VIEW	04/16/2020	\$ 5,372.84	A/P	
SOUTHWOOD SQUARE	04/16/2020	\$ 19,166.64	A/P Payroll	
Timberwood	04/16/2020	\$ 23,592.82	A/P Payroll	
Vashon Terrace	04/16/2020	\$ 5,411.42	A/P	
Walnut Park	04/16/2020	\$ 18,671.65	A/P Payroll	
WINDSOR HEIGHTS	04/16/2020	\$ 42,643.24	A/P Payroll	
Woodland North	04/16/2020	\$ 32,202.40	A/P Payroll	
Woodridge Park	04/16/2020	\$ 30,427.26	A/P Payroll	
Bellepark	04/22/2020	\$ 9,825.89	A/P Payroll	
Cottonwood	04/22/2020	\$ 16,858.31	A/P Payroll OCR	
Cove East	04/22/2020	\$ 44,863.83	A/P Payroll OCR	
Hampton Greens	04/22/2020	\$ 38,454.99	A/P Payroll	
Juanita View	04/22/2020	\$ 9,197.53	A/P Payroll OCR	
Kendall Ridge	04/22/2020	\$ 46,315.04	A/P Payroll	
Kirkland Heights	04/22/2020	\$ 60,964.46	A/P Payroll OCR	
Landmark	04/22/2020	\$ 22,991.22	A/P Payroll	
Riverstone	04/22/2020	\$ 58,065.30	A/P Payroll	
Tall Cedars	04/22/2020	\$ 23,392.78	A/P	
Woodside East	04/22/2020	\$ 19,074.69	A/P Payroll	
ALPINE RIDGE	04/23/2020	\$ 13,361.36	A/P	

ARBOR HEIGHTS	04/23/2020	\$ 6,966.02	A/P	
Aspen Ridge	04/23/2020	\$ 524.79	A/P	
Auburn Square	04/23/2020	\$ 23,769.28	A/P	
Carriage House	04/23/2020	\$ 8,318.35	A/P	
CASCADIAN	04/23/2020	\$ 3,639.85	A/P	
Colonial Gardens	04/23/2020	\$ 6,575.43	A/P	
FAIRWOOD	04/23/2020	\$ 8,935.59	A/P	
HERITAGE PARK	04/23/2020	\$ 11,590.02	A/P	
LAURELWOOD	04/23/2020	\$ 12,039.23	A/P	
Meadows	04/23/2020	\$ 16,072.98	A/P	
Newporter	04/23/2020	\$ 3,089.63	A/P	
Overlake TOD	04/23/2020	\$ 22,995.64	A/P	
Parkwood	04/23/2020	\$ 1,719.22	A/P	
RAINIER VIEW I	04/23/2020	\$ 1,583.33	A/P	
RAINIER VIEW II	04/23/2020	\$ 907.23	A/P	
SI VIEW	04/23/2020	\$ 1,853.86	A/P	
SOUTHWOOD SQUARE	04/23/2020	\$ 3,125.82	A/P	
Timberwood	04/23/2020	\$ 32,752.14	A/P	
Walnut Park	04/23/2020	\$ 3,337.75	A/P	
WINDSOR HEIGHTS	04/23/2020	\$ 7,486.88	A/P	
Woodland North	04/23/2020	\$ 11,531.84	A/P	
Woodridge Park	04/23/2020	\$ 6,456.47	A/P	
Ballinger Commons	04/29/2020	\$ 94,045.36	A/P Payroll	
Bellepark	04/29/2020	\$ 5,557.95	A/P	
Emerson	04/29/2020	\$ 53,034.13	A/P Payroll	
GILMAN SQUARE	04/29/2020	\$ 18,692.02	A/P Payroll	
Hampton Greens	04/29/2020	\$ 17,088.84	A/P	
Kendall Ridge	04/29/2020	\$ 10,000.00	A/P	
Landmark	04/29/2020	\$ 10,521.66	A/P	
Meadowbrook	04/29/2020	\$ 33,523.92	A/P Payroll	
Riverstone	04/29/2020	\$ 12,392.66	A/P	
Vashon Terrace	04/29/2020	\$ 3,178.33	A/P A/P	
Villages at South Station	04/29/2020	\$ 54,420.40	A/P Payroll	
Woodside East	04/29/2020	\$ 15,042.62	A/P	
ALPINE RIDGE	04/30/2020	\$ 6,229.56	A/P Payroll OCR MF	
ARBOR HEIGHTS	04/30/2020	\$ 13,885.27	A/P Payroll OCR MF	
Aspen Ridge	04/30/2020	\$ 10,450.53	A/P Payroll OCR MF	
Auburn Square	04/30/2020	\$ 21,785.17	A/P Payroll OCR MF	
Carriage House	04/30/2020	\$ 26,823.65	A/P Payroll OCR MF	
CASCADIAN	04/30/2020	\$ 30,501.62	A/P Payroll OCR MF	
Colonial Gardens	04/30/2020	\$ 67,858.48	A/P Payroll OCR MF	
FAIRWOOD	04/30/2020	\$ 28,230.83	A/P Payroll OCR MF	
HERITAGE PARK	04/30/2020	\$ 13,684.81	A/P Payroll OCR MF	
LAURELWOOD	04/30/2020	\$ 18,655.17	A/P Payroll OCR MF	
Meadows	04/30/2020	\$ 17,835.39	A/P Payroll OCR MF	
Newporter	04/30/2020	\$ 21,289.27	A/P Payroll OCR MF	
Overlake TOD	04/30/2020	\$ 33,805.34	A/P Payroll OCR MF	
Parkwood	04/30/2020	\$ 14,991.20	A/P Payroll OCR MF	
SOUTHWOOD SQUARE	04/30/2020	\$ 17,904.84	A/P Payroll OCR MF	
Tall Cedars	04/30/2020	\$ 2,049.01	A/P	
Timberwood	04/30/2020	\$ 32,175.36	A/P Payroll OCR MF	
Walnut Park	04/30/2020	\$ 44,834.15	A/P Payroll OCR MF	
WINDSOR HEIGHTS	04/30/2020	\$ 37,677.07	A/P Payroll OCR MF	
Woodland North	04/30/2020	\$ 9,232.74	A/P Payroll MF	
Woodridge Park	04/30/2020	\$ 28,908.94	A/P Payroll OCR MF	
193 Wires -Total:		\$ 4,482,678.66		

# T A B N U M B E R

3





**To:** Board of Commissioners

**From:** Tyler Shannon, Research & Data Analyst  
Andrew Calkins, Manager of Policy & Legislative Affairs

**Date:** June 15, 2020

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

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### **Executive Summary**

Every night, KCHA supports over 10,600 households across the county through the tenant-based Housing Choice Voucher Program (HCV or Section 8). The payment standard determines the maximum subsidy amount KCHA will provide to a participating household and is a central component of the HCV program. Our system of multi-tiered payment standards ensures that KCHA provides a sufficient subsidy so that households can secure and maintain safe and affordable housing in all regions of the county while controlling program costs. Staff last reviewed payment standard amounts in December 2019. This review resulted in moderately increased payment standards and minor adjustments to the grouping of ZIP codes within different payment standard tiers. At the June 2020 Board Meeting, staff will review findings from 2020's mid-year review. Due to the effectiveness of the current payment standards and the uncertain market conditions resulting from the COVID-19 pandemic, staff is recommending that we do not change the current payment standards at this time. We will continue to closely monitor trends in preparation for the annual analysis planned for the end of 2020.

### **Background & Methodology**

Payment standards set the maximum amount that a housing authority will provide to a voucher holder, based on household size and market costs, to assist with rent and utilities. While most housing authorities typically have a single payment standard set at a level between 90% and 110% of the area's HUD determined 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. Since implementation, the Board has approved additional increases in payment standards, and in November 2017 approved the creation of a new (sixth) tier.

The creation of multiple payment standard tiers reflects the reality that King County is not a single housing market and that housing costs vary dramatically from one sub-market to another. The HUD Fair Market Rent is set at the estimated 40<sup>th</sup> percentile of rents for the entire region. KCHA's

approach essentially establishes a Fair Market Rent at the 40<sup>th</sup> percentile for each ZIP code in the county, which are then grouped into six tiers.

The Board's initial adoption of multi-tiered payment standards recognized the importance of closely aligning payment standards to local rental sub-markets as a means of achieving four key aims: (1) increasing access to high opportunity areas and affirmatively furthering fair housing goals; (2) containing program costs by "right-sizing" subsidies 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 a housing cost burden and spending more than 40% of their income on rent.

As with prior reviews, we have examined a range of indicators, including: shopping success rates, rents paid by currently leased and newly leased voucher holders, household shelter burden, and market rent trends from multiple external data sources. The private rental data company CoStar continues to be our primary source for determining payment standards, but we also consult Apartment Insights to supplement our analysis. As with each review of payment standards, we have incorporated feedback from housing specialists and other members of the HCV team.

### **Considerations and Consequences from the COVID-19 Pandemic**

The discovery of COVID-19 in King County set off a chain of events that significantly impacted the rental market. There have been an incredible number of job losses, with many impacting recipients of KCHA housing assistance. For these households, KCHA is paying a larger portion of the monthly rent. Additionally, in mid-March Governor Inslee declared a temporary moratorium on evictions, and in April a limit on rent increases. On June 3, both of these moratoriums were extended to August 1st. For KCHA voucher holders, any new rent increases likely will not take effect until October. Additionally, CoStar projects overall rent decreases over the next year with increasing vacancy rates. With the status of the pandemic continuing to change almost daily, COVID-19 has created a number of unknowns about the future of the Puget Sound rental market.

### **Findings from the Market Analysis**

#### ***Private Rental Market***

After multiple years of rapid growth in the King County rental market, rents have begun to stabilize in many areas and are not expected to grow for the remainder of the year.

CoStar reports that over the last six months, two bedroom rents rose less than 1% in all of King County. When analyzing changes in 40<sup>th</sup> percentile rents by payment standard tier, we observe increases of between 0.5% and 2% in most tiers. In Tier 4, 40th percentile rents actually declined, by 0.4% for both one and two bedroom units. Apartment Insights has reported a similar softening of the rental market with average rent decreases in much of suburban King County.<sup>1</sup>

Looking forward, CoStar has projected that the impending recession, combined with limits on rent increases and evictions, will result in declining asking rents of between 9.5% and 14.6% by the

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<sup>1</sup> The latest data from Apartment Insights only encompasses Q1 2020 (largely before the COVID-19 economic downturn). This data still shows slight declines in 40th percentile two-bedroom asking rents across all tiers between Q3 2019 and Q1 2020.

end of 2020. Depending on the shape of the economic recovery, these decreases may quickly reverse or last through 2021. These projected declines will likely disproportionately impact higher rent units and it remains to be seen what impact there will be on units priced near the 40<sup>th</sup> percentile.

***Effectiveness of Payment Standard for KCHA Voucher Holders***

Our review of a range of indicators for existing tenant-based voucher holders also illustrates that existing payment standard levels are sufficiently limiting shelter burden and will enable new lease-ups through the end of the year. Currently, only 14% of existing tenant-based voucher households are experiencing a shelter burden (paying more than 40% of their income on rent).<sup>2</sup> Median rents for leased voucher holders are below the current payment standard in all tiers with exceptions for some two bedroom households. In these cases, median rents only exceed the payment standard by between \$3 and \$25.

