MEETING OF THE BOARD OF COMMISSIONERS

TELEPHONIC MEETING

Monday, July 20, 2020

Phone: 800-829-9063

Conference ID: 649349

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

MEETING OF THE BOARD OF COMMISIONERS TELEPHONIC AGENDA

Phone: 800-829-9063
Conference ID: 649349

July 20, 2020 8:30am

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

I. Call to Order

II. Roll Call

III. Public Comment

IV. Approval of Minutes **1**

A. Board Meeting Minutes – June 15, 2020

V. Approval of Agenda

VI. Consent Agenda

A. Voucher Certification Reports for May 2020 **2**

B. Resolution No. 5658 – Nia Housing Project – Transfer Resolution **3**

VII. Resolution for Discussion and Possible Action

A. Resolution No. 5657 - KCHA Day of Solidarity Proclamation **4**

VIII. Briefings & Reports

A. VRT Briefing

B. 1st Quarter 2020 Financial Report **5**

C. 2020 Mid-Year Financial Forecast **6**

D. Housing Choice Voucher Waitlist Report **7**

E. New Bank Accounts **8**

IX. Executive Session

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

X. Executive Director Report

XI. KCHA in the News 9

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 prior to the meeting date. If you have questions, please call 206-574-1206.

TAB NUMBER 1

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

Monday, June 15, 2020

I. CALL TO ORDER

The telephonic meeting of the King County Housing Authority Board of Commissioners was held on Monday, June 15, 2020 at 700 Andover Park West, Tukwila, WA 98188. There being a quorum, the telephonic meeting was called to order by Chair Doug Barnes at 8:31 a.m.

II. ROLL CALL

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

Excused: Commissioner John Welch

III. Public Comment

None.

IV. APPROVAL OF MINUTES

A. <u>Board Meeting Minutes – May 18, 2020</u>

B. <u>Board Meeting Minutes – June 9, 2020</u>

On motion by Commissioner Susan Palmer and seconded by Commissioner Michael Brown, the Board unanimously approved the May 18, 2020 and June 9, 2020 Board of Commissioners' Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Michael Brown, the Board unanimously approved the June 15, 2020 telephonic Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

On motion by Commissioner Susan Palmer and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the June 15, 2020 telephonic Board of Commissioners' meeting consent agenda.

VII. RESOLUTONS FOR DISCUSSION & POSSIBLE ACTION

A. Resolution No. 5656 – A Resolution of the Housing Authority of the County of King, Recognizing Mike Reilly for over 41 years of Service to the Residents and Communities of King County and to the King County Housing Authority.

Commissioner Barnes presented and Commissioner Palmer read the Resolution in its entirety for Mike Reilly.

Commissioners and others gave compliments and gratitude to Mike Reilly.

On motion by Commissioner TerryLynn Stewart and seconded by Commissioner Michael Brown, the Board unanimously approved Resolution No. 5656.

VIII. BRIEFINGS AND REPORTS

A. Virus Response Team Briefing

Jill Stanton, Deputy Executive Director for Administration and Mike Reilly, Deputy Executive Director/Housing Management reported on what the Virus Response Team has been working on.

VRT – Virus Response Team

- We are working on reopening plans
- Self Wellness Screening
- Trainings to build a culture:
  - Face coverings
  - Hygiene
  - Social Distancing
- Ginger Peck started on June 1 as the new Risk Manager.
- We will be in a multi-phase reopening, that will start with limited capacity of 25% of staff
- We have videos, posters, and signage
- We will still have flexible work schedules and telework
- Kitchens, Community Rooms and Conference Rooms, will be at 25% capacity
- Community rooms will be open soon with pre-approved usage so they can be sanitized before and after use.
- All employees are responsible for cleaning their own personal work spaces
- VRT meets daily
- There is a concern that we will have an increase in COVID-19 when fall comes – gloves, masks, disinfectants for four months are being stocked
- Outdoor eating areas around buildings have been increased to have more space with social distancing
- CLPHA – has given us 10,000 resuable free masks and they are sending another 5,000

- Disinfecting senior buildings twice a day. The CDC is recommending once a day, so we may go to once a day and the frequently touched areas will be done more frequently like elevator buttons, front doors. If things become worse, we will disinfect more often.

B. Payment Standards Review
Tyler Shannon, Research and Data Analyst and Jeb Best, Director of Housing Choice Vouchers explained the Community Indicators Dashboard in detail using the slide show they created.

They are not recommending any changes to the payment standards at this time.

C. Sale of KCHA Bonds
Tim Walter, Senior Director of Development and Asset Management gave a brief overview of the recent bond sale.
The bond sale was put together for final financing of Hampton Greens and four other properties with variable interest rates.

Acknowledgment went to Wen Xu for her role in overseeing the Asset Management department and the success of the workforce housing and Asset Management Portfolio.

D. Annual Resource Conservation Sustainability Plan Update
Jenna Smith, Resource Conservation Manager; Patrick Malloy, Resource Conservation Specialist and Scott Percival, Management Analyst/Sustainability Management Analyst all contributed to the Plan. Jenna Smith presented the Plan Update to the Board with details.

The third year has been completed out of the five year plan and making good progress.

E. First Quarter 2020 Procurement Report
Jill Stanton, Deputy Executive Director for Administration presented the report.

F. First Quarter 2020 Summary Write-Offs
Bill Cook, Director of Public Housing presented the report.

IX. EXECUTIVE DIRECTOR REPORT

None.

X. EXECUTIVE SESSION

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

9:41am – KCHA Board meeting was suspended for an Executive Session.

10:22am – KCHA Board meeting was reconvened.

XI. KCHA IN THE NEWS

None.

XII. COMMISSIONER COMMENTS

None.

XIII. ADJOURNMENT

Chair Barnes adjourned the meeting at 10:23 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: Ai Ly, Accounting Manager

Date: July 6, 2020

Re: **VOUCHER CERTIFICATION FOR MAY 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
July 6, 2020

	Bank Wires / ACH Withdrawals		7,864,485.34
		Subtotal	***7,864,485.34***
	Accounts Payable Vouchers		
	Key Bank Checks - #329071-#329574		3,934,636.24
	Tenant Accounting Checks - #11124-#11152		15,052.11
	Commerce Bank Direct Payment		-
		Subtotal	***3,949,688.35***
	Payroll Vouchers		
	Checks - #92141-92221		112,070.56
	Direct Deposit		2,487,787.65
		Subtotal	***2,599,858.21***
	Section 8 Program Vouchers		
	Checks - #629460-629901; #629878-629892		260,675.82
	ACH - #480751-483502		16,313,031.36
		Subtotal	***16,573,707.18***
	Purchase Card / ACH Withdrawal		321,928.96
		Subtotal	***321,928.96***
		GRAND TOTAL	***$ 31,309,668.04***

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

FROM: Wen Xu, Director of Asset Management

SUBJECT: **VOUCHER CERTIFICATION FOR MAY 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	
OVERLAKE TOD	05/01/2020	$ 11,328.98	Payroll	
Bellepark	05/06/2020	$ 8,386.23	A/P & Payroll	
Cottonwood	05/06/2020	$ 11,206.36	A/P & Payroll	
Cove East	05/06/2020	$ 31,468.17	A/P & Payroll	
Hampton Greens	05/06/2020	$ 42,778.68	A/P & Payroll	
Juanita View	05/06/2020	$ 18,476.01	A/P & Payroll	
Kendall Ridge	05/06/2020	$ 78,205.07	A/P & Payroll	
Kirkland Heights	05/06/2020	$ 29,109.04	A/P & Payroll	
Landmark	05/06/2020	$ 25,296.55	A/P & Payroll	
Riverstone	05/06/2020	$ 96,248.21	A/P & Payroll	
Woodside East	05/06/2020	$ 23,386.20	A/P & Payroll	
ALPINE RIDGE	05/08/2020	$ 921.00	A/P	
ARBOR HEIGHTS	05/08/2020	$ 9,900.21	A/P	
Auburn Square	05/08/2020	$ 69,460.66	A/P	
Carriage House	05/08/2020	$ 6,834.03	A/P	
CASCADIAN	05/08/2020	$ 45,520.78	A/P	
Colonial Gardens	05/08/2020	$ 917.52	A/P	
FAIRWOOD	05/08/2020	$ 4,997.43	A/P	
HERITAGE PARK	05/08/2020	$ 3,107.29	A/P	
LAURELWOOD	05/08/2020	$ 928.16	A/P	
Meadows	05/08/2020	$ 6,526.70	A/P	
Newporter	05/08/2020	$ 6,109.58	A/P	
OVERLAKE TOD	05/08/2020	$ 138,288.79	A/P & Debt Service	
Parkwood	05/08/2020	$ 1,821.97	A/P	
RAINIER VIEW I	05/08/2020	$ 6,910.83	A/P & Debt Service	
RAINIER VIEW II	05/08/2020	$ 5,870.32	A/P & Debt Service	
SI VIEW	05/08/2020	$ 3,749.34	A/P & Debt Service	
SOUTHWOOD SQUARE	05/08/2020	$ 6,625.78	A/P	
Timberwood	05/08/2020	$ 5,252.61	A/P	
Walnut Park	05/08/2020	$ 3,426.76	A/P	
WINDSOR HEIGHTS	05/08/2020	$ 21,737.01	A/P	
Woodland North	05/08/2020	$ 150.00	Deposit Correction	
Woodridge Park	05/08/2020	$ 7,858.92	A/P	
Ballinger Commons	05/13/2020	$ 98,841.36	A/P	
Bellepark	05/13/2020	$ 7,645.23	A/P	
Emerson	05/13/2020	$ 80,677.74	A/P	
GILMAN SQUARE	05/13/2020	$ 40,438.00	A/P	
Hampton Greens	05/13/2020	$ 14,114.86	A/P	
Kendall Ridge	05/13/2020	$ 38,251.13	A/P	
Kendall Ridge	05/13/2020	$ 4,245.66	Deposit Correction	
Landmark	05/13/2020	$ 15,048.67	A/P	
Meadowbrook	05/13/2020	$ 36,917.63	A/P	
Riverstone	05/13/2020	$ 21,957.63	A/P	
Villages at South Station	05/13/2020	$ 87,615.72	A/P	
Woodside East	05/13/2020	$ 18,265.97	A/P	
ALPINE RIDGE	05/14/2020	$ 5,042.49	A/P & Payroll	
ARBOR HEIGHTS	05/14/2020	$ 10,835.18	A/P & Payroll	
Aspen Ridge	05/14/2020	$ 5,412.59	A/P & Payroll	
Auburn Square	05/14/2020	$ 13,552.03	A/P & Payroll	
Carriage House	05/14/2020	$ 17,409.59	A/P & Payroll	
CASCADIAN	05/14/2020	$ 24,559.33	A/P & Payroll	
Colonial Gardens	05/14/2020	$ 80,745.56	A/P & Payroll	
FAIRWOOD	05/14/2020	$ 19,093.24	A/P & Payroll	
HERITAGE PARK	05/14/2020	$ 13,233.89	A/P & Payroll	
LAURELWOOD	05/14/2020	$ 18,538.46	A/P & Payroll	
Meadows	05/14/2020	$ 32,359.40	A/P & Payroll	
Newporter	05/14/2020	$ 22,352.30	A/P & Payroll	
OVERLAKE TOD	05/14/2020	$ 33,833.46	A/P & Payroll	
RAINIER VIEW I	05/14/2020	$ 21,676.06	A/P	
RAINIER VIEW II	05/14/2020	$ 8,934.75	A/P	
SI VIEW	05/14/2020	$ 10,387.13	A/P	
SOUTHWOOD SQUARE	05/14/2020	$ 16,912.78	A/P & Payroll	
Timberwood	05/14/2020	$ 26,240.33	A/P & Payroll	

Vashon Terrace	05/14/2020	$	9,069.01	A/P & Payroll	
Walnut Park	05/14/2020	$	41,008.36	A/P & Payroll	
WINDSOR HEIGHTS	05/14/2020	$	55,922.94	A/P & Payroll	
Woodridge Park	05/14/2020	$	33,171.61	A/P & Payroll	
Bellepark	05/20/2020	$	16,140.41	A/P & Payroll	
Cottonwood	05/20/2020	$	18,230.09	A/P & Payroll	
Cove East	05/20/2020	$	23,295.16	A/P & Payroll	
Hampton Greens	05/20/2020	$	53,966.97	A/P & Payroll	
Juanita View	05/20/2020	$	26,654.64	A/P & Payroll	
Kendall Ridge	05/20/2020	$	117,147.07	A/P & Payroll	
Kirkland Heights	05/20/2020	$	45,999.66	A/P & Payroll	
Landmark	05/20/2020	$	63,712.70	A/P & Payroll	
Riverstone	05/20/2020	$	51,839.76	A/P & Payroll	

Woodside East	05/20/2020	$	72,172.62	A/P & Payroll	
ALPINE RIDGE	05/21/2020	$	4,422.41	A/P	
ARBOR HEIGHTS	05/21/2020	$	19,029.30	A/P	
Aspen Ridge	05/21/2020	$	36,162.72	A/P	
Auburn Square	05/21/2020	$	3,091.21	A/P	
Carriage House	05/21/2020	$	15,038.32	A/P	
CASCADIAN	05/21/2020	$	1,837.48	A/P	
Colonial Gardens	05/21/2020	$	6,994.38	A/P	
FAIRWOOD	05/21/2020	$	2,543.92	A/P	
HERITAGE PARK	05/21/2020	$	1,399.10	A/P	
LAURELWOOD	05/21/2020	$	1,321.46	A/P	
Meadows	05/21/2020	$	3,761.37	A/P	
Newporter	05/21/2020	$	3,599.47	A/P	
OVERLAKE TOD	05/21/2020	$	21,676.49	A/P	
Parkwood	05/21/2020	$	46,432.53	5/14 A/P & Payroll	
Parkwood	05/21/2020	$	736.59	A/P	
SI VIEW	05/21/2020	$	3,412.53	A/P	
SOUTHWOOD SQUARE	05/21/2020	$	19,178.38	A/P	
Timberwood	05/21/2020	$	45,903.24	A/P	
Walnut Park	05/21/2020	$	22,952.20	A/P & Payroll	
WINDSOR HEIGHTS	05/21/2020	$	9,356.16	A/P	
Woodridge Park	05/21/2020	$	14,282.95	A/P	
Ballinger Commons	05/27/2020	$	182,383.22	A/P & Payroll	
Bellepark	05/27/2020	$	9,140.37	A/P	
Emerson	05/27/2020	$	30,104.35	A/P & Payroll	
GILMAN SQUARE	05/27/2020	$	73,824.78	A/P & Payroll	
Hampton Greens	05/27/2020	$	54,650.45	A/P	
Kendall Ridge	05/27/2020	$	6,356.56	A/P	
Landmark	05/27/2020	$	14,976.94	A/P	
Meadowbrook	05/27/2020	$	23,198.57	A/P & Payroll	
Riverstone	05/27/2020	$	13,316.44	A/P	
Villages at South Station	05/27/2020	$	82,432.38	A/P & Payroll	
Woodside East	05/27/2020	$	6,090.38	A/P	
ALPINE RIDGE	05/28/2020	$	7,267.15	A/P & Payroll	
ARBOR HEIGHTS	05/28/2020	$	9,422.62	A/P & Payroll	
Aspen Ridge	05/28/2020	$	6,295.48	A/P & Payroll	
Auburn Square	05/28/2020	$	35,010.67	A/P & Payroll	
Carriage House	05/28/2020	$	35,072.75	A/P & Payroll	
CASCADIAN	05/28/2020	$	23,016.34	A/P & Payroll	
Colonial Gardens	05/28/2020	$	6,074.00	A/P & Payroll	
FAIRWOOD	05/28/2020	$	37,320.35	A/P & Payroll	
HERITAGE PARK	05/28/2020	$	7,438.78	A/P & Payroll	
LAURELWOOD	05/28/2020	$	13,562.78	A/P & Payroll	
Meadows	05/28/2020	$	77,055.32	A/P & Payroll	
Newporter	05/28/2020	$	67,402.86	A/P & Payroll	
OVERLAKE TOD	05/28/2020	$	31,328.09	A/P & Payroll	
Parkwood	05/28/2020	$	8,097.18	A/P & Payroll	
RAINIER VIEW I	05/28/2020	$	468.53	A/P & Payroll	
RAINIER VIEW II	05/28/2020	$	727.01	A/P & Payroll	
SI VIEW	05/28/2020	$	1,552.89	A/P & Payroll	
SOUTHWOOD SQUARE	05/28/2020	$	19,525.08	A/P & Payroll	
Tall Cedars	05/28/2020	$	24,902.33	A/P & Payroll	
Timberwood	05/28/2020	$	16,582.08	A/P	
Walnut Park	05/28/2020	$	20,731.14	A/P & Payroll	
WINDSOR HEIGHTS	05/28/2020	$	28,222.72	A/P & Payroll	
Woodridge Park	05/28/2020	$	43,171.10	A/P & Payroll	
	132 Wires -Total:	**$**	**3,506,128.26**		

TAB NUMBER 3

TO: Board of Commissioners

FROM: Tim Walter

DATE: July 14, 2020

RE: **Resolution 5658** – Acquisition of Investor Members' interests in Nia Apartments LLC

The attached resolution authorizes the Executive Director to take all actions necessary for KCHA to acquire the investor members' interests in Nia Apartments LLC. KCHA is the sole managing member of Nia Apartments LLC. As we have done in the past, KCHA will form a wholly-owned affiliate that will acquire all of the member interests of the investor. The transfer of the investor member's interest to this affiliate will result in the termination of the investor's involvement in the project and will make KCHA, together with its wholly-owned affiliate, the sole owner of Nia Apartments LLC.

KCHA serves or has served as the managing general partner or managing member of 29 different tax credit partnerships and limited liability companies consisting of over 40 different properties. KCHA forms these entities to generate equity from the sale of the low income housing tax credits to help finance the development or rehabilitation of affordable housing. This tax credit equity has been an invaluable tool without which KCHA would not have been able to develop most of the housing it has developed or redeveloped over the last 25 years.

The tax credit model is structured to pass through tax credits and tax deductions to passive investors in exchange for their investment of capital into affordable housing. The tax credits are generally distributed over a 10 to 15 year window and it is over this time period the investor expects to receive their full investment return. The basic assumption in the "non-profit managing member" investment model is that the investor will step in on day one, make their investment up front, a non-profit managing member will operate the property for 15 years over which time the investor will claim their tax benefits and after the 15 year window, the primary investment return will be realized and the investor will deed the property over to the non-profit managing member ("MM"). Unfortunately, while from the non-profit MM's perspective this is how these transactions should work, there are numerous technical tax and legal issues and investment motives that complicate the ability of a non-profit managing member to step in and take over control of the property without incurring significant costs.

In general, for a real estate transaction to be arm's length, members cannot negotiate up front to sell their interests in the limited liability company to one or more of the members at a future point in time at a below market price without creating negative tax consequences to the company. There is an exception, however, in the current tax code for non-profit and government managing members to acquire tax credit properties back from their limited liability members at no cost, other than the simple assumption of the company's debt plus a payment to the investor sufficient to cover any tax liability they may incur by exiting. This exemption is not an absolute right of the MM but may be agreed to by the members and is generally negotiated at the time the limited liability company agreement is originally executed.

The investor in Nia Apartments LLC is an investment fund managed by the tax credit syndicator, RBC Tax Credit Manager II, Inc. The proposed structure of the transfer of the investor's interest to KCHA is consistent with the terms of KCHA's prior transactions with other tax credit syndicators, such as the Villages at Overlake Station. KCHA anticipates the transfer to occur on or around November 1, 2020. There will be no investor tax liability indemnity payment due to the investor in conjunction with this transfer.

Staff recommends passage of Resolution number 5658.

THE HOUSING AUTHORITY OF THE COUNTY OF KING
RESOLUTION NO. 5658
(Nia Apartments – Transfer Resolution and Entity Formation)

A RESOLUTION of the Housing Authority of the County of King (the "Authority") authorizing (i) the formation of Northwest Affordable Communities LLC, a Washington limited liability company, of which the Authority will serve as the sole member and manager (the "Replacement Investor Entity"); (ii) the acquisition by the Replacement Investor Entity of the investor member interest in Nia Apartments LLC, a Washington limited liability company (the "Company"), which is the owner of the Nia Apartments (the "Project"); and (iii) the use of such Replacement Investor Entity to acquire the investor member interest or limited partner interests in other such entities owning an interest in tax credit projects for which the Authority is the land owner and lessor; and (iv) the Executive Director or his designee to approve, execute and deliver any and all such documents necessary to effectuate the foregoing.

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

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

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

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

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

WHEREAS the Authority is the managing member of Nia Apartments LLC (the "Company"), Nia-Apollo Housing Capital, LLC, a Delaware limited liability company, is the investor member ("Apollo") and RBC Tax Credit Manager II, Inc., a Delaware corporation, formerly known as Apollo Housing Manager II, Inc., is the special investor member (the "Special Member" and together with Apollo, the "Investor Member");

WHEREAS the Authority is the fee owner of the real property located at 9935 Eighth Avenue SW in Seattle, Washington (the "Property"), and pursuant to the terms of a capital lease agreement dated March 15, 2007 (the "Lease"), the Company was granted a leasehold interest in that certain 82-unit apartment building and all assets thereto located on the Property commonly known as Nia Apartments (collectively, the "Project");

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

WHEREAS the Project has been operating as "qualified low income housing" pursuant to Section 42 of the Internal Revenue Service Code (the "Code") and, as such, the Company has been receiving LIHTC during the 15-year compliance period pursuant to the Code (the "Compliance Period");

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

WHEREAS the Authority intends to form Northwest Affordable Communities LLC, a Washington limited liability company (the "Replacement Investor Member"), of which the Authority will serve as the sole member and manager, for the purpose of acquiring the Investor Member Interests in the Company and for such other purposes in furtherance of the Authority's mission as may be authorized in the Operating Agreement of the Replacement Investor Member;

WHEREAS the Authority, in its own capacity, as managing member of the Company, and as sole member and manager of the Replacement Investor Entity, desires to effectuate the transfer of the Investor Member Interests to the Replacement Investor Entity:

WHEREAS the Authority, in its own capacity, as managing member of the Company, and as sole member and manager of the Replacement Investor Entity, desires to take such steps, make such reasonable expenditures, including, but not limited to, attorneys' fees and costs, and to ratify all steps already taken, as reasonably necessary to accomplish the foregoing.

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

RESOLUTIONS

RESOLVED that the Authority, in its own capacity, is authorized, empowered and directed to form the Replacement Investor Entity, to serve as the sole member and manager, and if desired, to utilize the Replacement Investor Entity in this and other such instances when the investor member or limited partner exits the tax credit owner entity of projects leased or owned by the Authority.

RESOLVED that the Authority as managing member of the Company on behalf of the Company, and as sole member and manager of the Replacement Investor Entity on behalf of the Replacement Investor Entity, is authorized, empowered and directed to take such steps that are reasonably necessary or advisable to effectuate the transfer of the Investor Member Interests in the Company to the Replacement Investor Entity, and to negotiate, execute and deliver any and all such documents as may be reasonably required by the Investor Member to effectuate the transfer, including, without limitation, an Assignment and Assumption of Investor Member Interests and Amendment to Operating Agreement, Compliance Agreement Guaranty, Post Transfer Compliance and Indemnity Agreement, and Controlling Interest Transfer Return, or other such similarly named documents (collectively, the "Transfer Documents");

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

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

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

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

ADOPED AT THE MEETING OF THE BOARD OF COMMISISONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 20TH DAY OF JULY, 2020.

HOUSING AUTHORITY OF THE COUNTY OF KING

By: ______________________________

Douglas J. Barnes, Chair
Board of Commissioners

ATTEST:

____
Stephen J. Norman
Executive Director and Secretary-Treasurer

[*CERTIFICATE FOLLOWS ON NEXT PAGE*]

CERTIFICATE

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

1. That the foregoing Resolution No. 5658 (the "Resolution") is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a meeting of the Authority held on July 20, 2020, and duly recorded in the minute books of the Authority.

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

DATED: July 20, 2020.

____

Stephen J. Norman
Executive Director of the Authority

TAB NUMBER 4

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5657

A RESOLUTION IN SUPPORT OF KCHA'S DAY OF SOLIDARITY PROCLAMATION ON JUNE 19TH 2020

WHEREAS, pervasive and systemic racism, social injustice and barriers preventing equity and equitable opportunity persist in the United States and disproportionately harm Black, Indigenous and Other People of Color; and

WHEREAS, the mission of the King County Housing Authority to transform lives through housing must be based upon a foundation of equity both within our organization and within our programs that serve communities across King County; and

WHEREAS, the King County Housing Authority is committed to ensuring that its policies and programs afford equitable treatment and opportunities for its workforce and the Black, Indigenous, and Other People of Color communities that it serves; and

WHEREAS, the King County Housing Authority will collaborate with our communities to identify and address the longstanding impacts of systemic racial discrimination through outreach to our residents, community partners and program participants; and

WHEREAS, June 19th is observed in Washington State and across the nation as the holiday celebrating the end of slavery in the United States; and

WHEREAS, the Housing Authority celebrated June 19th, 2020 KCHA's first annual "Day of Solidarity"; and

WHEREAS, KCHA's Race, Equity, Diversity, Inclusion (REDI) Team drafted and Executive Director, Stephen Norman, issued a Proclamation on June 19th, 2020 reaffirming KCHA's commitment to racial justice and equity both within the organization and within the communities we serve and calling for June 19th to become KCHA's annual "Day of Solidarity";

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF MARTIN LUTHER KING JR., WASHINGTON; as follows:

1. June 19th is hereby established as KCHA's annual "Day of Solidarity" with Black, Indigenous and Other People of Color. The Executive Director and leadership team are directed to establish work hours, events and activities that help recognize and celebrate KCHA's commitment to racial equity and social justice.
2. The Executive Director and leadership team are directed to review KCHA's policies, procedures and processes and eliminate any that disproportionately harm Black, Indigenous, and Other People of Color in our workforce and in our communities.
3. The Executive Director and leadership team are directed to provide the support and resources to the Racial Equity, Diversity, and Inclusion Team needed to carry out its mission.
4. The Executive Director and leadership team are directed to establish group and individual training programs in racial equity, diversity, inclusion and implicit/explicit bias for current and new employees to improve employee competencies, skills and communication with regard to systemic racial and social injustice.

ADOPTED AT THE MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF MARTIN LUTHER KING JR. AT AN OPEN PUBLIC MEETING THIS 20th DAY OF JULY, 2020.

THE HOUSING AUTHORITYOF THE COUNTY OF KING, WASHINGTON

____

Douglas J. Barnes, Chair
Board of Commissioners

ATTEST:

____

Stephen J. Norman
Executive Director and Secretary Treasurer

King County Housing Authority

P R O C L A M A T I O N

"KCHA's Day of Solidarity"

WHEREAS, The King County Housing Authority will take a stand in solidarity with Black, Indigenous, and People of Color to eradicate pervasive and persistent racism, social injustice, and any barriers preventing equity and/or equitable opportunities in our workforce and the communities that we serve.

WHEREAS, KCHA will examine policies, procedures, and processes and eliminate those that disproportionately harm Black, Indigenous, and People of Color in our workforce and our communities.

WHEREAS, All elements of the hiring, retention, promotion, and disciplinary processes will be guided through an equity lens to ensure the workforce, at all staffing levels, better reflect the communities we serve and are treated justly, subsequently affording equitable opportunities to Black, Indigenous, any People of Color.

WHEREAS, KCHA will collaborate with our communities to address the longstanding impacts of systemic racial discrimination. This will include outreach to our residents, community partners, and participants in an effort to improve the long term life outcomes of the people we serve.

WHEREAS, Executive leadership will provide support and resources to the Racial Equity Diversity and Inclusion team to fulfill their mission and vision. Together we will operationalize racial equity, integrating it into our routine decision-making processes.

WHEREAS, KCHA will build our employee's skills and competencies through required training to include racial equity; implicit and explicit bias. Given the importance of these values to KCHA, new employees will be required to participate in a conversation regarding race, equity, diversity and inclusion from the very beginning of their employment with the organization, as part of their onboarding.

NOW, THEREFORE, THE KING COUNTY HOUSING AUTHORITY DOES HEREBY PROCLAIM

JUNE 19, 2020 TO BE

KCHA's Day of Solidarity

Signed: ______________________

Stephen Norman
Executive Director

TAB NUMBER 5

To: Board of Commissioners

From: Windy K. Epps, Assistant Director of Finance

Date: July 2, 2020

Re: **First Quarter 2020 Financial Results**

EXECUTIVE SUMMARY

First quarter financial performance in 2020 was very strong as both operating income and expenses reflected positive variances compared to budget. Cash reserves remain solid, with $77.7 million in unrestricted and program reserves, and $128.6 million in designated and restricted cash.

Net operating income exceeded quarterly budget projections, with operating revenues 4.2% above target and operating expenses 6.7% below. Most of the positive result in operating revenue stems from greater Federal support for the Housing Choice Voucher (HCV) Program. As is common early in the year, operating expenses lagged the budget in several categories, most notably in maintenance expenses, utilities, taxes, and administrative expenses.