The fact that many leased voucher holders continue to be leased at or near the payment standard reflects the positive trend that property owners leasing to voucher holders are increasing rents by the lowest rate in the last four years, at an average of 4.6% (versus 5.0% in 2019 and 7.1% in 2018). Shopping success rates (the percentage of newly issued voucher holders leasing up within 240 days of issuance) have also shown positive trends, with vouchers issued within the last twelve months averaging success rates of 76%, nearly to the HCV program's stretch goal of 80%.

These data points align with on-the-ground reports from HCV staff, who report that households are not facing extreme difficulties finding a unit within the current level of our payment standards. The median rent for newly leased tenants in two bedroom units was below the payment standard in Tiers 2, 5, and 6. For one bedroom units, newly leased tenants had median rents below the payment standard in Tiers 2, 3, 5, and 6.

**Recommendation**

Due to the stabilizing – and potentially decreasing – rental market as observed by our two data providers, the effectiveness of the existing payment standards on reducing shelter burden, and the many unknowns about the future of the economy in the Puget Sound region due to the COVID-19 pandemic, staff is recommending that KCHA not adjust payment standard levels at this time.

KCHA will again conduct a payment standards analysis beginning in November 2020, 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.

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<sup>2</sup> This calculation excludes households who are in a larger unit than their voucher will appropriately subsidize.



# 2020 Mid-Year Payment Standards Review

Housing Choice Voucher Program

**Tyler Shannon**

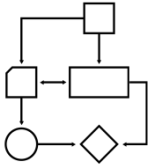
Research & Data Analyst

**Jeb Best**

Director of Housing Choice Vouchers

June 15, 2020

# Today's Discussion



Background on Multi-Tiered Payment Standards and Mid-Year Review



Review of Market Analysis & Internal Program Indicators



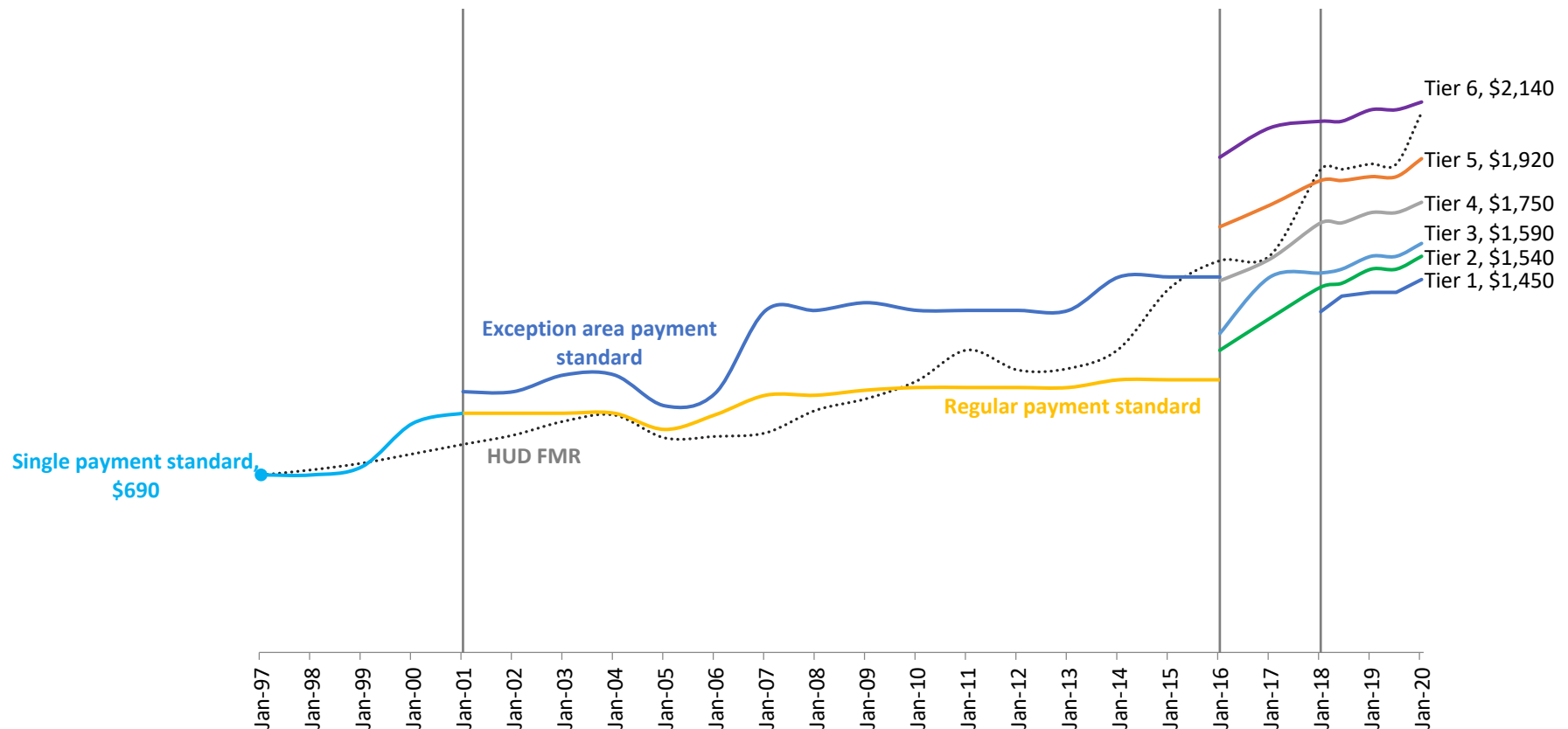
Conclusion & Next Steps

# Background & Context

## Voucher payment standard:

The maximum subsidy a housing authority can pay on behalf of a family.

Payment standards are typically established based on HUD Fair Market Rents, however KCHA has local autonomy in setting its payment standards due to its **Moving to Work** status.



# Multi-Tiered Payment Standards **Goals**

*As of 6/01/20*

Support  
Shopping  
Success



**76%** Shopping Success Rate

Limit  
Shelter  
Burden



**14%** Shelter Burdened

Increase  
Geographic  
Choice



**30%** families with children  
living in Opportunity Areas

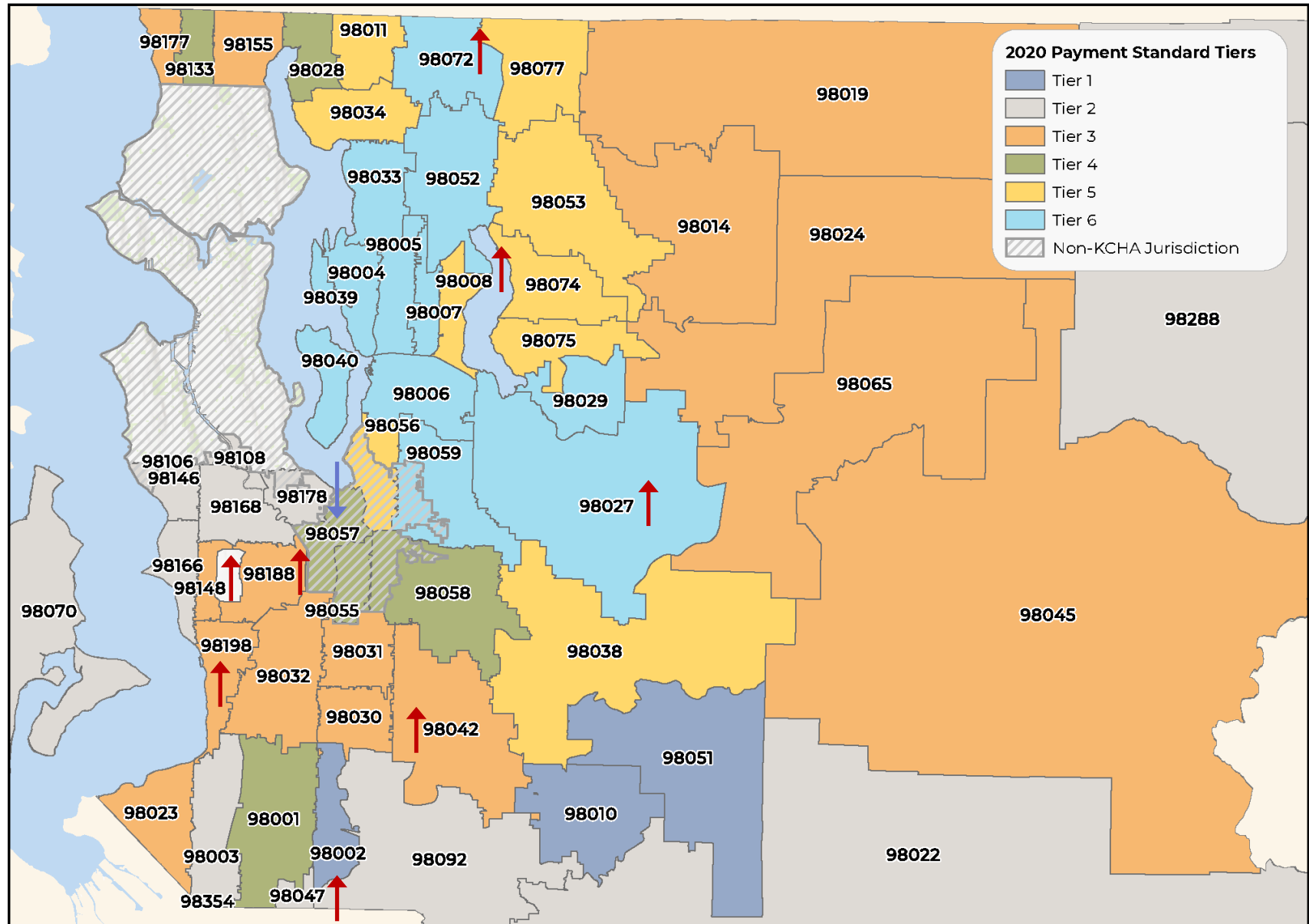
Support  
Cost  
Containment



**541** vouchers over leased  
on MTW block grant



## KCHA 2020 Payment Standards



# COVID-19 Considerations

- Unprecedented pandemic severely impacting rental market in multiple ways
- Statewide moratorium on evictions and rent increases extended to August 1st