The Public Housing Operating fund subsidy was budgeted using an estimated prorate of 90.0%, while the actual prorate through March was 95.0%. HUD based 2020 eligibility estimates on 2019 available formula data, resulting in slightly lower actual cash receipts. HUD's interim proration for June rose to 96.64% and was based on the 2020 operating subsidy request.

The HCV Block Grant budget combined an estimated 6.0% HCV inflation factor with a 99.0% prorate to project a funding increase of $8.0 million over 2019. Actual 2020 funding saw an 8.674% inflation factor and a proration of 99.4%, resulting in 2020 Block Grant funding $4.5 million above budget and $12.5 million higher than 2019.

Total first quarter HCV HAP expense from all programs (excluding ports-in) was below budget by $772,000 or 2.1%, largely due to overly-optimistic leasing assumptions for new incremental vouchers in the Mainstream and Family Unification Programs. Compared to the first quarter of 2019, total HAP expense climbed $3.0 million or 9.2%. The HCV program was an aggregated 522 unit months under target for the quarter, a variance of 1.6%. The average HAP payment per voucher for the quarter was $5.69 lower than budget estimates.

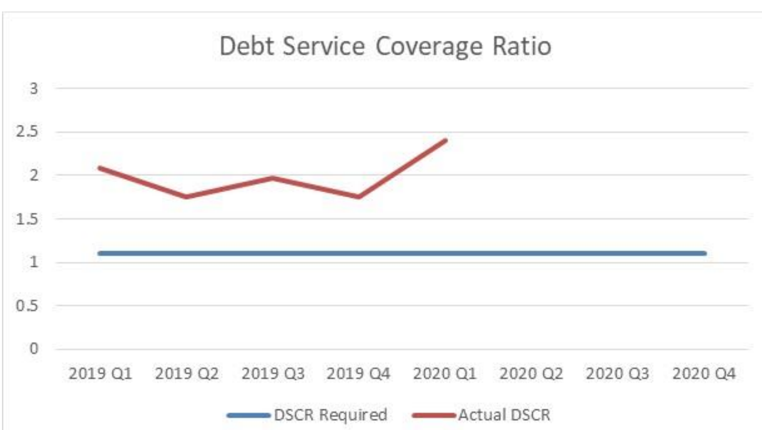
FIRST QUARTER HIGHLIGHTS

The Resident Services Department received a three year $239,000 grant to fund an additional service coordinator to support residents in five public housing communities in Kent and Auburn. Additionally, King County has awarded the Housing Authority $36,000 to support various resource conservation initiatives, including the Eco Living Challenge, composting and green-based cleaning product education, and a Greenbridge tenant education effort around recycling and waste management.

Abbey Ridge and Bellevue Manor were sold to Abbel LLLC in February. This new tax credit partnership, of which KCHA is the General Partner, will complete extensive renovations at both properties, including unit interiors, building envelopes, and site improvements at Abbey Ridge and envelope upgrades, fire sprinklers, and ventilation upgrades at Bellevue Manor.

KCHA's Housing Choice Voucher waiting list opened on February 12th and closed on February 25th. A total of 20,321 applications were received, some 7% above the opening three years ago when 19,026 applications were received but below the 2015 receipt of 21,991 applications. Of the applications received, 2,500 households were selected by a randomized computer lottery for inclusion on the waiting list.

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. KCHA is meeting this covenant with a debt service coverage ratio of 2.4, a 0.64 increase over last year due to greater net operating income in the first quarter. Below is a chart detailing the recent history of this important metric:



CASH AND INVESTMENT SUMMARIES

Overall, cash balances increased by $12.5 million during the quarter. The primary drivers of this increase are cash generated from the workforce housing portfolio, the receipt of $3 million of additional block grant funding from the 2018 allocation, and the advanced receipt of $4.6 million of the block grant revenue that was applicable to the second quarter. For a complete report on KCHA's overall cash position at the end of the quarter, please see page 10.

The overall Return on Investment (ROI) on KCHA investments, including loans made for low-income housing and EPC project purposes, was 1.50%, down from 1.90% last quarter, reflecting continued downward pressure on rates. The Washington State Treasurer's Local Government Investment Pool (LGIP) average interest rate for the quarter was 1.57%. Total investment returns for the quarter were $1.4 million against a projected return of $1.6 million.

Investment Summary (in millions) as of March 31, 2020	Amount	Yield	% of Total
Invested in the Local Government Investment Pool & Masterfund	$85.8	1.30%	37.7%
Invested by KCHA	66.4	1.86%	29.2%
Cash held by trustees	15.4	0.02% *	6.7%
Cash held in checking and savings accounts	38.7	0.02% *	17.0%
Invested by KCHA	$206.3	1.16%	90.6%
Cash loaned for low income housing & EPC project purposes	21.5	4.97%	9.4%
Loaned by KCHA	21.5	4.97%	9.4%
Total	$227.8	1.50%	100.0%

*Estimate

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

Reserve Balances
(in millions of dollars)

MTW Cash, Beginning of Quarter	$15.3
Quarterly change:	
Block grant cash receipts from HUD	42.2
Operating Fund subsidy related to resident service activities	0.1
Quarterly HAP payments sourced from the block grant	(30.4)
Quarterly block grant administrative fees paid to Section 8	(2.3)
Direct social service expenses	(0.5)
Homeless Housing expenses	(0.2)
Other net changes	
MTW Cash, End of Quarter	$24.2
Less Reserves:	
Restricted reserve-Green River collateral	(4.3)
Restricted reserve-FHLB collateral	(2.8)
FSS reserves	(0.3)
MTW Available Cash, End of Quarter	$16.8
COCC Cash, Beginning of Quarter	$65.6
Quarterly change:	
Fee revenue	2.9
Used for construction projects	(0.4)
Short-term receivable	(0.1)
Administrative expenses	(3.5)
Other net change	(0.5)
COCC Cash, End of Quarter	$64.0
Less Reserves:	
Liquidity reserves for King County credit enhancement	(13.0)
Exit tax reserve transferred from Egis	(3.0)
COCC Working Capital Cash, End of Quarter	$48.0

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.

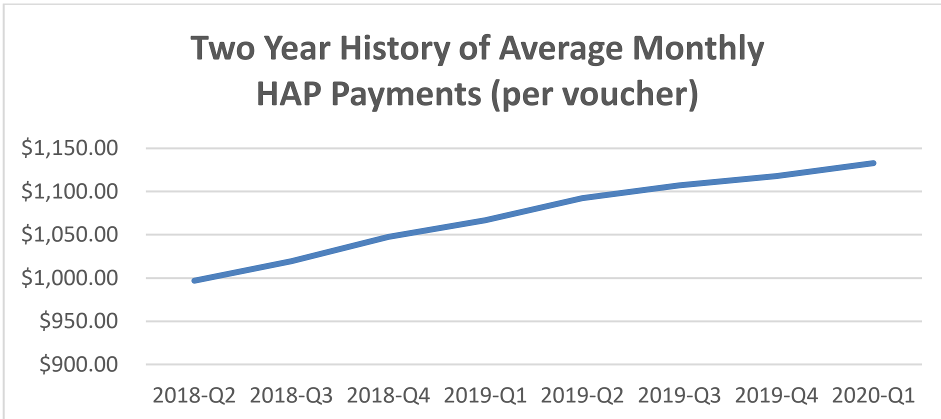
	Actuals Thru 03/31/2020	Budget Thru 03/31/2020	YTD Variance		Percent of Annual Budget	2020 Annual Budget
CONSTRUCTION ACTIVITIES						
Managed by Capital Construction Department						
Public Housing	$504,008	$1,346,069	($842,061)	(1)	6.9%	$7,274,288
509 Properties	142,963	145,444	(2,481)		4.7%	3,013,001
Other Properties	378,105	404,362	(26,257)		24.8%	1,522,750
	1,025,076	1,895,875	(870,799)		8.7%	11,810,039
Managed by Housing Management Department						
Unit Upgrade Program	1,020,780	1,050,855	(30,075)		24.3%	4,200,123
Energy Performance Contract	188,142	6,255	181,887	(2)	752.6%	25,000
Other Projects	357	15,012	(14,655)		0.6%	60,000
	1,209,278	1,072,122	137,156		28.2%	4,285,123
Managed by Asset Management Department						
Homeownership Projects-Managed by Internal staff	62,522	250,000	(187,478)	(3)	4.0%	1,563,750
Bond Properties-Projects Managed by Internal Staff	426,859	575,000	(148,141)	(4)	9.5%	4,485,000
	489,381	825,000	(335,619)		8.1%	6,048,750
Subtotal Construction Activities	**2,723,736**	**3,792,997**	**(1,069,261)**		**12.3%**	**22,143,912**
DEVELOPMENT ACTIVITY						
Managed by Hope VI Department						
Greenbridge	309,709	600,888	(291,180)	(5)	7.4%	4,197,813
Notch	8,934	120,600	(111,666)		1.5%	598,799
	318,643	721,489	(401,115)		6.6%	4,796,612
Managed by Development Department						
Other Projects	267,403	2,917,553	(2,650,150)	(6)	2.2%	12,128,452
	267,403	2,917,553	(2,650,150)		2.2%	12,128,452
Subtotal Development Activity	**586,046**	**3,639,042**	**(3,051,265)**		**3.5%**	**16,925,064**
TOTAL CONSTRUCTION & DEVELOPMENT	**$3,309,781**	**$7,432,038**	**($4,120,527)**		**8.5%**	**$39,068,976**
PROPERTY ACQUISITIONS & OTHER ASSETS						
Acquisitions- Bellevue Manor (KCHA Managed)	19,700,000					
Disposal of Bellevue Manor & Abbey Ridge capital assets	(32,399,411)					
Other adjustments	38,212					
TOTAL PER CASH RECONCILATION REPORT	**(9,351,418)**					

1) Wayland Arms electrical panel replacement, Houghton envelope & roof, Pacific Court envelope & roof and Munro Manor water/waste lines projects are under budget due to late start and COVID-19 work interruption but the projects are expected to continue in the 2nd quarter.
2) First quarter management fees charged to EPC project in error; reversed in the 2nd quarter.
3) Due to COVID-19 and permit delays, the Rainier View site improvement project is under target. The project is expected to be completed in 2021.
4) Various Workforce Housing capital projects are below target. Although spending is expected to increase as the year progresses total spending will likely fall short of the budget.
5) The Greenbridge Frontage Improvements project was budgeted throughout the year but the project has yet to start.
6) Bellevue Manor rehab project was below budget. The acquisition by the tax credit partnership didn't occur until mid-February also some work stoppage occurred due to COVID-19.

PROGRAM ACTIVITIES

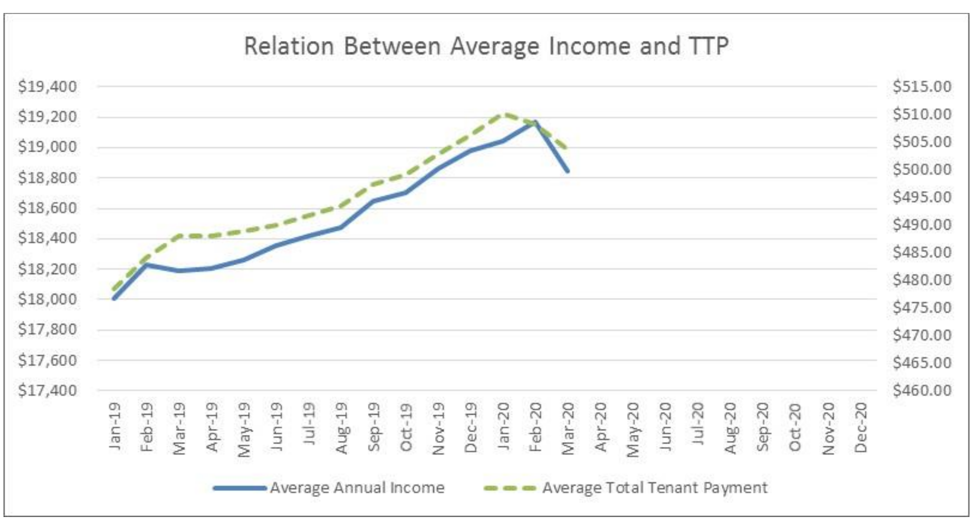
HOUSING CHOICE VOUCHERS

The average quarterly HAP payment to landlords for all HCV vouchers was $1,132.89, compared to $1,117.84 last quarter and $1,066.71 one year ago.



KCHA's average HAP continued to climb during the quarter with rising market rents for lower priced units, low vacancy rates, and KCHA's commitment to adequately sizing subsidy payments to enable program participants to reside in higher priced sub-markets. Subsequent to the end of the first quarter, average HAP payments have spiked upwards as COVID-19 job losses have reduced program participant earned income and increased KCHA's share of their monthly rental payments to landlords.

Total Tenant Payment (TTP) is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. The average TTP for the quarter was $507.28, up from $502.69 the previous quarter and $483.55 one year ago. As indicated by the chart below, this increase appears to be closely influenced by a higher average tenant annual income and is starting to take a downward turn.



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*

During the first quarter, KCHA received $7.7 million in final block grant draws from the 2018 and 2019 funding allocations. The funds, which had been held by HUD due to federal cash management regulations, became available in the first quarter. Amounts used for HAP tracked very closely to the budget, with a small positive variance of 1.0%.

(In thousands of dollars)	Actual		Budget	Variance Favorable (Unfavorable)	%Var	
HCV Block Grant Revenue	42,253.6	(1)	34,568.3	$7,685.3	22.2%	(1)
Funding of HAP Payments to Landlords	(30,388.6)		(30,699.0)	310.4	1.0%	
Funding of Section 8 Administrative Costs	(2,253.9)		(2,259.5)	5.6	0.2%	
Excess of HCV Block Grant Funding over Expenses	$ 9,611.1		$ 1,609.7	$ 8,001.4	497.1%	

1) Received more block grant than budgeted. $4.74 million of additional funding was drawn from the 2019 allocation and $3.74 million from the 2018 allocation, for a total of $7.7 million.

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

Traditional Public Housing properties are budgeted to receive an additional subsidy from MTW in support of operations. The necessity of additional subsidy allocations are evaluated quarterly, and additional amounts were not required for the first quarter.

(In thousands of dollars)	Actual	Budget	Variance	%Var	
Transfers to PH AMPs Based on Need	$0.0	($716.3)	($716.3)	100.0%	(1)
Net Flow of Cash(from)/to MTW from/(to) PH	$0.0	($716.3)	$716.3	(100.0%)	

1) Subsidy transfers from MTW to public housing projects were budgeted evenly through out the year, but a management decision was made to evaluate the need and make transfers on quarterly basis. A transfer to the public housing projects was not needed in the first quarter.