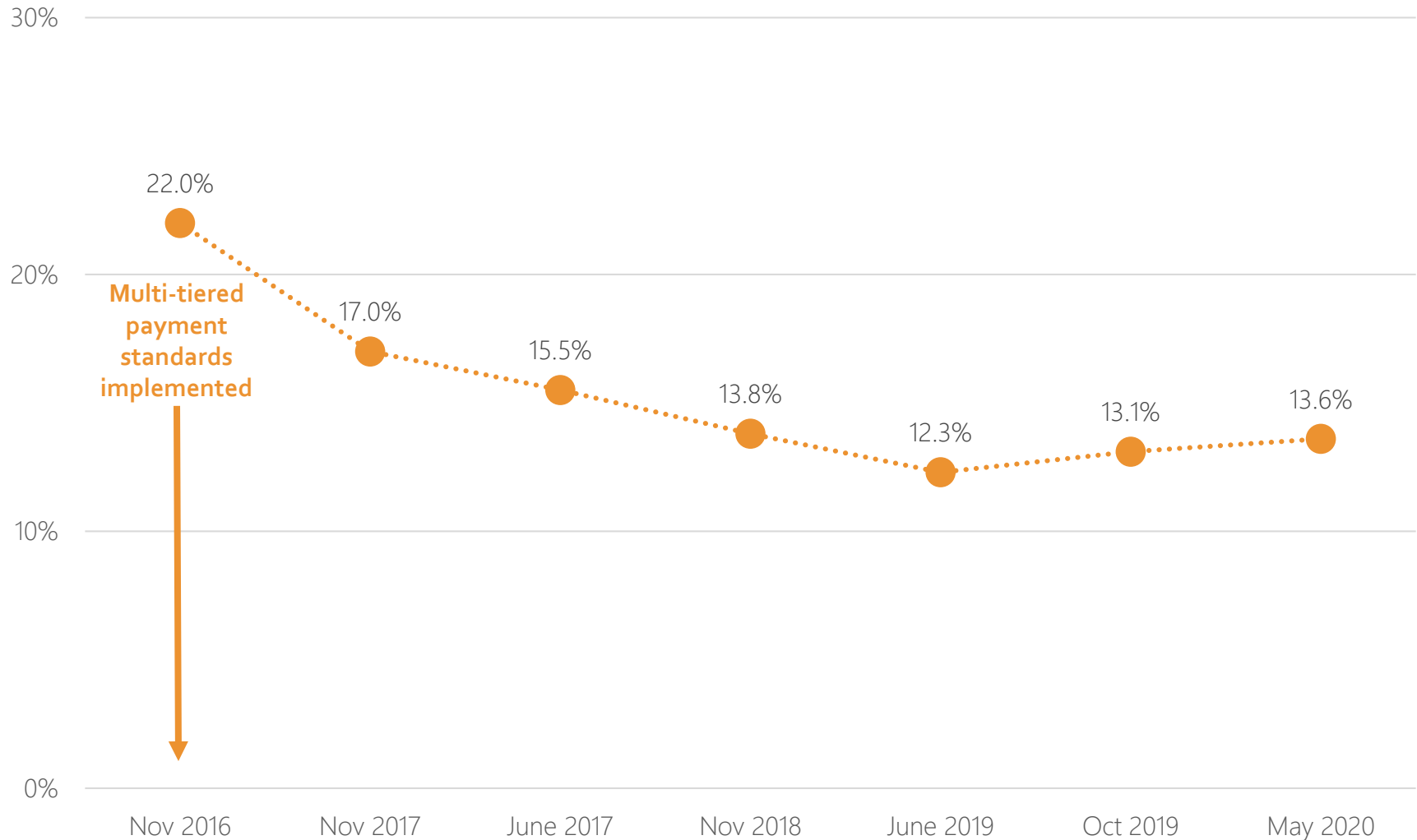
# **2020 Mid-Year Payment Standards Review**

## Findings from Market Analysis

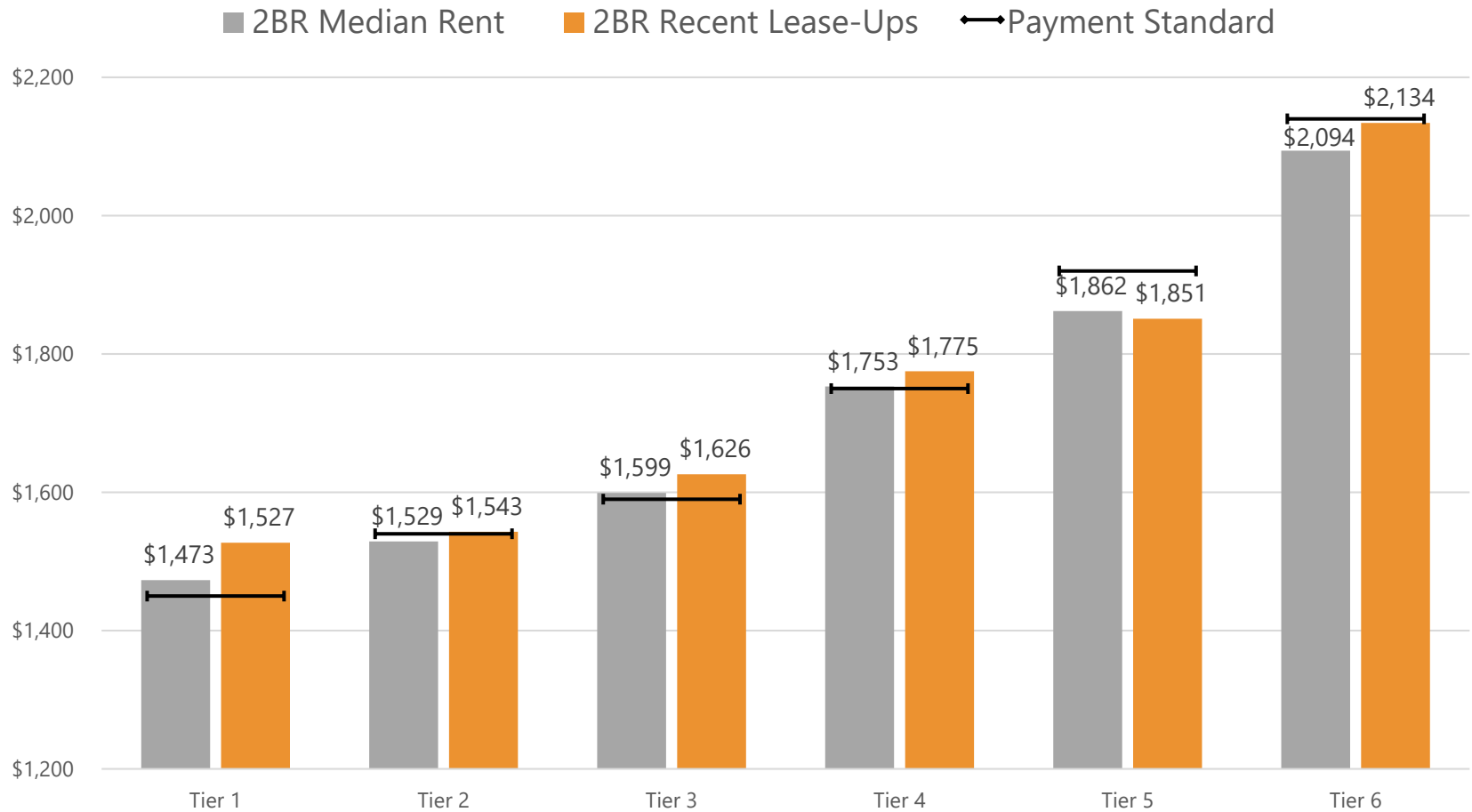
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# Payment Standards Increases have lowered Shelter Burden

Percentage of tenant-based households spending more than 40% of income on rent, excluding those in larger bedrooms.

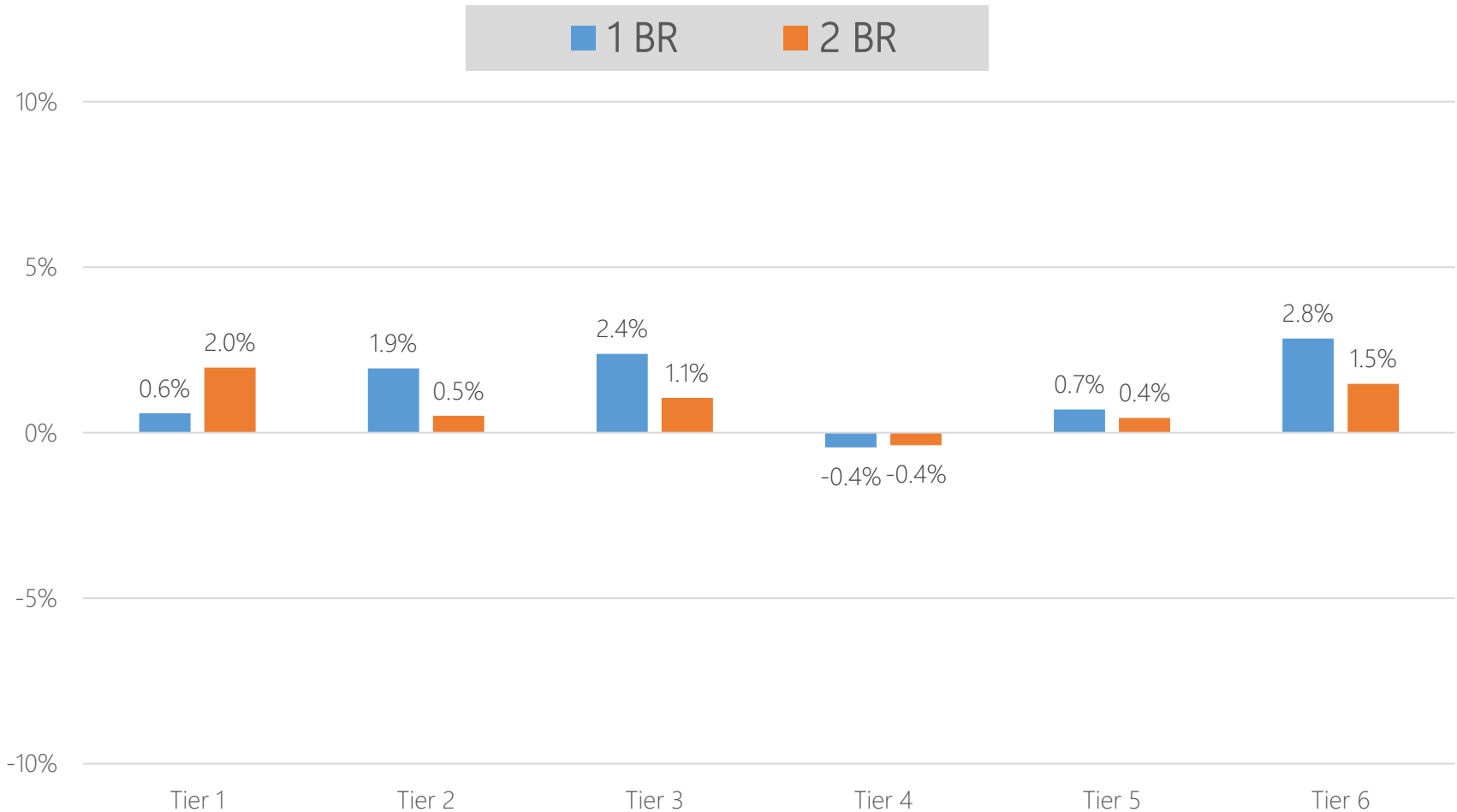


## Voucher Holders Continue to Lease Units at or Near the Payment Standard Amount



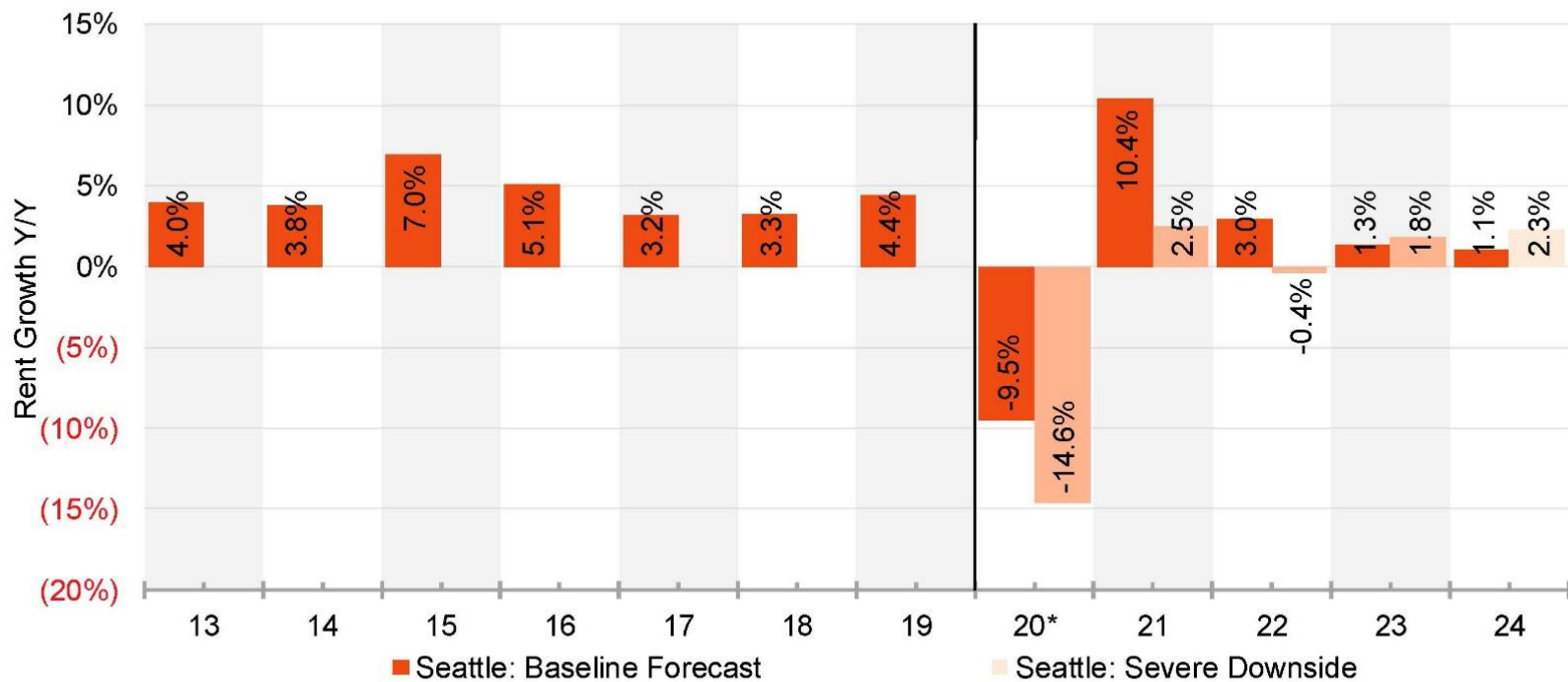
# Rents have only slightly increased over the last six months

Change in CoStar 40<sup>th</sup> percentile rent between November 2019 and May 2020



# CoStar: Predicting Rents Will Decline

## Seattle Rent Growth Forecast Scenarios



Source: CoStar  
\* Forecast

End of 20Q1

## **Mid-Year Review Conclusion:**

Payment standard adjustments are not required at this time

- Full impact of pandemic unknown
- External rental data shows rental rates are likely stabilizing or decreasing
- Voucher holders are able to find units at amounts within the payment standard
- Extension of eviction and rent increase moratorium means households will not see any increases before October

## **Next Steps:**

Preparing for the annual analysis



# Questions

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# T A B N U M B E R



*Board of Commissioners*  
Doug Barnes, *Chair*  
Susan Palmer, *Vice-Chair*  
Michael Brown  
TerryLynn Stewart  
John Welch

*Executive Director*  
Stephen J. Norman

**To:** Board of Commissioners

**From:** Jenna Smith, Resource Conservation Manager

**Date:** June 9, 2020

**Re:** **2017-2021 Environmental Sustainability Plan - 2019 Results**

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2019 marked the third year of KCHA's 2017-2021 Environmental Sustainability Plan (ESP), adopted by the Board on November 21, 2016. At the June 15 Board meeting, staff will present a progress summary of the seven sustainability target areas and highlight current year accomplishments.

**Executive Summary: 2019 ESP Results**

<b>Sustainability Target Areas</b>	<b>2019 Goal</b>	<b>2019 Actual</b>	<b>Goal Achieved</b>
1) 10% Reduction Multifamily Water Use: Gallons/ Person/Day (GPD)	50.1	<b>46.1</b>	Yes
2) 10% Reduction Multifamily Energy Use (EUI - 1k British Thermal Units/Square Foot)	35.9	<b>34.13</b>	Yes
3) 5% Reduction Multifamily Greenhouse Gas Intensity (Kg CO <sub>2</sub> e/Square Foot)	3.750	<b>3.39</b>	Yes
4) 100% Increase Kilowatts (kW) Solar Energy Capacity	195	<b>197</b>	Yes
5) 55% Waste Diversion Rate	49%	<b>45.4%</b>	No
6) EnviroStars Certified Tier Level 1-3	30%	<b>32%</b>	Yes
7) 25% of Fleet Alternative Fuel Vehicles	15%	<b>22%</b>	Yes

**Sustainability Target Areas Summaries:**

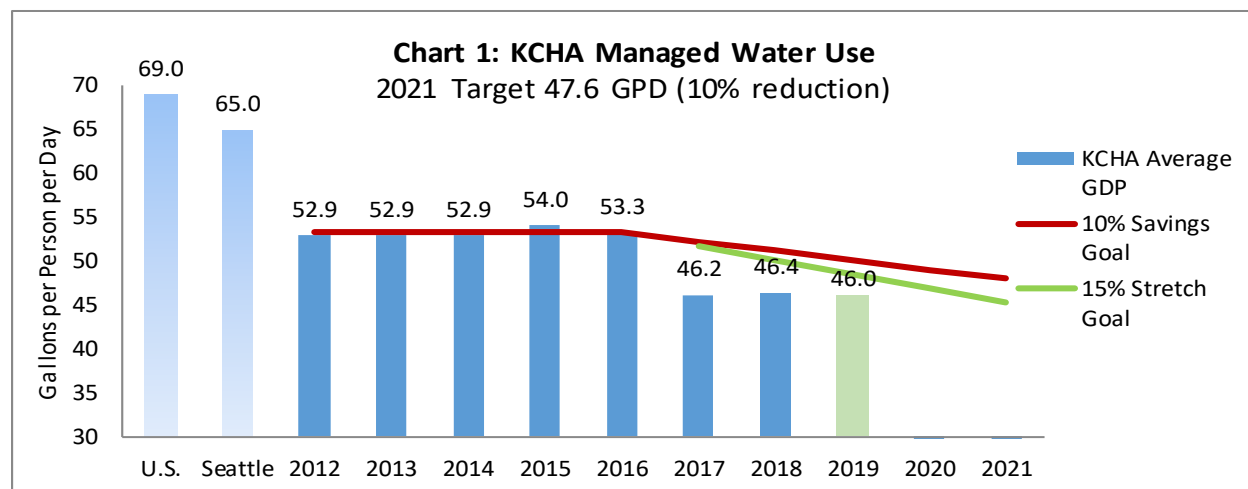
**Target 1: KCHA-Managed Multifamily Water Use (Gallons per Person per Day: GPD)**

Total water use for KCHA-managed multifamily properties was 1% lower in 2019 than the previous year (Chart 1), which saved roughly \$17,000 in water and sewer utility costs. Since 2012, GPD has declined by

13% to 46 gallons per person per day (GPD), with the largest annual reduction occurring in 2017 due to the Energy Performance Contract (EPC). This year, additional water saving projects are planned at properties that did not participate in the EPC.

For those properties not managed directly by KCHA, GPD was 54.3 for 2019. Combined annual water consumption for these properties is higher compared to KCHA-managed properties, mainly due to landscape irrigation. Recent efforts to reduce GPD include a toilet retrofit project at 11 properties, and as described below in *Other 2019 Highlights and Current Year Initiatives* irrigation projects at 20 properties.

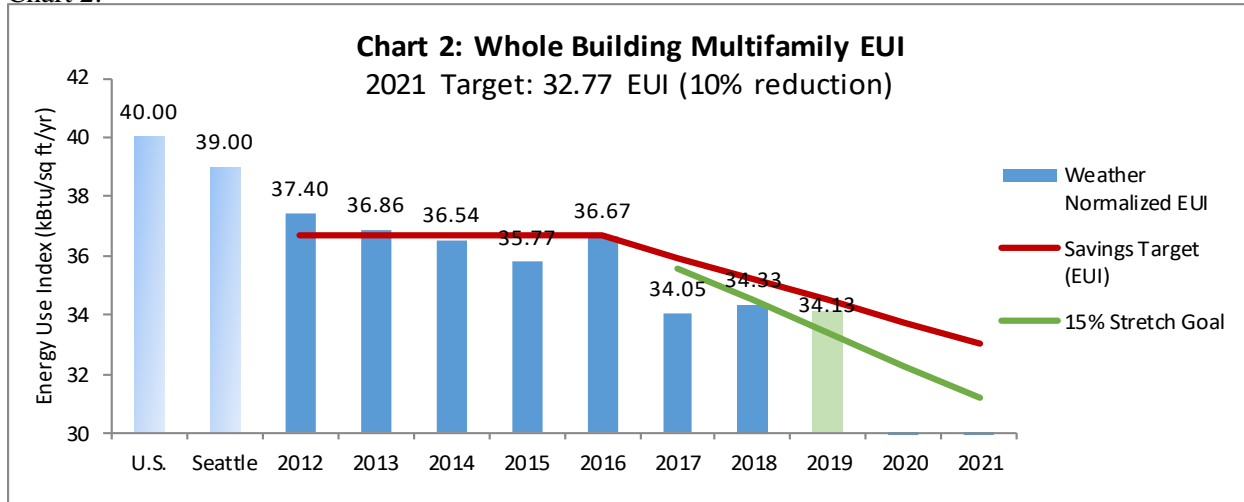
Chart 1:



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

Whole property energy use, which includes both the resident and common areas, continued to decline in 2019, slightly beating the annual goal. Currently, weatherization and tax credit renovation projects are the major source of energy saving measures. In 2019, six KCHA properties (385 units) received weatherization upgrades.

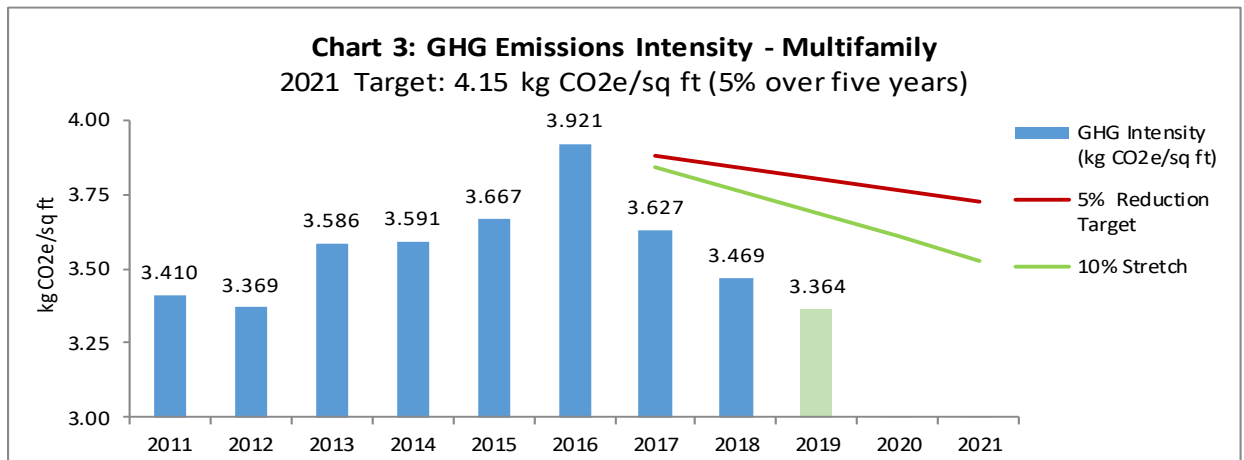
Chart 2:



### Target 3: Whole Property Greenhouse Gas Emissions

In 2019, 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) compared to the previous year. For the second consecutive year, KCHA assessed its 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.