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	$100.4	$108.7	($8.2)	(7.6%)	
Homeless Initiatives	(212.4)	(455.3)	$243.0	(53.4%)	(1)
Resident Services	(1,025.5)	(1,138.3)	$112.8	(9.9%)	
Use of MTW Funds for Special Programs	($1,137.5)	($1,485.0)	$347.5	(23.4%)	

1) Homeless and Education initiative programs 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	$1,380.0	$2,098.9	($718.9)	(34.3%)	(1)
Green River and Birch Creek debt payments	0.0	0.0	0.0	n/a	
Misc. Other Uses	309.7	1,128.9	(819.2)	(72.6%)	(2)
	$1,689.7	$3,227.8	($1,538.1)	(47.7%)	

1) Due to delay and slow start in various capital construction projects, construction activity & management fees were below target but expected to increase as the year progresses.
2) Subsidy transfers from MTW to GP funds were budgeted evenly through out the year, but a management decision was made to evaluate the need and make transfers on quarterly basis. A transfer to the GP funds was not needed in the first quarter.

5. *Costs to administer the MTW program*

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs. The first quarter expenses of $172,164 were 0.41% of program gross revenues and below the budget of $321,245.

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 was less than anticipated in the budget, primarily due to the bond properties holding on to excess cash in anticipation of a drop in rental income. The chart below reflects a summary of COCC activity.

(In thousands of dollars)

	YTD Actual	YTD Budget	Variance	%Var	
Revenues					
Management fees	2,437.5	2,350.8	$86.7	3.6%	
Cash transferred-in from properties	0.0	2,161.7	(2,161.7)	0.0%	(1)
Investment income	643.5	652.4	(9.0)	(1.4%)	
Other income	393.5	338.5	55.0	14.0%	
	$3,474.5	$5,503.5	($2,029.0)	(58.4%)	
Expenses					
Salaries & Benefits	2,791.0	3,133.1	($342.1)	(12.3%)	(2)
Administrative Expenses	675.7	1,212.1	(536.4)	(79.4%)	(3)
Occupancy Expenses	52.8	113.4	(60.6)	(114.8%)	(4)
Other Expenses	226.2	188.8	37.4	16.5%	(5)
	$3,745.8	$4,647.5	($901.7)	(24.1%)	
Net Change in Available COCC Resources	($271.4)	$856.0	($1,127.3)		

1) Budgeted excess cash transfer to the COCC didn't occur since properties are retaining their cash due to drop in rental revenue.
2) Salaries and benefits were below target due to unfilled positions.
3) Various categories are under target (professional services, admin contracts, and computer equipment).
4) The Ballinger shop rebuilding invoices are on-hold until the contractor resolves federal wage requirement issue. Also, the Ballinger Homes security camera installation project has yet to occur.
5) Unbudgeted 2013 pool debt interest payment.

King County Housing Authority
Consolidated Cash Report
As of 3/31/2020

	KCHA Cash		Cash of
	Current Quarter	Prior Quarter	Other Entities
Unrestricted	$51,852,233	$60,512,378	$1,643,191
Designated, but Available for General Use			
Excess Cash Flow from Birch Creek	11,671,154	11,636,422	0
Excess Cash Flow from Green River	4,822,174	4,812,912	0
Voluntary Debt Service Reserve-Birch Creek	2,512,354	2,501,981	0
Exit Tax Reserve, Birch Creek	3,033,262	3,019,369	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	**89,891,177**	**98,483,062**	1,643,191
Other Designated Cash			
Voluntary Replacement Reserves	26,428,424	25,476,774	0
Funds Held by Outside Property Management Companies	23,860,176	11,185,155	0
Excess Cash Reserve	136,900	136,900	400,000
EPC Project Reserves	1,975,000	1,800,000	0
Unspent Debt Proceeds Reserves	(716,487)	(528,345)	0
Hope VI Loan Interest Income Reserves	1,756,173	1,253,847	0
Other Designated Funds	43,510	63,865	268,919
Total Other Designated Cash	53,483,696	39,388,195	668,919
Programmatic Cash			
MTW Program	16,776,505	7,906,180	0
Public Housing	5,664,339	6,744,594	505,251
Housing Choice Voucher Program	(699,369)	(646,100)	0
Energy Performance Contract Project	518,821	1,114,577	0
Greenbridge/Seola Gardens General Cash Balances	1,683,313	1,776,839	0
Other Programmatic Cash	1,954,113	2,870,226	0
Total Programmatic Cash	25,897,721	19,766,316	505,251
Restricted Cash			
MTW Pledged as Collateral	7,128,267	7,113,576	0
Bond Reserves-1 Year Payment	2,321,979	2,320,582	0
Bond Reserves-P & I	7,740,120	3,709,219	0
Hope VI Lot Sales Proceeds	11,624,058	11,466,259	0
Replacement Reserves	631,315	623,502	951,301
Highland Village/Somerset Projects	0	0	0
FSS Reserves	1,599,763	1,599,437	0
Security Deposits	3,096,873	3,026,343	109,557
Other Restricted Cash	1,905,159	1,817,782	0
Total Restricted Cash	37,056,130	32,648,136	1,060,858
TOTAL CASH	$206,328,723	$190,285,709	$3,878,219

1) Change in cash from prior quarter excludes changes in cash of other entities.

King County Housing Authority Statements of Financial Position As of March 31, 2020	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	$7,642,141	$3,679,520	($7,700,018)	$10,460,615	($699,369)	$16,776,505	$103,063	$1,669,781	$47,966,159	$79,898,397
Cash-Designated	716,956	4,067,503	42,661,143	25,206,177	0	0	1,756,173	1,761,598	16,022,010	92,191,558
Cash-Restricted	697,704	1,298,523	13,206,273	896,216	2,868,756	7,443,956	11,705,561	0	0	38,116,988
Accounts Receivable	960,941	54,290	28,543,267	5,290,495	171,983	1,642,069	0	983,112	893,207	38,539,365
Other Short-term Assets	223,930	554,421	530,840	114,771	47,143	923	87	36,722	124,428	1,633,265
Long-term Receivables	64,937,915	457,899	86,657,101	98,099,919	0	23,896,630	347,259	209,641	34,341,848	308,948,211
Capital Assets	233,932,368	135,477,799	663,384,964	161,679,851	0	0	40,154,027	28,171,205	13,768,736	1,276,568,950
Other Assets	510,462	(802)	(2,071,548)	235,118	(3,468)	0	49,550	4,842	739,893	(535,954)
Total Assets	$309,622,417	$145,589,152	$825,212,021	$301,983,162	$2,385,044	$49,760,082	$54,115,720	$32,836,902	$113,856,280	$1,835,360,781
Liabilities and Equity										
Short-term Liabilities	$2,447,754	$872,237	$8,982,291	$1,183,092	$1,859,653	$5,898,279	$271,050	$2,205,451	$1,887,461	$25,607,269
Current Portion of Long-term Debt	155,000	2,452,963	8,819,967	3,378,148	0	0	0	0	1,174,127	15,980,206
Long-term Debt	38,245,203	43,073,446	718,972,126	142,590,019	0	0	19,700,000	0	26,269,996	988,850,791
Other Long-term Liabilities	2,300,287	1,684,627	538,379	4,754,564	0	0	13,377,504	26,189,007	0	48,844,369
Total Liabilities	43,148,245	48,083,275	737,312,764	151,905,823	1,859,653	5,898,279	33,348,554	28,394,458	29,331,584	1,079,282,635
Equity	266,474,173	97,505,878	87,899,258	150,077,339	525,391	43,861,803	20,767,167	4,442,443	84,524,696	756,078,146
Total Liabilities and Equity	$309,622,417	$145,589,152	$825,212,021	$301,983,162	$2,385,044	$49,760,082	$54,115,720	$32,836,902	$113,856,280	$1,835,360,781

King County Housing Authority
Cash Reconciliation Report
Combined Operations
Through March 31, 2020

	Actuals	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$85,993,355**				
Rental Revenue and Subsidy					
Tenant Revenue	$32,093,776	$31,397,523	$696,253	2.2%	
Federal Operating Support	2,508,877	2,594,757	(85,880)	-3.3%	
Total Rental Revenue and Federal Support	34,602,653	33,992,280	610,373	1.8%	
Other Operating Revenue					
Federal Support for HCV Program	42,728,823	40,735,671	1,993,152	4.9%	
Other Revenue	18,663,298	17,430,020	1,233,278	7.1%	
Total Other Operating Revenue	61,392,121	58,165,691	3,226,430	5.5%	
Total Operating Revenue	95,994,774	92,157,971	3,836,803	4.2%	
Operating Expenses					
Salaries and Benefits	(12,300,778)	(12,936,352)	635,574	4.9%	
Administrative Expenses	(2,777,431)	(3,826,454)	1,049,022	27.4%	(1)
Maintenance Expenses, Utilities, Taxes	(7,967,506)	(10,974,348)	3,006,843	27.4%	(2)
Management Fees Charged to Properties and Programs	(2,188,519)	(2,131,738)	(56,781)	-2.7%	
HCV Housing Assistance Payments to Landlords	(46,926,564)	(46,736,348)	(190,216)	-0.4%	
Other Programmatic Expenses	(1,263,260)	(2,215,306)	952,046	43.0%	(3)
Other Expenses	(86,790)	0	(86,790)	n/a	
Transfers Out for Operating Purposes		0	0	n/a	
Total Operating Expenses	(73,510,848)	(78,820,546)	5,309,698	6.7%	
Net Operating Income	22,483,926	13,337,425	9,146,501	68.6%	
Non Operating Income/(Expense)					
Interest Income from Loans	2,349,926	2,441,698	(91,772)	-3.8%	
Interest Expense	(6,820,731)	(8,741,351)	1,920,620	22.0%	(4)
Transfers-in	2,614,447	6,535,113	(3,920,666)	-60.0%	(5)
Transfers-out	(35,013,858)	(42,615,318)	7,601,460	17.8%	(5, 6)
Other Non-operating Income/(Expense)	175,809	(882,065)	1,057,874	119.9%	(7)
Total Non Operating Income/(Expense)	(36,694,407)	(43,261,923)	6,567,516	15.2%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	6,233	286,136	(279,903)	-97.8%	(8)
Capital Project Expenditures	9,351,418	8,891,871	459,546	5.2%	
Total Change in Capital Assets, net of Direct Funding and Debt	9,357,650	9,178,007	179,643	2.0%	
Change in Assets/Liabilities					
Change in Designated/Restricted Cash	(5,959,204)	0	(5,959,204)	n/a	(9)
Change in Short-term Assets	3,142,279	(11,438,090)	14,580,369	127.5%	(10)
Change in Long-term Receivables	6,785,673	16,581,880	(9,796,207)	-59.1%	(11)
Change in Other Assets	1,988,544	0	1,988,544	n/a	(12)
Change in Short-term Liabilities	(10,847,721)	(14,008,084)	3,160,364	22.6%	(13)
Change in Long-term Debt	16,382,361	28,421,975	(12,039,614)	-42.4%	(14)
Change in Other Liabilities	(59,040)	2,294,506	(2,353,546)	-102.6%	(15)
Change in Equity	0	0	0	n/a	
Change in Other Assets/Liabilities	11,432,893	21,852,187	(10,419,294)	-47.7%	
Change in Unrestricted/Program Cash	$6,580,062	$1,105,696	$5,474,366	495.1%	
ENDING UNRESTRICTED/PROGRAM CASH	$92,573,418				

	Actuals	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$111,674,321**				
Change in Replacement Reserves	1,021,755	0	1,021,755	n/a	(9)
Change in Debt Service Reserves	4,030,901	0	4,030,901	n/a	(9)
Change in Other Reserves	906,548	0	906,548	n/a	(9)
Change in Designated/Restricted Cash	5,959,204	0	5,959,204	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$117,633,525**				

1) Various categories are under target (professional services, admin contracts, and computer equipment).
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.
3) Slow spending on various Weatherization grants resulted in rehab materials being less than budgeted. Also, Homeless and Education initiative programs service providers have been slow in billing the Authority. Program expenses are expected to increase as the year progresses.
4) The Hampton Greens LOC interest expense was under budget as the budget assumed the variable rate would increase in 2020, but rates have instead dropped. Also, more debt was allocated to Friendly Village than what was originally included in the budget resulting in higher interest and principal payments.
5) Budgeted excess cash transfer to the COCC didn't occur since properties are retaining their cash due to drop in rental revenue. Due to delay and slow start in various capital construction projects, the budgeted transfer from MTW was below target. The current projection is that capital rehabilitation spending will be $4 million less than budgeted in 2020.
6) The sale of Woodland North to the tax credit investor was budgeted in the 1st quarter but occurred in the 2nd.
7) Draw from CFP grant in the first quarter to reimburse for the 2019 Green River Homes debt payment.
8) Due to delay in Houghton envelope, roof, and waste/water line projects resulted less than budgeted draw from the CFP grant.
9) Mainly due to unbudgeted increases in debt service and replacement reserves account balances of bond project properties.
10) The budgeted Highland Village $12.5 million permanent tax exempt loan didn't occur in the first quarter. Also, due to unbudgeted payment of Overlake bond totaling $635K.
11) Repayment of the Highland Village line of credit from proceeds of the permanent tax exempt loan was below target . This is partially offset as the Issaquah TOD and Rainier View Mobile Homes development projects behind schedule, resulting in no draws from the COCC internal loan. Also, draw from Greenbridge internal loan was below budget.
12) Increase in suspense account from Somerset Gardens capital contribution. Amount is expected to be cleared in the 2nd quarter.
13) Unbudgeted repayment of Riverstone Line of Credit totaling $9.9 million. Also, unbudgeted decrease in accounts payable. This is partially offset by Increase in prepaid revenue for early receipt of block grant revenue. The balance was reversed in the 2nd quarter.
14) The budgeted Highland Village $12.5 million permanent tax exempt loan didn't occur in the first quarter. Unbudgeted repayment of $6.3 million Highland Village Line of credit. This is partially offset by higher than budgeted financing lease income on Bellevue Manor and draw form the new line of credits to pay off the Riverstone line of credit of $9.9M. See note #13
15) Due to decrease in accounts payable and payroll liabilities.

King County Housing Authority
Cash Reconciliation Report
Public Housing Not for Profit
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$8,790,405**				
Rental Revenue and Subsidy					
Tenant Revenue	$2,084,997	$2,050,155	$34,842	1.7%	
Federal Operating Support	1,508,388	2,363,936	(855,548)	-36.2%	(1)
Total Rental Revenue and Federal Support	3,593,385	4,414,091	(820,706)	-18.6%	
Other Operating Revenue					
Other Revenue	92,180	104,246	(12,066)	-11.6%	
Total Other Operating Revenue	92,180	104,246	(12,066)	-11.6%	
Total Operating Revenue	3,685,565	4,518,337	(832,772)	-18.4%	
Operating Expenses					
Salaries and Benefits	(1,464,339)	(1,376,118)	(88,222)	-6.4%	
Administrative Expenses	(183,628)	(213,521)	29,893	14.0%	
Maintenance Expenses, Utilities, Taxes	(1,319,444)	(1,876,512)	557,068	29.7%	(2)
Management Fees Charged to Properties and Programs	(573,342)	(575,203)	1,860	0.3%	
Other Programmatic Expenses	(35,432)	(27,000)	(8,432)	-31.2%	
Other Expenses	(14,323)	0	(14,323)	n/a	
Total Operating Expenses	(3,590,508)	(4,068,354)	477,846	11.7%	
Net Operating Income	95,057	449,983	(354,926)	-78.9%	
Non Operating Income/(Expense)					
Interest Income from Loans	574,761	577,404	(2,643)	-0.5%	
Interest Expense	(271,579)	(273,844)	2,265	0.8%	
Other Non-operating Income/(Expense)	(719,453)	(850,929)	131,477	15.5%	
Total Non Operating Income/(Expense)	(416,271)	(547,370)	131,099	24.0%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	1,229,483	1,876,931	(647,448)	-34.5%	(3)
Capital Project Expenditures	(1,347,640)	(1,876,931)	529,291	28.2%	(3)
Total Change in Capital Assets, net of Direct Funding and Debt	(118,157)	0	(118,157)	n/a	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(17,787)	0	(17,787)	n/a	
Change in Receivables	925,731	317,178	608,553	191.9%	(4)
Change in Other Assets	116,505	0	116,505	n/a	(5)
Change in Other Liabilities	(1,623,341)	119,371	(1,742,712)	-1,459.9%	(6)
Change in Other Assets/Liabilities/Equity	(708,892)	436,549	(1,145,441)	-0,262.4%	
Change in Unrestricted/Program Cash	($1,148,263)	$339,162	($1,487,425)	-0,438.6%	
ENDING UNRESTRICTED/PROGRAM CASH	**$7,642,141**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance
BEGINNING DESIGNATED/RESTRICTED CASH	**$1,396,873**			
Change in Replacement Reserves	18,428	0	18,428	n/a
Change in Debt Service Reserves	0	0	0	n/a
Change in Other Reserves	(641)	0	(641)	n/a
Change in Designated/Restricted Cash	17,787	0	17,787	n/a
ENDING DESIGNATED/RESTRICTED CASH	**$1,414,660**			

1) Subsidy transfers from MTW to public housing projects were budgeted evenly through out the year, but management decision was made to evaluate the need and make transfer on quarterly basis. Transfer to the public housing projects was not needed in the first quarter.
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.
3) Several projects, including the Wayland Arms electrical panel preplacement, the Pacific Court envelope & roof project anther Munro Manor water/waste Lines projects were interrupted due to COVID-19, but the are expected to continue in the 2nd quarter.
4) Due to receipt of outstanding receivables.
5) Due to reduction in prepaid insurance.
6) Due to decrease in accounts payable and payroll liability.

King County Housing Authority
Cash Reconciliation Report
Other Low Income Housing-Not for Profit
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$3,803,576**				
Rental Revenue and Subsidy					
Tenant Revenue	$3,815,555	$3,773,274	$42,281	1.1%	
Federal Operating Support	0	0	0	n/a	
Total Rental Revenue and Federal Support	3,815,555	3,773,274	42,281	1.1%	
Other Operating Revenue					
Federal Support for HCV Program	91,401	99,831	(8,430)	-8.4%	
Other Revenue	890,451	839,092	51,359	6.1%	
Total Other Operating Revenue	981,852	938,923	42,929	4.6%	
Total Operating Revenue	4,797,407	4,712,197	85,210	1.8%	
Operating Expenses					
Salaries and Benefits	(719,375)	(705,623)	(13,752)	-1.9%	
Administrative Expenses	(86,503)	(112,783)	26,280	23.3%	
Maintenance Expenses, Utilities, Taxes	(853,385)	(1,319,698)	466,314	35.3%	(2)
Management Fees Charged to Properties and Programs	(259,597)	(259,894)	297	0.1%	
Other Programmatic Expenses	(1,154)	(2,498)	1,345	53.8%	
Other Expenses	(21,796)	0	(21,796)	n/a	
Total Operating Expenses	(1,941,809)	(2,400,497)	458,688	19.1%	
Net Operating Income	2,855,599	2,311,700	543,898	23.5%	
Non Operating Income/(Expense)					
Interest Income from Loans	0	0	0	n/a	
Interest Expense	(526,304)	(404,785)	(121,519)	-30.0%	(3)
Other Non-operating Income/(Expense)	(787,200)	(1,020,726)	233,526	22.9%	(4)
Total Non Operating Income/(Expense)	(1,313,504)	(1,425,511)	112,007	7.9%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	266,256	837,975	(571,719)	-68.2%	(4)
Capital Project Expenditures	(332,668)	(810,965)	478,297	59.0%	(4)
Total Change in Capital Assets, net of Direct Funding and Debt	(66,412)	27,010	(93,422)	-345.9%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(59,052)	0	(59,052)	n/a	(5)
Change in Receivables	236,748	0	236,748	n/a	(6)
Change in Other Assets	(50,438)	0	(50,438)	n/a	(7)
Change in Debt	(681,459)	(458,811)	(222,648)	-48.5%	(3)
Change in Other Liabilities	(871,815)	972,411	(1,844,226)	-189.7%	(8)
Change in Other Assets/Liabilities/Equity	(1,426,015)	513,601	(1,939,616)	-377.7%	
Change in Unrestricted/Program Cash	$49,668	$1,426,800	($1,377,133)	-96.5%	
ENDING UNRESTRICTED/PROGRAM CASH	**$3,853,243**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$5,133,250**				
Change in Replacement Reserves	144,423	0	144,423	n/a	(5)
Change in Debt Service Reserves	(86,667)	0	(86,667)	n/a	(9)
Change in Other Reserves	1,296	0	1,296	n/a	(5)
Change in Designated/Restricted Cash	59,052	0	59,052	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$5,192,302**				

1) Subsidy transfers from MTW to GP funds were budgeted evenly through out the year, but management decision was made to evaluate the need and make transfer on quarterly basis. Transfer to Seola Crossing and Nia GP funds was not needed in the first quarter.
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) More debt was allocated to Friendly Village than what was originally included in the budget resulting in higher interest and principal payments.
4) MKCRF capital projects are under target. Several projects are delayed to late 2020 or 2021 and 2020 expenditures are expected to remain below budget. Unit upgrades and capital construction were below budget. Unit upgrades depend on availability. The related unit upgrade and capital transfers were also under target.
5) Unbudgeted increase in replacement reserves accounts.
6) Mainly due to decrease in tenant receivables.
7) Mainly due to decreases in prepaid insurance and an increase in mobile home inventory.
8) Mainly due to decreases in accounts payable and payroll liabilities.
9) Due to decrease in bond reserves.

King County Housing Authority
Cash Reconciliation Report
Workforce Housing-Net Cash Flow
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$1,538,040**				
Rental Revenue and Subsidy					
Tenant Revenue	$22,199,776	$21,822,574	$377,202	1.7%	
Total Rental Revenue and Federal Support	22,199,776	21,822,574	377,202	1.7%	
Other Operating Revenue					
Other Revenue	259,914	446,447	(186,533)	-41.8%	(1)
Total Other Operating Revenue	259,914	446,447	(186,533)	-41.8%	
Total Operating Revenue	22,459,690	22,269,021	190,669	0.9%	
Operating Expenses					
Salaries and Benefits	(2,510,268)	(2,843,585)	333,316	11.7%	(2)
Administrative Expenses	(1,202,428)	(1,411,886)	209,458	14.8%	(3)
Maintenance Expenses, Utilities, Taxes	(4,865,932)	(6,497,251)	1,631,319	25.1%	(4)
Management Fees Charged to Properties and Programs	(395,077)	(403,973)	8,896	2.2%	
Other Programmatic Expenses	(91,035)	(61,753)	(29,282)	-47.4%	
Other Expenses	(64,586)	0	(64,586)	n/a	(5)
Transfers Out for Operating Purposes	0	(1,438,650)	1,438,650	100.0%	(6)
Total Operating Expenses	(9,129,327)	(12,657,098)	3,527,771	27.9%	
Net Operating Income	13,330,364	9,611,923	3,718,440	38.7%	
Non Operating Income/(Expense)					
Interest Income from Loans	540,307	647,517	(107,211)	-16.6%	(7)
Interest Expense	(4,518,826)	(6,597,268)	2,078,442	31.5%	(8)
Other Non-operating Income/(Expense)	(15,700)	0	(15,700)	n/a	
Total Non Operating Income/(Expense)	(3,994,220)	(5,949,751)	1,955,531	32.9%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	(22,122,360)	(25,940,101)	3,817,741	14.7%	(9)
Capital Project Expenditures	21,698,530	25,365,101	(3,666,572)	-14.5%	(9)
Total Change in Capital Assets, net of Direct Funding and Debt	(423,830)	(575,000)	151,170	26.3%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(5,052,353)	0	(5,052,353)	n/a	(10)
Change in Receivables	2,875,396	2,211,493	663,903	30.0%	(11)
Change in Other Assets	2,288,654	0	2,288,654	n/a	(12)
Change in Debt	(9,053,892)	(3,588,840)	(5,465,052)	-152.3%	(13)
Change in Other Liabilities	3,064,964	1,414,260	1,650,704	116.7%	(14)
Change in Other Assets/Liabilities/Equity	(5,877,230)	36,913	(5,914,143)	-16021.7%	
Change in Unrestricted/Program Cash	$3,035,084	$3,124,086	($89,002)	-2.8%	
ENDING UNRESTRICTED/PROGRAM CASH	**$4,573,124**				

BEGINNING DESIGNATED/RESTRICTED CASH	**$38,541,921**				
Change in Replacement Reserves	727,823	0	727,823	n/a	(10)
Change in Debt Service Reserves	4,117,568	0	4,117,568	n/a	(10)
Change in Other Reserves	206,962	0	206,962	n/a	(10)
Change in Designated/Restricted Cash	5,052,353	0	5,052,353	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$43,594,274**				

1) Deposit into Overlake interest stabilization account was budgeted evenly throughout the year. However, large deposits are usually made in June and December.
2) Salaries and benefits under budget due to unfilled positions.
3) Various categories are under target (professional services, admin expenses, and computer equipment).
4) Seasonal and periodic contracts and projects are low as is typical early in the year.
5) Due to casualty loss at Newporter Apts, slightly offset by insurance receipts.
6) Budgeted excess cash transfer to the COCC didn't occur since properties are retaining their cash due to anticipated drop in rental revenue.
7) The budgeted interest income from Highland Village subordinate loan has yet to be received.
8) The Hampton Greens LOC interest expense was under budget as the budget assumed the variable rate would increase in 2020, but rates have instead dropped.
9) The sale of Woodland North to the tax credit investor was budgeted in 1st quarter but occurred in the 2nd.
10) Increases in debt service and replacement reserves.
11) Mainly due to extra, unbudgeted Overlake debt payment of $635K.
12) Increase in suspense account from Somerset Gardens capital contribution. Amount expected to be cleared in the 2nd quarter.
13) Payment on Somerset Key Bank Tax exempt Line-of-credit exceeded budget. Also, due to unbudgeted Overlake bond payment. See note #1.
14) Timing of interest payment; interest on the on the 2019 pool is being accrued monthly while actual payment is made quarterly.

King County Housing Authority
Cash Reconciliation Report
Other Low Income Housing-Net Cash Flow
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$7,827,560**				
Rental Revenue and Subsidy					
Tenant Revenue	$3,925,779	$3,720,245	$205,534	5.5%	
Federal Operating Support	8,549	(24,250)	32,799	135.3%	
Total Rental Revenue and Federal Support	3,934,328	3,695,995	238,333	6.4%	
Other Operating Revenue					
Other Revenue	143,230	139,116	4,114	3.0%	
Total Other Operating Revenue	143,230	139,116	4,114	3.0%	
Total Operating Revenue	4,077,559	3,835,112	242,447	6.3%	
Operating Expenses					
Salaries and Benefits	(600,791)	(569,411)	(31,380)	-5.5%	
Administrative Expenses	(245,637)	(249,630)	3,993	1.6%	
Maintenance Expenses, Utilities, Taxes	(785,180)	(983,170)	197,990	20.1%	(1)
Management Fees Charged to Properties and Programs	(110,619)	(111,362)	743	0.7%	
Other Programmatic Expenses	(38,027)	(50,780)	12,753	25.1%	
Other Expenses	13,915	0	13,915	n/a	
Transfers Out for Operating Purposes	0	(723,078)	723,078	100.0%	(2)
Total Operating Expenses	(1,766,339)	(2,687,431)	921,092	34.3%	
Net Operating Income	2,311,219	1,147,681	1,163,539	101.4%	
Non Operating Income/(Expense)					
Interest Income from Loans	613,809	604,015	9,794	1.6%	
Interest Expense	(934,205)	(936,887)	2,682	0.3%	
Other Non-operating Income/(Expense)	908,996	(21,900)	930,896	4250.7%	(3)
Total Non Operating Income/(Expense)	588,600	(354,772)	943,372	265.9%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	(10,245,801)	(10,122,030)	(123,771)	-1.2%	
Capital Project Expenditures	10,176,814	10,027,557	149,257	1.5%	
Total Change in Capital Assets, net of Direct Funding and Debt	(68,987)	(94,473)	25,486	27.0%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(166,818)	0	(166,818)	n/a	(4)
Change in Receivables	4,752,624	4,465,983	286,642	6.4%	
Change in Other Assets	61,175	0	61,175	n/a	(5)
Change in Debt	(3,749,633)	(3,589,737)	(159,896)	-4.5%	
Change in Other Liabilities	(866,969)	(717,559)	(149,410)	-20.8%	(6)
Change in Other Assets/Liabilities/Equity	30,379	158,687	(128,308)	-80.9%	
Change in Unrestricted/Program Cash	$2,861,211	$857,122	$2,004,088	233.8%	
ENDING UNRESTRICTED/PROGRAM CASH	**$10,688,771**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$25,707,419**				
Change in Replacement Reserves	108,782	0	108,782	n/a	(4)
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	58,036	0	58,036	n/a	(4)
Change in Designated/Restricted Cash	166,818	0	166,818	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$25,874,237**				

1) Timing of invoicing; some properties have not yet been billed for 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.
2) Budgeted excess cash transfer to the COCC didn't occur since properties are retaining their cash due to an anticipated drop in rental revenue.
3) Draw from CFP grant in the first quarter to reimburse for the 2019 Green River Homes debt payment.
4) Mainly due to unbudgeted increases in Excess Cash and Replacement Reserves.
5) Decrease in prepaid insurance.
6) Decrease in accounts payable and prepaid rent.