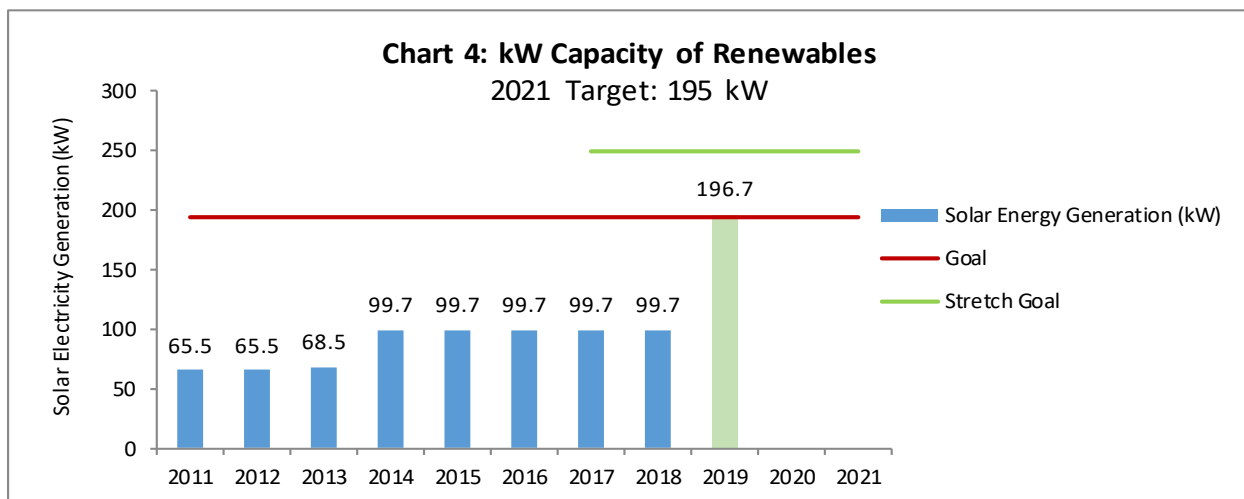
Chart 3:



#### Target 4: Solar Energy Capacity

In 2019, KCHA was awarded a \$246,000 grant from Puget Sound Energy to install 98 kW of solar at The Villages at Overlake, Meadows on Lea Hill and Windsor Heights. The new systems doubled the solar generating capacity of KCHA's solar systems. Recently, KCHA won an additional \$75,000 grant from PSE to install another solar system at Meadows on Lea Hill, and two other properties, Bellevue Manor and Aspen Ridge, will have solar systems installed during major tax credit renovations. From July 2018 to June 2019 (the utility solar program year), KCHA's six solar systems generated about \$10,000 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 just under \$160,000.

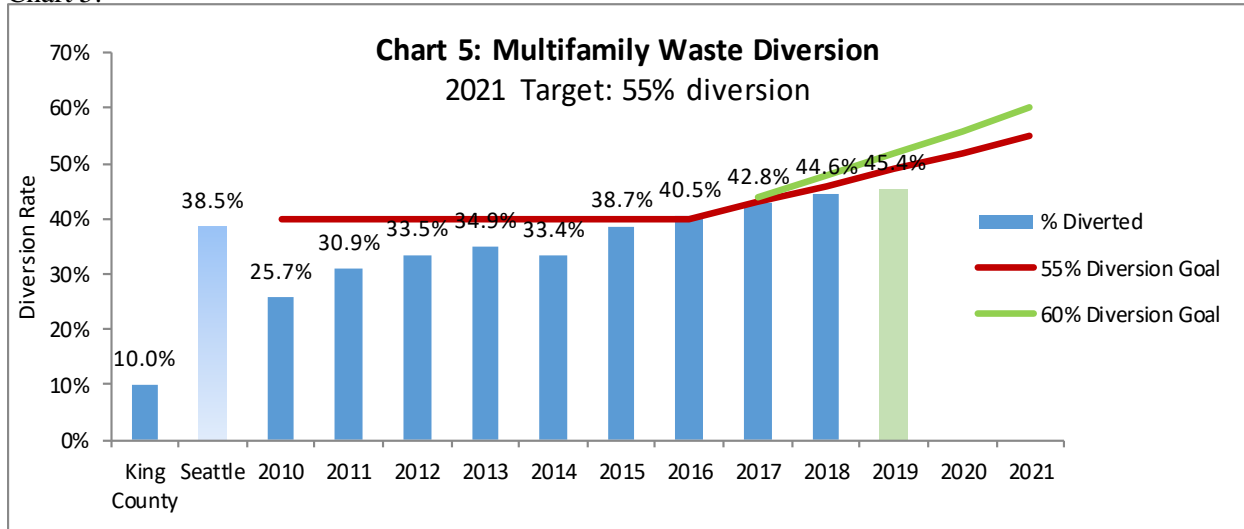
Chart 4:



#### Target 5: Property Waste Diversion

By the end of 2019, 45.4% of KCHA's property waste was being diverted from the landfill to regional recycling and composting facilities (Chart 5). This amount was 3% lower than the annual goal of 46%. Though there was a slight increase over the prior year, and nearly \$19,000 in solid waste costs was achieved, staff was focused on recycling contamination challenges due to changes in the international recycling market. Nonetheless, all KCHA properties subscribe to recycling service, 35 subscribe to organics collection, and 16 encourage residents to compost food scraps. Since 2015, around 90% of properties have been audited to assess opportunities to increase recycling, add green/food waste collection, or reduce garbage service levels. By using this process, overall solid waste costs have been cut by over \$160,000.

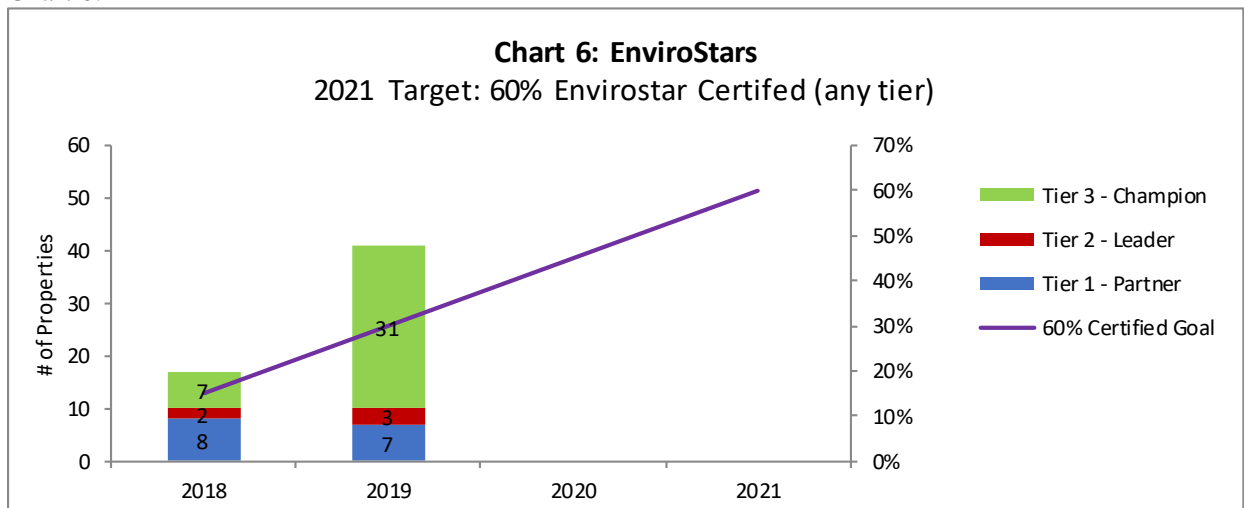
Chart 5:



### Target 6: EnviroStars

In 2018, King County launched substantial revisions to the EnviroStars program which now incorporates a broader spectrum of sustainable property management practices for energy, water, pollution prevention, drainage, wastewater, and solid waste. Not only does the program help reduce the environmental footprint of our properties, it also helps property managers and site staff implement the resource conservation practices that are engrained in KCHA standards. In 2019, 24 properties were certified, bringing the KCHA total to 41 total properties, or 32% of our portfolio.

Chart 6:

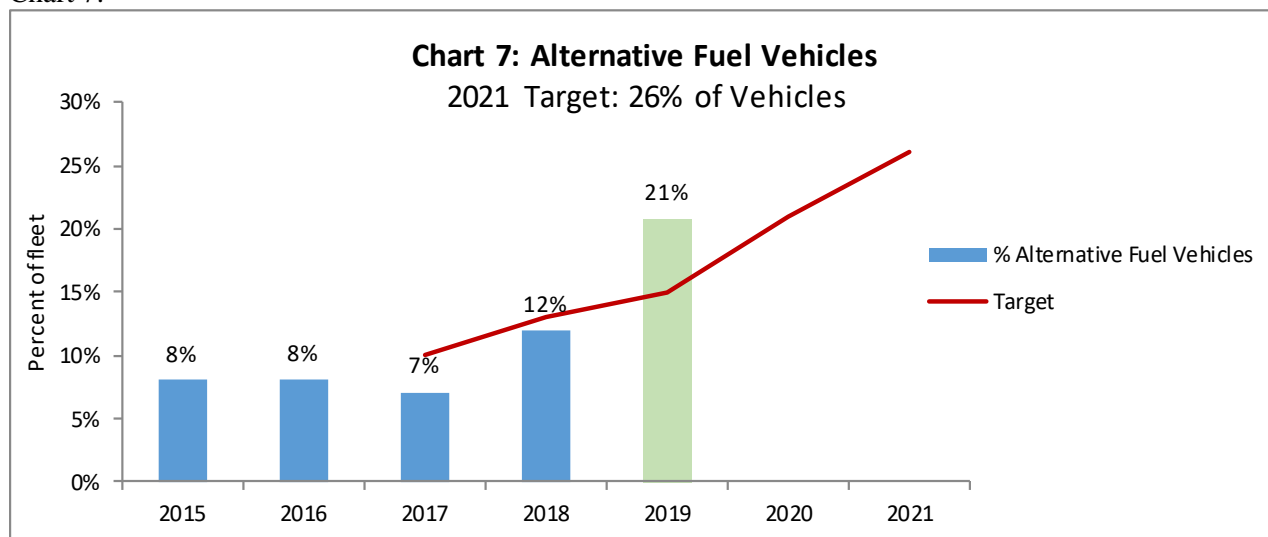


### Target 7: Alternative Fuel Vehicles

Alternative fuel vehicles include those powered partly or completely by non- gasoline and diesel fuels. These types of vehicles reducing the amount of CO2 emissions and decrease air pollution. Since

2018, Washington State has required all local governments to purchase alternative fuel vehicles. Starting in 2003, KCHA began buying traditional hybrids, and then, after the mandate, plug-in hybrids and propane vans were purchased. Last year, KCHA's fleet grew slightly with 28 of its 129 vehicles using alternative fuels.

Chart 7:



#### Other 2019 Highlights and Current Year Initiatives:

- Weatherization Projects:** Last year, KCHA's Weatherization department leveraged almost \$2.9 million in outside funding to retrofit six KCHA multifamily properties (385 units). 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).
- Sustainable Landscape Initiatives:** Over the past several years, KCHA has assessed the water efficiency of the landscape irrigation systems at close to 20 properties. In 2019, KCHA began replacing irrigation controllers with smart controllers that automatically adjust watering schedules based on weather inputs. A pilot project at Ballinger Commons reduced water consumption by almost 20% and saved almost \$24,000 compared to previous years. By the end of this year, KCHA should have almost 15 properties utilizing the smart irrigation technology.
- Greenhouse Gas Reduction Initiatives:** Through the installation of electric vehicle charging stations, KCHA is encouraging the use of alternative fuel vehicles by staff, residents, and the general public. So far, KCHA has installed 23 charging stations at 19 properties, including three at Central Offices. This summer, three more stations are planned.
- Data Transparency:** KCHA has developed a dashboard tool to provide greater transparency into the resource conservation performance of our properties. The tool graphically displays normalized utility data and utility budgets, and a mechanism for comparing properties. Property and portfolio



managers now have the ability to easily assess the efficiency of their properties and coordinate targeted improvements with Resource Conservation and maintenance staff.

- **Recycling Contamination:** In 2018, China banned all exports of recycled paper and plastic from the United States for being too contaminated. At the time, China was the largest purchaser of these materials so the sudden change in the market caused commodity prices to collapse. Waste hauling companies in turn are beginning to require cleaner recycling and in some cases have implemented contamination charges. Waste diversion efforts aimed at increasing recycling are mainly on hold as staff focus on reducing contamination in recycling.
- **Sustainability Grants:**
  - KCHA won a \$36,000 grant from King County Solid Waste Division to create community-driven waste and hazardous waste reduction initiatives in the White Center area. Resource Conservation and Resident Services developed a “Green Gardening” project at Seola and Greenbridge, an “Eco-living Challenge” program for the Boys/Girls and Neighborhood House youth programs, and a waste reduction and recycling project that will occur at Greenbridge and include renters, homeowners, and businesses. An intern and eight volunteer “community leads” will assist with the projects, which have mostly been postponed until the fall or when social distancing restrictions are lifted.
  - The King Conservation District (KCD) awarded KCHA two grants for creek restoration projects at Juanita Court (\$12,000) and Casa Juanita (\$20,000), with KCHA contributing \$3,000 towards the two projects. KCD not only provides the funding and technical assistance, but will also manage the restoration project planned for the summer and fall of this year.
  - KCHA has registered the three new solar projects installed in 2019 for the State’s Renewable Energy System Incentive for Community Solar & Shared Commercial Solar Projects. Over an eight year period, KCHA will direct about \$80,000 (\$10,000 per year) to residents at Meadows on Lea Hill, Villages at Overlake and Windsor Heights.

# T A B N U M B E R

5



**TO:** Board of Commissioners

**FROM:** Tim Baker, Senior Management Analyst

**DATE:** May 8, 2020

**RE:** **First Quarter CY 2020 Procurement Report**

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In order to update the Board concerning KCHA's procurement activities, staff is presenting the attached Quarterly Procurement Report. This report covers all procurement activities from January through March 2020 that involved the award of contracts valued over the amount of \$100,000 and change orders that have cumulatively exceeded 10% of the original or not to exceed contract amount.

**Awarded Contracts Over \$100,000:**

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

In the first quarter, there were 17 contracts awarded and valued at more than \$100,000, representing 96% of the contracts executed in the quarter. The largest contract executed for construction work was for \$19,745,000 awarded to Allied Construction Associates for the Abbey Ridge renovation project managed by the Asset Management Department. There was one contract awarded via cooperative purchase for appliances from Haier US for \$500,000.

For the quarter, contracts were awarded to 4 new contractors for KCHA, a woman owned business and a Section 3 business.

**Contract Change Orders Exceeding 10%:**

KCHA's internal procedures require heightened oversight and review once a contract has incurred change orders valued at more than 10% of the original contract amount. The change order (CO) section of the report includes the issuing department, contract type, company awarded the contract, the original amount awarded, as well as the number of change orders, the amounts of the total change orders to date expressed both in dollars and percentages above the original contract value, and notes about the procurement. Per the Board's request, this section was divided between change orders issued in response to unforeseen field conditions or expanded project scopes, and

change orders which were foreseen at the time the initial contract was executed (primarily through contract extensions on multi-year contracts). The not-to-exceed total for the “foreseen” change order section is the projected total amount of the contract once all the foreseen change orders are completed.

There were four condition change orders issued, mostly due to requirements required by local jurisdictions, and 11 anticipated change orders involving the extension of the contract as allowed in the original contract. Four of those were issued by Resident Services for workforce development services and three were issued by Social Impact for education services.

KING COUNTY HOUSING AUTHORITY  
QUARTERLY PROCUREMENT REPORT  
January-March 2020 (First Quarter)

Awarded Contracts Over \$100,000

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Asset Management	Colonial Gardens roof replacement	North Sound Services	\$206,479	\$204,968	\$204,968	sealed bid	5	New contractor for KCHA.
Asset Management	Abbey Ridge weatherization	Superior	\$267,027	\$262,458	\$262,458	sealed bid	1	New contractor for KCHA.
Asset Management	Bellevue Manor interior renovations	CDK	\$1,981,665	\$2,035,193	\$2,035,193	sealed bid	3	Contractor has performed successfully on many KCHA projects.
Asset Management	Woodland North site improvements	A-1 Construction	\$2,469,852	\$3,124,000	\$3,124,000	sealed bid	2	New contractor for KCHA. Minority owned business. Scope revised since initial est.
Asset Management	Abbey Ridge renovations	Allied Const. Assoc.	\$29,709,279	\$19,745,000	\$19,745,000	sealed bid	6	Contractor performed successful renovation work for Highland Village.
Capital Construction	Victorian Woods fire damage renovations	Pete Almond	\$232,595	\$214,576	\$214,576	sealed bid	2	Contractor has performed successfully on many KCHA projects.
Capital Construction	Munro Manor waste line replacement	Vortex Services	\$399,292	\$340,309	\$340,309	sealed bid	1	New contractor for KCHA, however they took over a company that did this work successfully for KCHA
Capital Construction	Youngs Lake water/waste line replacement	Libby Builders	\$1,038,110	\$797,900	\$797,900	sealed bid	2	Contractor has performed successfully on many KCHA projects. Section 3 company.
Homeless Housing	student family stability initiative program	Neighborhood House	\$4,224,900	\$4,224,900	\$4,224,900	sole source	n/a	Provider has managed the programs for the last 6 years.
HOPE VI	Greenbridge construction management	KPFF	\$169,245	\$169,245	\$169,245	RFQ	4	Consultant has performed many successful projects at Greenbridge.
HOPE VI	Greenbridge construction management	KPFF	\$295,320	\$295,320	\$295,320	RFQ	4	Consultant has performed many successful projects at Greenbridge.
HOPE VI	Greenbridge water infrastructure	Water District #20	\$590,000	\$590,000	\$590,000	sole source	n/a	WD#20 only water provider for this area of Greenbridge
Housing Management	policing services	Kent Police Dept	\$250,000	\$250,000	\$250,000	sole source	n/a	KPD only professional police department serving Kent
Housing Management-maint	appliance replacement	Haier US	\$500,000	\$500,000	\$1,000,000	cooperative	n/a	Using the State of WA contract for bidder selection.
Housing Management-maint	flooring services	Signature	\$500,000	\$500,000	\$500,000	RFP	2	Contractor provided flooring services in prior years.
Housing Management-maint	flooring services	Great Floors	\$500,000	\$500,000	\$500,000	RFP	2	Contractor provided flooring services in prior years.
Weatherization	Youngs Lake mechanical upgrades	Resicon	\$272,460	\$246,146	\$246,146	sealed bid	2	Contractor has performed successfully on many KCHA projects. Woman owned company.
Total			\$43,606,224	\$34,000,015	\$34,500,015			

Contracts exceeding 10% cumulative change order-Condition Changes

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Change Order Amount & No. This Quarter	Total Contract Value to Date	% of NTE*	Notes (Current Quarter Change Orders)
Asset Management	Bellevue Manor A&E services	ARC	\$249,800	\$17,380 (2)	\$284,930	14%	City of Bellevue needing additional permits which required design work.
Asset Management	Woodridge Park pool deck replacement	SB Concrete	\$36,275	\$10,582 (1)	\$46,857	29%	Dept of Health requiring additional work on drainage; concrete slab too thick
Asset Management	Highland Village A&E services	Innova	\$404,000	\$3,997 (11)	\$883,740	119%	Initial contract based on rehab only - C.O. 11 for city required O&M manuals
Asset Management	Highland Village A&E services	Innova	\$404,000	\$420 (12)	\$884,160	119%	Initial contract based on rehab only - C.O. 12 construction admin for scope added by city
Total			\$1,094,075		\$2,099,687		

Contracts with contract extensions or other foreseen change orders

Issuing Department	Contract type	Contract awarded to	NTE*	Change Order Amount & No. This Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Homeless Housing	housing access & stability services	YWCA	\$977,600	\$200,000 (4)	\$777,600	80%	Third extension to the contract.
Homeless Housing	housing access & stability services	YWCA	\$1,178,731	\$201,131 (5)	\$978,731	83%	Adding funds for the HASP program.
Housing Management-maint	elevator maintenance and repair	Eltec	\$1,000,000	\$382,000 (1)	\$882,000	88%	First extension to the contract.
Resident Services	workforce development services (Auburn)	YWCA	\$570,000	\$89,728 (1)	\$177,697	31%	First extension to the contract.
Resident Services	workforce development services (NE)	Hopelink	\$600,000	\$86,075 (2)	\$226,263	38%	First extension to the contract.
Resident Services	video production services	Shootsta	\$96,000	\$24,000 (1)	\$59,000	61%	First extension to the contract.
Resident Services	workforce development services (Birch Creek)	Neighborhood House	\$660,000	\$112,408 (3)	\$421,250	64%	Third extension to the contract.
Resident Services	workforce development services (Greenbridge)	YWCA	\$1,400,000	\$247,639 (3)	\$922,504	66%	Third extension to the contract.
Social Impact	increasing academic performance	Highline Public Schools	\$65,000	\$12,600 (1)	\$25,200	39%	First extension to the contract.
Social Impact	transportation services	Kent School District	\$75,000	\$15,000 (3)	\$45,000	60%	Third extension to the contract.
Social Impact	after school & summer learning programs	YMCA	\$907,410	\$152,790 (4)	\$601,830	66%	Third extension to the contract.
Total			\$7,529,741		\$5,117,075		

\*NTE = Not To Exceed

# T A B N U M B E R

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**TO:** Board of Commissioners

**FROM:** Ai Ly, Accounting Manager

**DATE:** April 30, 2020

**RE:** 1st Quarter 2020 Summary Write-Offs

During the first quarter of 2020, tenant accounts totaling \$15,086 were deemed uncollectable and written off. This represents a 39% decrease from the previous quarter. Overall, rent owed to KCHA accounted for \$3,321 (22%) of the total and cleaning/damage charges accounted for \$10,362 (69%) of the total. Security deposits were retained to offset 13% of the total charges. Per policy, all accounts with a balance owed of \$100 or more will be forwarded to KCHA's contracted collection agency. \$3,068 was recovered by the collection agency during the first quarter.