King County Housing Authority
Cash Reconciliation Report
Housing Choice Voucher Program
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**($646,100)**				
Operating Revenue					
Federal Support for HCV Program	37,767,068	39,026,095	(1,259,027)	-3.2%	
Revenue from Collection	$67,669	$31,275	$36,394	116.4%	
Portability Income	11,402,101	10,383,332	1,018,769	9.8%	
Other Revenue	524,763	556,938	(32,175)	-5.8%	
Total Operating Revenue	49,761,600	49,997,640	(236,040)	-0.5%	
Operating Expenses					
Salaries and Benefits	(1,779,344)	(1,914,422)	135,078	7.1%	
Administrative Expenses	(210,048)	(284,913)	74,866	26.3%	(1)
Maintenance Expenses, Utilities, Taxes	(65,413)	(67,079)	1,666	2.5%	
Management Fees Charged to Properties and Programs	(801,252)	(814,962)	13,710	1.7%	
HCV Housing Assistance Payments to Landlords	(35,537,637)	(36,353,016)	815,379	2.2%	
HCV Housing Assistance Payment-Ports In	(11,388,927)	(10,383,332)	(1,005,595)	-9.7%	
Other Programmatic Expenses	(751)	(85,183)	84,432	99.1%	(2)
Total Operating Expenses	(49,812,158)	(49,902,907)	90,749	0.2%	
Net Operating Income	(50,558)	94,733	(145,291)	-153.4%	
Non Operating Income/(Expense)					
Other Non-operating Income/(Expense)	(38,490)	(117,594)	79,104	67.3%	(3)
Total Non Operating Income/(Expense)	(38,490)	(117,594)	79,104	67.3%	
Capital Activity					
Total Change in Capital Assets, net of Direct Funding and Debt	0	0	0	n/a	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	53,258	0	53,258	n/a	(4)
Change in Receivables	(53,961)	0	(53,961)	n/a	(5)
Change in Other Assets	22,756	0	22,756	n/a	
Change in Other Liabilities	13,726	0	13,726	n/a	
Change in Other Assets/Liabilities/Equity	35,779	0	35,779	n/a	
Change in Unrestricted/Program Cash	($53,269)	($22,861)	($30,408)	-133.0%	
ENDING UNRESTRICTED/PROGRAM CASH	**($699,369)**				

	Actual	Budget	$ Variance	% Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$2,922,014**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	(53,258)	0	(53,258)	n/a	(4)
Change in Designated/Restricted Cash	(53,258)	0	(53,258)	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$2,868,756**				

1) Various categories were under target (i.e., administrative contracts, computer equipment, training, and professional services) and are expected to increase as the year progresses.
2) Accounting for the HASP program was changed after the budget was adopted and activity is now reflected in a grant fund and reported as part of the Other Activities fund group.
3) Flex Funds are under budget as the issuance of CMTO/Tenant Based vouchers have slowed, VASH voucher referrals have all been less than anticipated. Overall leasing will likely decline for the remainder of the year as the CMTO study now has sufficient participants for validation purposes and the needed overleasing can end.
4) Mainly due to a decrease in FSS escrow accounts. KCHA does not budget for changes in escrow accounts.
5) Due to increases in receivables from HUD and other PHAs.

King County Housing Authority
Cash Reconciliation Report
MTW Program
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$7,906,180**				
Federal Support					
Block Grant Revenue	$42,253,582	$34,568,286	$7,685,296	22.2%	(1)
Less: Used for HAP	(30,388,606)	(30,699,025)	310,419	1.0%	
Less: Used HCV Administrative Program Support	(2,253,873)	(2,259,516)	5,643	0.2%	
Federal Operating Support	100,412	108,654	(8,242)	-7.6%	
Total Net Federal Support	9,711,516	1,718,399	7,993,117	465.1%	
Other Operating Revenue					
Other Revenue	63,887	50,762	13,125	25.9%	
Total Other Operating Revenue	63,887	50,762	13,125	25.9%	
Total Operating Revenue	9,775,403	1,769,161	8,006,242	452.5%	
Program Expenses					
Resident Service Salaries and Benefits	(677,888)	(746,708)	68,820	9.2%	
Resident Service Program and Administrative Expenses	(347,655)	(391,593)	43,938	11.2%	(2)
Homeless Salaries and Benefits	(82,023)	(129,173)	47,150	36.5%	(3)
Homeless Program and Administrative Expenses	(130,359)	(326,170)	195,810	60.0%	(4)
Policy Salaries and Benefits	(186,045)	(223,451)	37,406	16.7%	(3)
Policy Administrative Expenses	(2,698)	(58,591)	55,893	95.4%	(5)
Other Policy Expenses	(295,786)	(305,291)	9,505	3.1%	
Additional Support of Public Housing Program	0	(716,261)	716,261	100.0%	(6)
Other Programmatic Expenses	(61,869)	(61,868)	(1)	0.0%	
Total Programmatic Expenses	(1,784,323)	(2,959,105)	1,174,782	39.7%	
Used for Rehabilitation, Development or Debt Service Purposes					
Funding for Capital Construction Projects	(437,505)	(1,409,931)	972,426	69.0%	(7)
Funding for Unit Upgrades	(816,995)	(530,862)	(286,133)	-53.9%	(8)
Management Fees Charged by COCC	(125,450)	(159,080)	33,630	21.1%	
Total Rehab, Development and Debt Service Expenses	(1,379,950)	(2,099,873)	719,923	34.3%	
Administrative Expenses					
Salaries and Benefits	(38,931)	(38,271)	(660)	-1.7%	
Administrative Expenses	(54,477)	(30,487)	(23,991)	-78.7%	
Internal Management Fees	(5,616)	0	(5,616)	n/a	
Other Programmatic Expenses	(623)	0	(623)	n/a	
Total Administrative Expenses	(99,647)	(68,758)	(30,889)	-44.9%	
Total Operating Expenses	(3,263,921)	(5,127,736)	1,863,815	36.3%	
Net Operating Income	6,511,482	(3,358,575)	9,870,057	293.9%	
Non Operating Income/(Expense)					
Interest Income from Loans	255,212	250,611	4,602	1.8%	
Total Non Operating Income/(Expense)	255,212	250,611	4,602	1.8%	
Capital Activity					
Capital Project Expenditures	0	(154,520)	154,520	100.0%	(9)
Total Change in Capital Assets, net of Direct Funding and Debt	0	(154,520)	154,520	100.0%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(42,921)	0	(42,921)	n/a	(10)
Change in Receivables	306,211	338,064	(31,853)	-9.4%	
Change in Other Assets	619	0	619	n/a	
Change in Debt	(2,807,498)	0	(2,807,498)	n/a	(11)
Change in Other Liabilities	4,647,219	0	4,647,219	n/a	(12)
Change in Other Assets/Liabilities/Equity	2,103,630	338,064	1,765,567	522.3%	
Change in Unrestricted/Program Cash	$8,870,325	($2,924,421)	$11,794,746	403.3%	
ENDING UNRESTRICTED/PROGRAM CASH	**$16,776,505**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$7,401,034**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	42,921	0	42,921	n/a	(10)
Change in Designated/Restricted Cash	42,921	0	42,921	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$7,443,956**				

1) Received more block grant than budgeted. $4.74 million of additional funding was drawn from the 2019 allocation and $3.74 million from the 2018 allocation, for a total of $7.7 million.
2) Community events and travel expenses were below budget mainly due to COVID-19.
3) Due to unfilled positions.
4) Homeless and Education initiative programs service providers have been slow in billing the Authority. Program expenses are expected to increase as the year progresses.
5) Professional services and agency-wide training are under target.
6) Subsidy transfers from MTW to public housing projects were budgeted evenly through out the year, but management decision was made to evaluate the need and make transfer on quarterly basis. Transfers to the public housing projects was not needed in the first quarter.
7) Due to delay and slow start in various capital construction projects, the budgeted transfers from MTW to fund the projects were below target. Although construction activity is expected to increase throughout the year, total spending is now forecast to be approximately $4 million less than budgeted, with half of the funding originally slated to come from MTW.
8) Several MTW funded unit upgrade projects were completed during the first quarter resulting in higher than expected transfer. The tining of construction work depends on unit availability.
9) $155K was budgeted by the Capital Construction department as a placeholder for Architecture and Engineering project costs; actual costs are being coded directly to projects.
10) Adjustment made to MTW restricted amount for FHLB collateral and FSS reserves. Unbudgeted.
11) Due to pay down of a portion of the 80M LOC allocated to MTW from Island Crest in 2019 and subsquently paid off in 2020.
12) Increase in prepaid revenue for early receipt of block grant revenue. The balance was reversed in the 2nd quarter.

King County Housing Authority
Cash Reconciliation Report
Development Activities
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$613,946**				
Rental Revenue and Subsidy					
Total Rental Revenue and Federal Support	0	0	0	n/a	
Other Operating Revenue					
Other Revenue	166,380	77,044	89,336	116.0%	(1)
Total Other Operating Revenue	166,380	77,044	89,336	116.0%	
Total Operating Revenue	166,380	77,044	89,336	116.0%	
Operating Expenses					
Salaries and Benefits	(64,630)	(70,638)	6,007	8.5%	
Administrative Expenses	(909)	(25,942)	25,033	96.5%	
Total Operating Expenses	(65,540)	(96,580)	31,040	32.1%	
Net Operating Income	100,840	(19,536)	120,376	616.2%	
Non Operating Income/(Expense)					
Interest Income from Loans	75	0	75	n/a	
Other Non-operating Income/(Expense)	0	25,000	(25,000)	-100.0%	
Total Non Operating Income/(Expense)	75	25,000	(24,925)	-99.7%	
Capital Activity					
Capital Project Funding, Excluding Debt Issuance	498,660	644,951	(146,291)	-22.7%	(2)
Capital Project Expenditures	(20,261,203)	(23,364,744)	3,103,541	13.3%	(3)
Total Change in Capital Assets, net of Direct Funding and Debt	(19,762,542)	(22,719,793)	2,957,251	13.0%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(660,125)	0	(660,125)	n/a	(4)
Change in Receivables	656,525	0	656,525	n/a	(5)
Change in Other Assets	44	0	44	n/a	
Change in Debt	19,700,000	21,771,283	(2,071,283)	-9.5%	
Change in Other Liabilities	(545,699)	1,356,656	(1,902,355)	-140.2%	(6)
Change in Other Assets/Liabilities/Equity	19,150,745	23,127,939	(3,977,194)	-17.2%	
Change in Unrestricted/Program Cash	($510,882)	$413,610	($924,492)	-223.5%	
ENDING UNRESTRICTED/PROGRAM CASH	**$103,063**				

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING DESIGNATED/RESTRICTED CASH	**$12,801,608**				
Change in Replacement Reserves	0	0	0	n/a	
Change in Debt Service Reserves	0	0	0	n/a	
Change in Other Reserves	660,125	0	660,125	n/a	(4)
Change in Designated/Restricted Cash	660,125	0	660,125	n/a	
ENDING DESIGNATED/RESTRICTED CASH	**$13,461,733**				

1) Greenbridge home and lot sales price participation was higher than budgeted.
2) The 2019 net cash flow distribution of HOPE VI loan interest income to Fund 600 for use on Notch property was lower than anticipated in the budgeted.
3) Bellevue Manor rehab project was below target. Bellevue Manor is a senior building and COVID-19 stopped work at the property. Also, the budgeted Greenbridge frontage improvement project is delayed.
4) Deposits to program income reserves from Greenbridge lot sales proceeds and Hope VI interest income. Unbudgeted.
5) Receipt of the Washington State Department of Commerce grant used to help pay for the Greenbridge 4th Avenue SW Enhancement project. It was awarded to KCHA in 2019, but received in the first quarter.
6) Decrease in short term liabilities. Also, less than budgeted draw of from COCC internal loan as Greenbridge projects are behind schedule. See

King County Housing Authority
Cash Reconciliation Report
Other Activities
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$1,822,995**				
Rental Revenue and Subsidy					
Federal Operating Support	891,528	844,605	46,923	5.6%	
Total Rental Revenue and Federal Support	891,528	844,605	46,923	5.6%	
Other Operating Revenue					
Other Revenue	1,857,158	1,495,529	361,629	24.2%	(1)
Total Other Operating Revenue	1,857,158	1,495,529	361,629	24.2%	
Total Operating Revenue	2,748,686	2,340,134	408,552	17.5%	
Operating Expenses					
Salaries and Benefits	(543,214)	(522,491)	(20,723)	-4.0%	
Administrative Expenses	(20,253)	(17,662)	(2,591)	-14.7%	
Maintenance Expenses, Utilities, Taxes	(5,496)	(5,623)	126	2.2%	
Management Fees Charged to Properties and Programs	(8,480)	(8,447)	(33)	-0.4%	
Other Programmatic Expenses	(417,043)	(1,083,870)	666,827	61.5%	(2)
Transfers Out for Operating Purposes	(295,142)	(380,528)	85,386	22.4%	(3)
Total Operating Expenses	(1,289,628)	(2,018,621)	728,992	36.1%	
Net Operating Income	1,459,058	321,513	1,137,545	353.8%	
Non Operating Income/(Expense)					
Interest Expense	(343,818)	(339,720)	(4,098)	-1.2%	
Total Non Operating Income/(Expense)	(343,818)	(339,720)	(4,098)	-1.2%	
Capital Activity					
Capital Project Expenditures	(188,142)	(6,255)	(181,887)	-2907.9%	(4)
Total Change in Capital Assets, net of Direct Funding and Debt	(188,142)	(6,255)	(181,887)	-2907.9%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(9,158)	0	(9,158)	n/a	
Change in Receivables	(327,656)	0	(327,656)	n/a	(5)
Change in Other Assets	1,547	0	1,547	n/a	
Change in Other Liabilities	(745,044)	(235,457)	(509,587)	-216.4%	(6)
Change in Other Assets/Liabilities/Equity	(1,080,312)	(235,457)	(844,854)	-358.8%	
Change in Unrestricted/Program Cash	($153,214)	($259,920)	$106,706	41.1%	
ENDING UNRESTRICTED/PROGRAM CASH	**$1,669,781**				

	Actual	Budget	$ Variance	% Variance
BEGINNING DESIGNATED/RESTRICTED CASH	**$1,752,440**			
Change in Replacement Reserves	22,300	0	22,300	n/a
Change in Debt Service Reserves	0	0	0	n/a
Change in Other Reserves	(13,142)	0	(13,142)	n/a
Change in Designated/Restricted Cash	9,158	0	9,158	n/a
ENDING DESIGNATED/RESTRICTED CASH	**$1,761,598**			

1) Due to payment from the 2020 Puget Sound Energy grant for unreimbursed 2019 invoices. Also, the Bellevue Home Repair grants income of $139K was unbudgeted.
2) Slow spending of Weatherization grants resulted in rehab materials being less than budgeted.
3) Transfer outs for Weatherization program support are under target due to slow spending of grants.
4) Construction management fees for EPC elevators renovations were accrued in the first quarter and subsequently reversed in May 2020.
5) Unbudgeted increase in grant receivables.
6) Increase in short-term liabilities and accrual of payroll liabilities.