	<b>Total WRITE-OFFS</b>	<b>YTD WRITE-OFFS</b>
Rent Balance Forward to Vacate Month	\$ 3,885.00	\$ 3,885.00
Retro Rent Write-offs	\$ -	\$ -
<b><u>VACATE CHARGES:</u></b>		
Rent Delinquent in Vacate Month	3,320.71	3,320.71
Cleaning & Damages	10,362.49	10,362.49
Paper Service & Court Costs	283.98	283.98
Miscellaneous Charges	-	-
Total Charges	<u>13,967.18</u>	<u>13,967.18</u>
Total All Charges	<u>17,852.18</u>	<u>17,852.18</u>
<b><u>CREDITS:</u></b>		
Security Deposits	(1,800.00)	(1,800.00)
Miscellaneous Payments & Credits	<u>(965.93)</u>	<u>(965.93)</u>
Total Credits	<u>(2,765.93)</u>	<u>(2,765.93)</u>
<b>Total Net Write-offs</b>	<b><u>\$ 15,086.25</u></b>	<b><u>\$ 15,086.25</u></b>
<b>Net Write-offs by Portfolio</b>		
KCHA	9,731.05	9,731.05
Green River	-	-
Green River II	1,356.32	1,356.32
Egis	-	-
Soosette Creek	-	-
Zephyr	-	-
Fairwind	3,425.96	3,425.96
Vantage Point	572.92	572.92
Spiritwood Manor	-	-
	<b><u>\$ 15,086.25</u></b>	<b><u>\$ 15,086.25</u></b>

**Write-off and Collection Summary  
2017 - 2019**

<b>NET WRITE-OFFS</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
January to March	15,086.25	42,166.82	13,801.87
April to June		62,865.14	110,847.95
July to September		74,632.34	40,570.09
October to December		24,730.55	50,945.89
<b>TOTAL</b>	<b>15,086.25</b>	<b>204,394.85</b>	<b>216,165.80</b>

<b>NET COLLECTIONS</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>
January to March	3,068.43	273.57	745.08
April to June		2,449.81	1,064.10
July to September		3,655.74	553.34
October to December		1,812.32	830.82
<b>TOTAL</b>	<b>3,068.43</b>	<b>8,191.44</b>	<b>3,193.34</b>

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



# T A B N U M B E R

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# **KCHA IN THE NEWS**

**June 15, 2019**

## At King County public housing, a restaurant owner returns to his old home with food in hand

June 7, 2020 at 6:00 am



*Luam Wersom, who owns the restaurant Mojito in Seattle's Maple Leaf neighborhood and who grew up in subsidized housing run by King County Housing Authority, puts lids on more than a 100 meals for seniors living in two public units run by King County Housing Authority, Monday, May 11, 2020 in Seattle during the coronavirus outbreak. (Ken Lambert / The Seattle Times)\*



*Married couple Luam and Lindsey Wersom put together more than 100 meals for seniors living in two public units run by King County Housing Authority, Monday, May 11, 2020 in Seattle during the coronavirus outbreak. Luam, an Eritrean refugee, grew up in subsidized housing run by King County Housing. (Ken Lambert / The Seattle Times)*





*Luam Wersom, center, who owns the restaurant Mojito in Seattle's Maple Leaf neighborhood, pulls white fish out of the oven while making meals for seniors living public-housing units on, Monday, May 11, 2020 in Seattle during the coronavirus outbreak. At left is Victor Alfaro and at right is Wersom's wife, Lindsey. (Ken Lambert / The Seattle Times)*



*Meals assembled by Luam Wersom, who owns the restaurant Mojito, await distribution to seniors living in two public-housing units run by King County Housing Authority, Monday, May 11, 2020 in Seattle during the coronavirus outbreak. (Ken Lambert / The Seattle Times)*



*Luam Wersom, who owns the Seattle restaurant Mojito, is an Eritrean refugee who grew up in subsidized housing run by King County Housing Authority. He makes two types of meals for seniors living in two public units run by King County Housing Authority: white fish, left, and chicken skewers, right. (Ken Lambert / The Seattle Times)*

By [Anna Patrick](#) *Project Homeless engagement editor*

*Editor's note: This is one in a periodic series called [Stepping Up](#), highlighting moments of compassion, duty and community in uncertain times. Have a story we should tell? Send it via email to [newstips@seattletimes.com](mailto:newstips@seattletimes.com) with the subject "Stepping Up."*

The sky was turning gray when Luam Wersom pulled into the housing complex, but the rhododendron bushes, in pink and white, were bright.

Waiting for a shopping cart to unload food from his van — meals of fish, veggies, rice and beans — Wersom scanned the property.

"I used to have to mow this grass," he said. As a teenager in a summer employment program for kids living in King County Housing Authority units, Wersom helped to care for its properties. He had to drain the courtyard, where he now stood, when Seattle rain turned it into a swamp. Sometimes, he carried people's trash and dug holes to place signs.

More than 20 years later, he can see what his hard work was for.

"Unless someone tells you it's low-income housing, you wouldn't know," Wersom said.

Wersom didn't grow up at this complex, Northridge I and II. It's for people ages 62 and older and for those with disabilities. But he grew up down the road at Shoreline's Ballinger Homes.

To escape civil war as his home country, Eritrea, fought for its independence in East Africa, Wersom's family, six in all, fled to Greece before seeking refuge in the United States. Public housing in Seattle provided them a fighting chance to start over. And the summer work program, Wersom said, helped to teach him the values of hard work and staying disciplined.

He used those skills to find his way out of there.

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On that breezy day in May, long before the rain clouds rolled in, Wersom woke up before the sun to make food in a North Seattle restaurant, his restaurant, for seniors living in two public housing units. His business has taken a hit due to the coronavirus pandemic, and his staff's been cut in half, but one day every week since the end of April, Wersom gets up early to make hundreds of meals for the people whose grass he used to cut.

Wersom, who is now 39, started working at Mojito, a Latin American restaurant in Seattle's Maple Leaf neighborhood, as a dishwasher when it opened more than 20 years ago. In the early days, Wersom said, before they had a dishwashing machine, he would make a fist and his skin would crack and bleed from hours spent bent over a sink.



Today, he's the sole owner of Mojito, the bright yellow restaurant that sits on the corner of 11th Avenue Northeast and Lake City Way. It's small inside, but Wersom's hospitality makes up for it.

"If you go twice, we'll remember you," Wersom said. "If you come in and you've lost your dog, I'll remember that."

He treats the street corner like it's his front porch, stopping to talk to people and running outside to give an elbow bump. Across the street from the restaurant, Wersom and his wife, Lindsey, own a commercial kitchen, where they prep most of the restaurant's staples, like slow-roasted pork butt and congri (Cuban rice and beans). On the days he's delivering food to seniors in low-income housing, Wersom and his staff use the space to prepare and package the meals.

To maximize speed, they place all of their metal prep tables into one, long row, then cover the surface with plastic to-go containers. On that breezy day in mid-May, after the rice is cooked, the fish is done baking and the mixed veggies are steaming hot, Wersom, his wife and two members of his staff gear up to get to work. They slide on black plastic gloves, grab large metal spoons, and transfer the food to large containers held on rolling carts.

Working down both sides of the long table, they move quickly but quietly. A scoop of veggies drops into a container from the right, then a helping of congri from the left, followed by the fish or some chicken skewers. Wersom leads the rear with a squirt of homemade sauce — made of lime juice, cilantro, garlic and some secrets he can't share. It looks like a well-rehearsed dance. Hands cross over hands. Latin music plays on the radio. A tiny disco ball hangs overhead.

"We don't want the food to get cold," Lindsey said.

From start to finish, the process takes under 30 minutes to plate, package and bag more than 100 meals that will go to two public-housing complexes.

"We were doing to-go before, but never on this scale," Lindsey said.

Wersom hasn't had to shepherd the costs alone. In April, a longtime customer saw on the news that Wersom's business had taken a hit, literally. Security cameras caught two people in the middle of the night spray painting and defacing Mojito's food truck. The customer stopped by the restaurant to ask what he could do.

"He wanted to give me a check," Wersom said. "I said, 'No, I don't like handouts. But what you can do is you can feed people.'"

Originally, Wersom wanted to find a way to use the money to feed his former neighbors in Ballinger Homes. But after taking the idea to King County Public Housing and the YMCA, they decided on helping seniors, folks who have been told by public health officials to stay home and isolate for months now.

The project started at the end of April and went through May 18. Wersom said the work is on hold until they can find more funding, which helps him cover some of the food costs.

A global pandemic doesn't seem like the obvious time to overextend his restaurant in the areas of giving. More than half of Mojito's business has disappeared, Wersom said, and the cost of some foods has doubled, sometimes tripled. But Wersom sees it differently.

After his family members fled Eritrea, they received food from churches in Greece. Food stamps helped to keep them going. And at Ballinger Homes, they paid about \$400 for a four-bedroom apartment.

Wersom knows firsthand how far a little extra support can take a person.

And now, as a Seattle business owner, he's not going to forget it.

## REPORT

# Strategies for increasing affordable housing amid the COVID-19 economic crisis

Ingrid Ellen, Erin Graves, Katherine O'Regan, and Jenny Schuetz - Monday, June 8, 2020

Even before the COVID-19 pandemic, millions of Americans [lacked stable, affordable housing](#). Now, the crisis has highlighted the social and economic costs of this crucial gap in the safety net. People living in [poor-quality, overcrowded, or unstable housing](#)—or without any home at all—cannot follow public health directives to safely “shelter in place.” As a result, they are at far greater risk of contracting the [virus](#), along with [other chronic illness](#).

Many people in this population also face risks of instability. Housing costs are a major [financial stressor](#) for low-income households, who typically devote between a [third and a half of their incomes](#) to housing. Cost-burdened households [are at risk](#) of losing their homes to [eviction](#) or foreclosure, especially during economic downturns. These households are also unable to accumulate savings that could help them weather temporary income losses like so many have seen during the pandemic.

Stable, decent-quality, and affordable housing is also critical for communities and the overall economy. Housing instability can impede workers’ ability to [secure and maintain](#) employment. As the Great Recession showed, concentrations of foreclosed and vacant homes create [negative spillovers](#) across entire neighborhoods. The housing sector creates [multiplier effects](#) throughout the economy, so contractions in construction, upgrades, and sales can translate into reduced employment and consumer spending, deepening the recession. Financial pressure on low-income renters also harms [small landlords](#), who are disproportionately people of color and account for a large share of unsubsidized affordable housing.

Local governments and nonprofit service providers are scrambling to put in place [temporary measures](#) to help those who lack stable housing, such as [purchasing motels](#) to shelter unhoused



families, placing [hand-washing stations](#) in homeless encampments, and providing [emergency rental assistance](#). This puts additional strain on the staff and budgets of local governments and nonprofits at a time when [resources are especially scarce](#) and long-term planning is hardest.

Future pandemics and natural disasters will put similar strains on housing systems. Once the current public health crisis has been contained, policymakers should make more serious efforts to reduce the number of households who lack affordable, stable, decent-quality housing, and focus on three goals:

- Increase the amount of long-term affordable rental housing, especially in high-opportunity communities.
- Protect existing affordable rental housing from physical deterioration and financial insecurity.
- Support affordable housing projects currently in the pipeline that face financial obstacles due to the pandemic.