King County Housing Authority
Cash Reconciliation Report
Central Office Cost Center
Through March 31, 2020

	Actual	Budget	Favorable (Unfavorable) $ Variance	Favorable (Unfavorable) % Variance	
BEGINNING UNRESTRICTED/PROGRAM CASH	**$49,596,006**				
Operating Revenue					
Property Management Fees	$1,247,242	$1,261,343	($14,100)	-1.1%	
Bookkeeping Fees	531,066	544,904	(13,838)	-2.5%	
Asset Management Fees	384,155	385,943	(1,789)	-0.5%	
Construction Fees	273,749	157,307	116,442	74.0%	(1)
Other Revenue	488,795	449,669	39,127	8.7%	
Total Operating Revenue	2,925,007	2,799,166	125,841	4.5%	
Operating Expenses					
Salaries and Benefits	(2,791,103)	(3,146,632)	355,529	11.3%	(2)
Administrative Expenses	(566,752)	(1,098,940)	532,188	48.4%	(3)
Maintenance Expenses, Utilities, Taxes	(52,739)	(99,915)	47,176	47.2%	(4)
Management Fees Charged to Properties and Programs	(34,991)	(35,196)	205	0.6%	
Other Programmatic Expenses	(228)	0	(228)	n/a	
Transfers Out for Operating Purposes	(83,783)	0	(83,783)	n/a	(5)
Total Operating Expenses	(3,529,596)	(4,380,683)	851,087	19.4%	
Other Operating Sources					
Transfer in of Excess Cash	0	2,161,728	(2,161,728)	-100.0%	(6)
Central Maintenance Cash Flow	(43,439)	157,682	(201,121)	-127.5%	(7)
Central Vehicle Cash Flow	82,227	67,242	14,985	22.3%	
Total Other Operating Sources	38,788	2,386,653	(2,347,864)	-98.4%	
Net Operating Income	(565,800)	805,135	(1,370,936)	-170.3%	
Non Operating Income/(Expense)					
Interest Income from Loans	365,763	362,151	3,612	1.0%	
Interest Expense	(225,999)	(188,847)	(37,152)	-19.7%	
COCC Capital Projects	(356,285)	(287,371)	(68,914)	-24.0%	(8)
Funding for Capital Construction Projects Outside of COCC	(9,014)	(14,843)	5,829	39.3%	
Total Non Operating Income/(Expense)	(225,536)	(128,910)	(96,625)	-75.0%	
Change in Other Assets/Liabilities/Equity					
Change in Designated/Restricted Cash	(4,248)	0	(4,248)	n/a	
Change in Receivables	156,865	(2,188,928)	2,345,793	107.2%	(9)
Change in Other Assets	(101,861)	0	(101,861) n/a		(10)
Change in Debt	(292,360)	(225,180)	(67,180)	-29.8%	(11)
Change in Other Liabilities	(596,907)	0	(596,907)	n/a	(12)
Change in Other Assets/Liabilities/Equity	(838,511)	(2,414,108)	1,575,596	65.3%	
Change in Unrestricted/Program Cash	($1,629,847)	($1,737,882)	$108,035	6.2%	
ENDING UNRESTRICTED/PROGRAM CASH	**$47,966,159**	(42,746,637.00)			

	Actual	Budget	$ Variance	% Variance
BEGINNING DESIGNATED/RESTRICTED CASH	**$16,017,762**			
Change in Replacement Reserves	0	0	0	n/a
Change in Debt Service Reserves	0	0	0	n/a
Change in Other Reserves	4,248	0	4,248	n/a
Change in Designated/Restricted Cash	4,248	0	4,248	n/a
ENDING DESIGNATED/RESTRICTED CASH	**$16,022,010**			

1) Construction management fees for EPC elevators renovations were accidentally accrued in the first quarter and subsequently reversed in May.
2) Salaries and benefits were below target due to unfilled positions.
3) Various categories are under target (professional services, admin contracts, and computer equipment).
4) The Ballinger shop rebuilding invoices are on-hold until the contractor resolves federal wage requirement issue. Also, the Ballinger Homes security camera installation project has yet to occur.
5) Transfer from the COCC to support local properties. The transfer was incorrectly budgeted to occur only in the 4th quarter.
6) Budgeted excess cash transfer to the COCC didn't occur since properties are retaining their cash due to an anticipated drop in rental revenue.
7) Revenue from unit upgrade fees and central maintenance fees were below target. Also, due to unbudgeted union benefit expenses for temporary employees.
8) 600 building office remodel being higher than budgeted during the first quarter. Overall, the project is expected to be completed under budget.
9) Issaquah TOD and Rainier View Mobile Homes development projects behind schedule, resulting in no draws from the COCC internal loan. Also, draw from Greenbridge internal loan was below budget.
10) Increase in suspense account from 2020 property tax payment which was cleared in April.
11) Due to payment of 2013 Pool - Key Bank Bond principle. Unbudgeted.

TAB NUMBER 6

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: July 2, 2020

Re: **2020 Midyear Financial Forecast**

EXECUTIVE SUMMARY

The Board adopted the Calendar Year 2020 Operating and Capital Budget ("2020 Budget") via Resolution 5642 on December 16, 2019. The Midyear Financial Forecast includes revised assumptions and new information not part of the original budget process. The attached projection includes the estimated effects of the COVID-19 pandemic on KCHA operations and capital projects.

The 2020 Midyear Financial Forecast includes several adjustments that raise the expected cash balance at 12/31/2020 by $14.4 million, including amounts held by HUD. $11.8 million of this change relates to unrestricted and programmatic cash, and the balance to an increase in designated replacement reserves. Drivers of these projected changes include enhanced Federal revenues, refinancing activities in the asset-managed portfolio, and delayed construction projects, partially offset by increased Housing Choice Voucher Housing Assistance Payments (HAP) beyond original budget expectations.

Exhibit A details the original 2020 Adopted Budget, the Midyear Forecasted Changes and the 2020 Revised Projection. Significant adjustments are explained in the Financial Forecast Highlights section.

The Changes to Staffing section discusses newly-planned positions and Exhibit B summarizes total positions by department.

Reductions in planned capital expenditures due to COVID-19, along with some replacement projects, are detailed in Exhibit C.

CONTEXT

The Midyear Financial Forecast provides the Board with an overall synopsis of the changes in the current and near-term fiscal outlook for KCHA as compared to the Authority's adopted 2020 budget. Included changes are generally limited to those with an aggregate financial impact of $1.0 million or greater, although those affecting Moving to Work (MTW) funds with an aggregate impact of $500,000 or greater are also included, as are other adjustments that are deemed significant.

Changes to the number of Full-Time Equivalent (FTE) employees are also included in this report to the Board, but are not included in the fiscal projection as their inclusion would not materially impact the forecast.

FINANCIAL FORECAST HIGHLIGHTS

Federal Programs

Revenue

KCHA historically uses conservative estimates of the HCV Renewal Funding Inflation Factor (RFIF) and prorate to derive budgeted Block Grant and Special Purpose Voucher revenue. As announced earlier in the year by HUD, the RFIF and prorate both exceeded original assumptions. The 2020 RFIF of 8.674% surpassed the budgeted projection of 6.0%, resulting in $3.9 million of additional revenue. The 2020 prorate of 99.4% versus the budget of 99.0% added an additional $636,000.

Special Purpose Voucher (SPV) revenue is based on actual HAP expenditures from the previous year which is then inflated by the RFIF. Added to these baseline amounts is revenue from newly-awarded “incremental” vouchers. The midyear forecast reflects an increase of $1.8 million, of which $1.4 million is from 228 new incremental vouchers. So far in 2020, KCHA has received 71 new Family Unification Program (FUP) vouchers and 90 more additional Mainstream Program vouchers serving the non-elderly disabled population. An additional 67 Veteran Affairs Supportive Housing (VASH) vouchers were added to the midyear forecast as they were awarded too late in 2019 to be included in the original budget. The RFIF and prorate on existing vouchers adds an additional $442,000 of revenue.

It is expected that KCHA will receive 157 new Tenant Protection Vouchers in the latter part of 2020 as the plan to opt out of HUD Multifamily contracts with Kirkland Heights and Juanita View proceeds. This will add approximately $960,000 of additional revenue and $750,000 of incremental HAP costs.

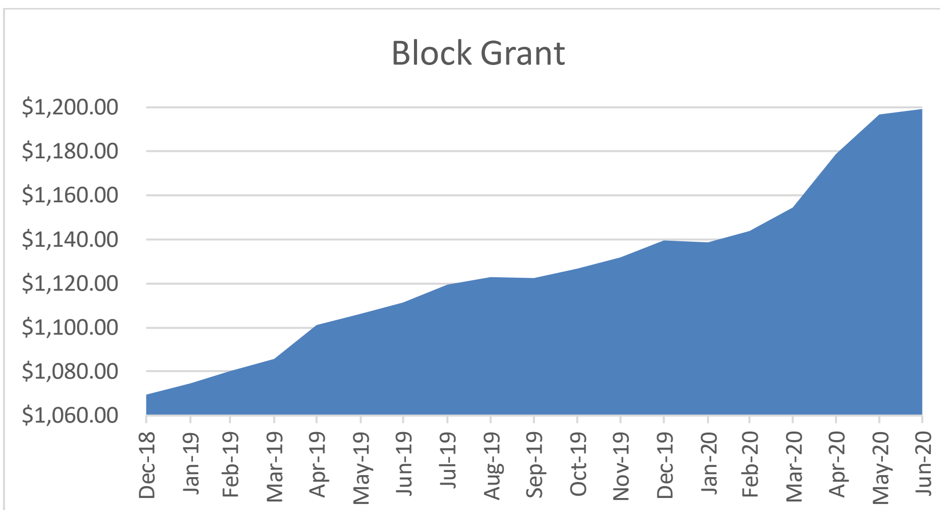
The midyear forecast also includes an additional $5.0 million of operating revenue related to HCV “Ports-In”, clients from other housing authorities who have moved into KCHA’s area of service. Offsetting this revenue will be a like amount of additional HAP expense.

Through June, HUD has used an interim proration of 96.64% for the Public Housing Operating Fund Subsidy vs. the budget of 90.0%. Using the assumption that this prorate level will hold steady for the remainder of the year, revenue was increased by $772,000.

The CARES Act, enacted on March 27, 2020, provided additional funds to housing authorities to prevent, prepare for, and respond to the coronavirus. KCHA received a total of $3.5 million in incremental funding, $1.8 million in supplemental Housing Choice Voucher administrative fees, and $1.7 million in additional Operating Fund subsidies. Although the rules of these additional grants state that amounts not spent by the end of 2020 must be repaid to HUD, they also state that CARES Act funding can be used to "maintain normal operations and take other necessary actions". As the Authority will fully expend all funds during 2020, the full impact of these grants has been added to the midyear forecast.

Expenditures

Housing Assistance Payments (HAP) for Traditional Vouchers
Even before the coronavirus, KCHA was experiencing higher HAP costs per voucher (also known as the "PUC" or Per Unit Cost) in its HCV program, driven by the region's continued growth in market rents. Fueled by virus-related job losses, which result in reduced tenant contributions to rent obligations, average HAP costs have risen even faster in the past three months, but especially in April and May. Below is a chart showing the HAP growth in the traditional voucher program since the end of 2018. The spike in April and May is clearly visible.



If these trends continue, these increases will lead to an annualized rise in HAP costs of $1.7 million, with $1.2 million of it occurring in 2020.

Helping to mitigate the rising PUC, KCHA now expects fewer "unit months" (one voucher leased for one month) over the course of 2020 as the leasing targets necessary to validate the Creating Moves to Opportunity (CMTO) study have been achieved and the needed over-leasing can be eased. The net effect on HAP of the higher PUC offset by the lower number of unit months is an estimated increase $423,000 and is included in the midyear forecast.

HAP for Other Vouchers
As mentioned above, HAP expenditures on ports-in is projected to exceed the original budget by $5.0 million. Since these costs are reimbursed by the originating housing authority, there is no net effect on KCHA's budget. HAP for Special Purpose Vouchers in the VASH, FUP, NED (Non-elderly Disabled) and Mainstream programs are now

forecast to be $1.2 million lower than included in the original budget, due to overly-optimistic leasing assumptions in the VASH and Mainstream programs.

Changes Related to COVID-19

In addition to increased HAP costs, other significant effects of COVID-19 have been included in the midyear financial reforecast.

Asset-managed Properties

- Tenant revenues are now forecast to be $3.5 million below budget due to state-mandated rent controls initiated in response to the pandemic.
- Operating costs are poised to rise by $1 million, but this is expected to be offset by a like reduction in turnover costs.
- Amounts spent on capital improvements are expected to be $4.0 million lower than budgeted. $2.6 million of the cash earmarked for these projects will instead be placed into replacement reserve accounts. The remainder relates a project funded with internal loans and the cash will remain in general KCHA reserves until spent in 2021. For details see Exhibit C.
- Accounts Receivable are expected to rise by $1.0 million as some tenants have fallen behind on their monthly rent.

Other Properties

- Tenant revenues at Public Housing properties are declining, but forecasting an annual amount is difficult. In April and May, tenant revenues were $5,000 and $12,000 below budget, respectively. Using May as the benchmark, the estimated reduction in tenant revenues for 2020 is approximately $100,000 and is included in the midyear forecast. Tenant revenue at other KCHA-managed properties has not yet declined.
- Salaries and Benefits at KCHA-managed properties will likely be over budget by $500,000 by the end of 2020 due to the use of temporary employees and overtime to clean and sanitize the properties on a recurring basis, but no adjustment is included in the midyear forecast as other departments are under budget due to the difficulties in hiring vacant positions.
- The Capital Construction department is lowering its forecast of construction activity for the year by $1.8 million, bringing their 2020 estimate to $9.9 million. This change reflects the delay in expenditures of $3.8 million until 2021 due to the pandemic, offset by the addition of $2.0 million of new projects. The midyear forecast assumes that the projects related to the net reduction of $1.8 million would have been funded with Capital Fund Program (CFP), so there is also a $1.8 million reduction in grant revenue – these funds remain available to KCHA in the HUD-held CFP account. For details, see Exhibit C.