In this piece, we explain why each of these goals is critical to supporting affordable housing infrastructure across the U.S. We then explore strategies aimed at achieving the first goal, specifically through the acquisition of existing housing. Several policies used in recent decades offer lessons for the design of similar programs moving forward, providing both examples to emulate and pitfalls to avoid. Future work will explore policy models that support the second and third goals. Finally, we pose a series of policy design questions to help stakeholders tailor policies to local needs and capacities.

## **PROTECTING AND EXPANDING AFFORDABLE HOUSING**

Successful housing interventions need to reflect local housing market conditions as well as the resources of local governments and other stakeholders. The importance of preserving existing affordable housing versus expanding the inventory will differ across communities, as will the feasibility of acquisition versus new construction. Policymakers need a toolkit of flexible strategies to draw upon to meet the three goals outlined above.

### **Goal #1: Increase the supply of long-term affordable rental housing**

Even before the COVID-19 crisis, housing affordability and instability were serious problems. That's especially true in high-cost coastal markets and high-opportunity neighborhoods everywhere. The immediate recovery period after the pandemic subsides may offer a rare opportunity: If housing asset prices drop (as widely anticipated), affordable housing providers

could purchase existing low-cost units and add them to the stock of long-term affordable housing.

Some (but not all) of these properties may require rehabilitation and maintenance. A program to make this happen would require an initial subsidy allocation from the federal government, philanthropy, or both, in addition to low-cost loans (conveniently, at a time of very low interest rates). State and local governments are anticipating substantial revenue losses due to the economic crisis, so they will likely have limited ability to dedicate additional resources toward affordable housing. Targeting “high-opportunity” neighborhoods—communities with well-paying jobs, access to public transit, and good schools—may be of particular value. Successfully pursuing acquisition takes particular skills—staff capacity as well as resources—so this may not be a universally useful or successful strategy.

#### Goal #2: Preserve the physical and financial viability of existing affordable rental housing

The economic crisis may also accelerate the deterioration of the affordable housing stock or other elements with limited capital reserves and/or net operating income. Some affordable properties could also be lost if they are sold to market-rate investors who plan to raise rents. To guard against this, policymakers should protect and preserve existing affordable housing from physical deterioration and financial instability. One strategy would be to offer grants or subsidized loans to current owners in exchange for accepting or extending existing affordability requirements. This may be particularly useful for smaller landlords, who in many markets are disproportionately Black and Latino or Hispanic.

#### Goal #3: Shore up affordable housing deals in the pipeline

The COVID-19 crisis also threatens the financial viability of housing deals—particularly subsidized housing projects—that are currently in the development pipeline but not yet completed. Shoring up future projects may not be as high a priority for some localities as protecting existing properties, but may be an area for partnerships with private capital sources.

### **HOW TO EXPAND AFFORDABLE HOUSING THROUGH ACQUISITION**

In recent decades, several local and national policies have been used to expand the affordable housing inventory through acquisition of existing buildings. Below, we discuss three local examples—one from King County, Wash., and two from New York City—as well as one federally funded national program.

## The King County Housing Authority's multifamily housing acquisition program

The King County Housing Authority (KCHA) has taken advantage of the flexibility granted by the U.S. Department of Housing and Urban Development's (HUD) Moving to Work (MTW) program to pursue **multifamily housing acquisitions in high-opportunity neighborhoods**. MTW exempts participating public housing authorities from many existing public housing and housing choice voucher rules, and provides them with flexibility in how they use their federal funds.

In 2016, King County agreed to provide KCHA with access to the county's triple-A credit rating to assist in developing or acquiring as many as 2,200 additional units over the next six years. By providing the housing authority with access to lines of credit from lenders, this financing support allows KCHA to act quickly when the opportunity arises to acquire a strategically located property. By securing additional units, KCHA can preserve long-term affordability and provide housing for Section 8 voucher holders in high-opportunity neighborhoods.

MTW's flexibility has allowed King County to acquire mixed-income properties in high-opportunity areas through **bond financing and other private financing tools**. Since 2016, KCHA has acquired more than **1,500 units of housing** along the region's emerging mass transit corridors. The acquisition program is possible for **two reasons**: flexibility in spending federal money and strong credit ratings for both KCHA and King County.

## New York City's 10-year plan

Like many U.S. cities, New York City suffered substantial population losses during the 1970s. By the end of the decade, it had taken ownership of more than 100,000 vacant and occupied apartments as well as large tracts of vacant land through tax foreclosure. The city struggled to manage this vast stock of housing and land, and in 1985, Mayor Ed Koch announced an **ambitious 10-year program**, expanding it a few years later to commit \$5.1 billion of city capital to create or preserve 252,000 housing units for low-, moderate-, and middle-income households. By 2000, the plan had created 66,000 new housing units through construction or gut rehabilitation of vacant properties, and the renovation of another 116,000 occupied units.

The 10-year plan comprised a wide range of programs which provided subsidies to both nonprofit and for-profit developers. Generally, the city transferred land or buildings to developers at little or no cost and also provided capital subsidies in the form of below-market interest rate loans. Research shows that this effort was successful in not only providing about

200,000 homes, but it also aided in **revitalizing neighborhoods** that had been devastated by abandonment and arson.

While the 10-year plan wasn't technically an acquisition program, there are lessons to be gleaned. First, with control of land, the city was able to lock in affordability before markets later recovered. One can argue about whether the affordability restrictions lasted long enough, but the program clearly boosted the supply of affordable homes. Second, the struggles the city faced in managing this large housing stock raise a cautionary note, and underscore the importance of quickly transferring ownership to capable and responsible nonprofit and for-profit owners. Third, while the scale of this program cannot be replicated, there was clearly value in creating off-the-shelf programs that multiple developers could use. Fourth, the city aimed at revitalizing neighborhoods, and as such, clustered its property transfers on particular blocks, aiming to create housing that could serve a mix of low-, moderate-, and in some cases, middle-income households.

### New York City Acquisition Fund

Launched in 2006, the **New York City Acquisition Fund** aimed to provide flexible funds to mission-driven developers to acquire and preserve affordable buildings which might otherwise be sold to speculative investors. The aim was to fill the need for flexible predevelopment loans that would allow affordable housing developers to act nimbly and buy available properties.

The Fund, which was started with initial seed capital from several philanthropic organizations, provides capital for acquisition and predevelopment costs more quickly than other government programs. Foundation and city funds take first losses, while private lenders provide additional capital. Each dollar the city has invested in the Fund has leveraged **\$7 additional private dollars**. The Fund is managed through a revolving credit facility. Three community development financial institutions (CDFIs) serve as originating lenders, and an asset management fund manages the Fund.

Over its first 10 years, the Fund provided \$336 million in financing to create over 10,000 affordable homes, with 75% reserved for low-income residents. As successful as the program has been, one limiting factor has been that the city has to negotiate and underwrite each deal separately. There could be substantial advantages to structuring subsidies as part of an as-of-right financing package with affordability restrictions that would not require project-by-project negotiations.

## Neighborhood Stabilization Program

The federal government created the Neighborhood Stabilization Program (NSP) to mitigate the impact of concentrated foreclosures in low-income neighborhoods during the 2007-2009 housing crisis. HUD allocated nearly **\$7 billion** over three rounds of funding to local and state governments and nonprofit organizations. Funds could be spent on various activities intended to reclaim and reutilize vacant properties; in practice, **most grantees used NSP funds** either to acquire and rehabilitate properties or demolish vacant structures. The program initially targeted single-family homes, which accounted for most foreclosures. However, grantees in strong real estate markets—including New York City, Chicago, Boston and Washington, D.C.—used NSP funding to acquire and rehab multifamily rental properties, adding them to the long-term affordable inventory.

The primary focus on acquiring existing properties, rather than new construction, makes NSP quite different from **the Low-Income Housing Tax Credit (LIHTC)** and most other affordable housing programs. Acquisition offers two primary advantages over new construction, especially in high-cost housing markets. First, the per-unit cost of creating long-term affordable housing is much lower (even when properties require some rehab), which allows limited subsidy dollars to stretch farther. Second, in housing markets with highly **restrictive local land use regulations**, developing a new apartment building can take a **decade or more**. Acquiring existing buildings in relatively good physical condition can make affordable units available to low-income households much faster.

NSP grantees encountered some implementation difficulties that offer lessons for future programs. Most importantly, many organizations had **limited prior experience** in acquiring and rehabilitating vacant homes, while grantees with existing expertise were able to deploy resources more quickly and effectively. Some local governments had to work around **institutional barriers** such as procurement rules that **hindered** their ability to make **strategic acquisitions**.

The program's rules also posed some challenges. The short timeline for committing funds (typical for stimulus spending programs) pushed some grantees to pursue acquisitions that did not meet their larger strategic goals. A requirement to purchase properties at discounted prices hindered grantees' ability to compete with private investors.

One tension within the NSP was conflict among multiple goals. As part of the larger economic stimulus package, NSP grantees wanted program funding to support residential construction jobs through the rehabilitation work. But properties that needed extensive rehab had substantially higher per-unit costs, resulting in fewer units being acquired. The COVID-19 crisis is likely to

create similar dilemmas for local organizations; developing a clear strategy and priorities early would help guide consistent actions later.

While NSP was explicitly meant to support hard-hit neighborhoods through geographically concentrated activity, distressed properties may be more dispersed in the current crisis. This suggests that the recovery period following COVID-19 could offer an unusual opportunity to increase the availability of affordable housing in high-opportunity neighborhoods—a different strategy than mitigating blight.

## TAILORING POLICY TOWARD LOCAL GOALS, RESOURCES, AND MARKET CONDITIONS

As policymakers develop strategies to address critical needs in their communities, there is a range of policy design questions that can help them tailor their programs.

- *What are the highest priorities for the community?* Policymakers in high-cost markets may place greater weight on ensuring long-term affordability for properties in appreciating neighborhoods. Communities with an **older housing stock** will have more properties in poor **physical condition** that could otherwise become uninhabitable.
- *What kinds of entities should be eligible to participate?* The ecosystem of affordable housing providers varies substantially across communities, including public agencies, nonprofit organizations, and for-profit firms. With appropriate affordability guidelines, any of these entities could be useful partners.
- *Are local governments prepared to be long-term owners and/or property managers, or is the goal to transfer ownership to non-public-sector owners (either nonprofit or for-profit)?* With the exception of local housing authorities, most local governments have little experience with property management and limited staff capacity to take this on.
- *Are there opportunities to utilize alternative ownership models, such as **community land trusts** and **limited equity cooperatives**?* These structures can secure long-term affordability and provide greater community voice.
- *How can public funds be structured to leverage philanthropic or private funds without adding unnecessary complexity?* The **New York City Acquisition Fund** and the **Washington Housing Conservancy** offer two models for flexible investment vehicles.
- *How should long-term affordability provisions be designed and implemented?* Without deep subsidies, it is difficult to make housing affordable to low-income households. Income-mixing at the project level can increase financial stability, while **mixed-income neighborhoods** offer **residents** greater economic opportunity.

## DON'T LET A CRISIS GO TO WASTE

The COVID-19 crisis has drawn widespread attention to the existing inequalities in American society, including disparate **racial health impacts** and the financial fragility of **low-wage workers**. As policymakers and voters become more aware of the social costs created by housing instability, there is an opportunity to address long-standing gaps in the safety net. Achieving meaningful reductions in housing insecurity will require more resources—and more thoughtful strategies—from public agencies, **philanthropy**, and **private capital**.

*Thanks to Sarah Crump for excellent research assistance.*