Other Costs

- Since the middle of March, KCHA has incurred a number of other expenses to respond to and prevent the spread of the coronavirus. Over $200,000 has already been spent and nearly $90,000 is on open purchase orders for the following types of supplies, equipment and services:
    - Face masks
    - Hand sanitizer
    - Disinfecting supplies
    - High-grade filters for HVAC systems
    - Communications efforts with residents

  Given the current spend rate, the forecast for all of 2020 is an uptick of $500,000 and is included in the midyear forecast. Many of these costs, along with some salary expense, appear to be eligible for some reimbursement from FEMA. As the extent and timing of any such reimbursement is not currently known, this has not been included.

- The Weatherization department has been unable to perform any work since March 19th and it is unclear when projects will be allowed to proceed. All grant deadlines have been extended beyond the current year, so ultimately no funding loss is expected, but the midyear forecast includes a $2.6 million reduction in both grant revenue and program expenses for the remainder of 2020. Program funding sources, principally the Washington State Department of Commerce, have continued to pay program staffing costs.

Other Changes

The recent refinancing of eight properties in the asset-managed portfolio will drop 2020 debt service expenditures by $3.8 million.

EXHIBIT A

KING COUNTY HOUSING AUTHORITY
2020 Midyear Budget Forecast (in thousands of dollars)
(Excludes non-KCHA-managed component units)

	2020 Adopted Budget	TOTAL Forecasted Changes	2020 Revised Projection	
Beginning Balance, All Cash Reserves	**$191,082.2**		**$191,082.2**	(1)
Revenues				
Tenant Revenue	$127,651.0	$(3,500.0)	$124,151.0	
Operating Fund Subsidy from HUD	10,379.0	$2,487.8	12,866.8	
Section 8 Subsidy from HUD	177,800.3	$9,090.3	186,890.6	
Other Operating Revenue	74,231.5	$2,432.8	76,664.3	
Total Operating Revenues	390,061.8	10,510.8	400,572.6	
Expenses				
Salaries & Benefits	(54,690.6)	.0	(54,690.6)	
Routine Maintenance, Utilities, Taxes & Insurance	(30,771.3)	.0	(30,771.3)	
Other Social Service Support Expenses & HAP	(206,609.8)	(2,444.3)	(209,054.1)	
Administrative Support Expenses	(24,498.1)	(500.0)	(24,998.1)	
Total Operating Expenses	(316,569.8)	(2,944.3)	*(319,514.1)*	
Operating Net Income	73,492.0	7,566.5	81,058.5	
Non-operating Revenue	24,957.6	(1,823.5)	23,134.0	
Non-operating Expenses	(39,428.9)	3,634.5	(35,794.3)	
Net Income	59,020.7	9,377.5	68,398.2	
Other Sources/(Uses) of Cash				
Capital Projects and Acquisitions	(107,698.9)	5,827.3	(101,871.6)	
Changes in Receivables	(81,938.2)	(1,000.0)	(82,938.2)	
Changes in Debt	123,957.9	166.9	124,124.8	
Changes in Other Liabilities	8,049.3	.0	8,049.3	
Total Other Sources/(Uses) of Cash	(57,629.8)	4,994.1	(52,635.7)	
Transfer In from (Out to) Other Funds				
Transfers In from Other Funds	63,676.8	.0	63,676.8	
Transfers Out to Other Funds	(63,749.0)	72.2	(63,676.8)	(2)
Net Transfer In/(Out)	(72.2)	72.2	.0	
Net Change in Cash	1,318.6	14,443.9	15,762.5	
Ending Balance, All Cash Reserves	***$192,400.8***	***$14,443.9***	***$206,844.7***	(3)

1) Beginning cash balance reflects actual agency cash balances at the beginning of the year
2) Technical correction
3) Excludes $22.6 million in undrawn Capital Program Fund grants

CHANGES TO STAFFING

The financial effects of midyear personnel changes have not been quantified and are not included in the fiscal forecast due to materiality. However, the proposed personnel changes are presented here to provide clarity regarding agency staffing needs.

- KCHA will be adding an executive-level position responsible for overseeing programs related to racial equity, diversity, and inclusion. Initial discussions have focused on scope of work and level of responsibility.
- Administrative Services is adding a long-term temporary Wellness Officer in the Risk Management group. Initially, this position will focus almost exclusively on KCHA's response to the Coronavirus in the area of staff physical and mental well-being.
- The Property Management department is adding a new Regional Manager position to support the addition of a fourth region. Approximately 15 years ago, KCHA consolidated five regions into three, with the North and Northeast regions and the South and Southeast regions being consolidated. Since then, the Housing Management portfolio has grown in both size and complexity. In addition, staff have experienced significant challenges managing the large geographic footprints and increased traffic levels through the region. The Northeast region will now be split into the Northeast and Northwest regions. The addition of the fourth region will allow for a more balanced workload across all portfolios, and will significantly add to the managerial capacity of the department.
- Resident Services added a ROSS-grant funded Resident Service Coordinator.
- The Housing Choice Vouchers department is adding a full-time Housing Specialist to assist with the workload from the 385 additional special purpose vouchers detailed above. Many of these new vouchers, such as those serving homeless veterans and non-elderly disabled persons, require significant staff time to successfully serve these hard-to-house populations.

See the table on the next page for authorized staffing and midyear changes by department.

EXHIBIT B

KING COUNTY HOUSING AUTHORITY
2020 Midyear Staffing

	2020 Authorized FTEs	Midyear Changes	Adjusted Authorized FTEs	
Office of the Executive Director				
Office of the Executive Director	5.00	1.00	6.00	(a)
Social Impact	13.30	-	13.30	
Homeless Housing	5.00	-	5.00	
Communication	2.00	-	2.00	
Development Department				
Development	2.50	-	2.50	
Greenbridge	6.00	-	6.00	
Administrative Services				
Admin Services	6.00	1.00	7.00	(b)
Finance	27.50	-	27.50	
Human Resources	9.00	-	9.00	
Information Technology	17.00	-	17.00	
Housing Management				
Property Management	175.30	1.00	176.30	(c)
Resident Services	34.60	1.00	35.60	(d)
Housing Choice Vouchers	82.50	1.00	83.50	(e)
Asset Management	24.00	-	24.00	
Construction	18.00	-	18.00	
Weatherization	12.00	-	12.00	
TOTAL	**439.70**	**5.00**	**444.70**	

a) New position focusing on racial equity, diversity and inclusion; final reporting structure has not been determined
b) Long-term temporary Wellness officer in Risk Management group
c) Additional Regional Manager
d) Previously-approved ROSS Grant-funded Resident Services Coordinator
e) Addtional Housing Specialist in HCV department to support increased workload from new incremental vouchers

EXHIBIT C

Projected Changes in Capital Expenditures

Property	Department	Type of Change	Type of Project	Amount
New Projects Added				
Birch Creek	Capital Construction	New project	Painting & other projects	$588,794
Casa Juanita	Capital Construction	New project	Waste lines	322,766
Evergreen Court	Capital Construction	New project	Site improvements	385,169
Hidden Village	Capital Construction	New project	Roof	419,595
Houghton	Capital Construction	New project	Rehabilitation	317,014
Less: Projects Delayed/Changed Due to COVID-19				
Rainier View Mobile Home Pai	Asset Management	Delayed to 2021	Expand capacity of park	(1,433,750)
17 properties	Asset Management	Delayed to 2021	Asphalt	(1,090,000)
Meadowbrook	Asset Management	Delayed to 2021	Elevator rehabilitation	(600,000)
4 properties	Asset Management	Delayed to 2021	HVAC	(350,000)
Bellepark East	Asset Management	Delayed to 2021	Building envelope	(160,000)
Woodside East, Cottonwood	Asset Management	Delayed to 2021	Windows	(140,000)
Auburn Square	Asset Management	Delayed to 2021	Stairs	(100,000)
Windsor Heights	Asset Management	Delayed to 2021	Sewer Line	(100,000)
Riverstone	Asset Management	Delayed to 2021	Pool	(30,000)
Avondale Manor	Capital Construction	Delayed to 2021	Building envelope	(1,046,500)
Casa Madrona	Capital Construction	Delayed to 2021	Waste lines	(701,838)
Kirkland Place	Capital Construction	Delayed to 2021	Building envelope	(301,438)
Wayland Arms	Capital Construction	Delayed to 2021	Electrical panels	(444,763)
Westminster	Capital Construction	Delayed to 2021	Waste lines	(179,950)
Westminster	Capital Construction	Delayed to 2021	Fire sprinklers and alarm	(225,000)
Yardley Arms	Capital Construction	Delayed to 2021	Waste lines	(481,163)
Avondale Manor	Capital Construction	Scope reduction	Site drainage	(377,651)
Munro Manor	Capital Construction	Scope reduction	Waste lines	(98,566)
		Net Reduction in Expected Capital Expenditures		($5,827,281)

TAB NUMBER 7

To: Board of Commissioners

From: David Forte, Program Manager, Measurement, Learning & Evaluation
Tyler Shannon, Research & Data Analyst

Date: July 20, 2020

Re: **2020 Housing Choice Voucher Waitlist Assessment**

Background

In February 2020, KCHA opened its Housing Choice Voucher (HCV) waitlist to the public. The waitlist was last opened in 2017. KCHA made a deliberate, cross-agency effort in 2020 to enhance our community outreach in order to ensure we effectively reach and encourage our target populations in King County, including those disproportionally experiencing homelessness, to complete the HCV application process.

This memo highlights key findings from the analysis of the 2020 waitlist, the process improvements KCHA made, and key lessons learned from the project. We look forward to discussing these findings and their implications at the July 20th Board Meeting.

Key Findings from 2020

- *KCHA expanded and intensified its community outreach and training efforts.* A grassroots outreach campaign was a necessary and effective way to build awareness for the HCV waitlist opening. Nearly 220 community partners were contacted for the 2020 HCV waitlist opening, and 8 trainings were offered to over 120 individuals on how to assist potential applicants. To establish an engaged network of community organizations that can be mobilized, however, requires a substantial time investment to both build and maintain. By keeping these community partners regularly informed and engaged will help facilitate future calls to action.

- *A new application software was used to improve the user experience.* KCHA uses its MTW flexibility to adopt unique family definitions and local preferences (both eligibility criteria for waitlist applicants). Many software solutions developed for housing waitlists do not include the necessary questions or application design flexibility KCHA desires. Another drawback, the user interface in out-of-the box software is often hard for users to understand. For this reason, a custom application (e.g. a tailored online form developed with the KCHA applicant in-mind) would be ideal. Unfortunately, a custom application could pose other problems, like being incompatible with our internal database. For this reason, we selected an application already integrated our database but limited customizability. This trade-off resulted in an overall improved user experience, but substantially longer application than the project team desired.

- *New online communication channels were used to drive information sharing and engagement.* As in prior waitlist openings, KCHA used its webpage as a repository for information about the waitlist initiative. Having this centralized page to point traffic towards proved again to be extremely valuable. With nearly 100,000 page views in 2020, KCHA learned new information about visits to this page: 1) web traffic was up substantially from years past. 2) mobile devices were the predominant way the webpage was accessed, and 3) translated materials were minimally accessed – 98% of visitors used English language versions. In addition, a new communications channel was integrated in 2020: Facebook. Within weeks of launching the page, KCHA logged nearly 5,000 followers and activity on the page remains high today. Social media channels like Facebook are clearly a powerful way to amplify our message and reach a broader audience. It also establishes an authentic communications forum where KCHA can engage the community by addressing questions and contributing to conversations about our programs and policies.

- *KCHA had more applicants to the waitlist in 2020 than in 2017.* KCHA received over 24,000 applicants to its 2020 waitlist. However, 4,300 non-elderly, non-disabled, adults without children were removed from the list due to not meeting KCHA's prioritization criteria. In the 2017 waitlist application, this type of applicant was automatically screened out. After removing the non-prioritized individuals, there were 20,321 applicants to the 2020 waitlist (a 1,300 household increase from 2017).

- *Due to the addition of the "other" category to the 2020 waitlist application, the racial composition of the 2020 and 2017 waitlists are difficult to compare.* The racial composition of 2020 applicants are as follows: White (38%). Black/African American (34%), Asian (9%), Other (a new category in 2020, 7%), Multi-racial (6%), Native Hawaiian/Other Pacific Islander (~3%), and American Indian/Alaskan Native (~2%). Nine percent of households identified as having Hispanic ethnicity. When comparing the racial demographics of waitlist applicants to King County's low income population (per census data) and homeless system (per All Home data), Black/African American households appear to be overrepresented in the waitlist. We attribute this trend to historic and continued systemic racism, resulting in the exclusion of Black households from other housing options. Applications from Native American / Alaska Native households remained low, particularly as compared to the elevated rates at which these communities experience homelessness.[1]

- *Waitlist applicants are very low income.* The vast majority of households (87%) were extremely low income (<30% of Area Median Income, AMI). For a family of four, 30% of AMI is $35,820 annually. A quarter of all applicants had virtually zero income (below 5% of AMI), with almost 3,400 applicants reporting no income at all.

- *Elderly applicants are increasing.* More elderly households[2] have applied to the waitlist each of the last three openings, with the number almost doubling from 2015 to 2020. The number of elderly households totaled 2,278, 2,881, and 4,443 in 2015, 2017, and 2020, respectively. We believe this increase can be attributed to an aging general population and the nature of this population's income. Elderly households are more likely to have fixed incomes (e.g. Supplemental Security Income), which when combined with increasing rental prices makes housing more difficult to afford. Compounding the issue, a recent report found an estimated loss of 112,000 affordable housing units over the past ten years in King County.[3]

- *Waitlist applicants experiencing homeless declined.* The proportion of applicants that indicated experiencing homelessness declined from 59% in 2017 to 39% in 2020. We believe this decline may be attributed to two factors: application design differences and an influx of special purpose vouchers in the community. First, the survey design in 2017 positioned the question to determine homelessness at the front of the application (in 2020 it was at the end where it could more easily be overlooked). Also in 2017, if KCHA eligibility criteria was not met (where experiencing homelessness is one of several factors), the system forced ineligible households to end the application (this was not the case in 2020). Therefore, if an applicant mistakenly selected "no" to this question in 2020 and that answer ultimately affected their eligibility, the applicant was not prompted by the system and would not have the opportunity to resubmit a corrected application. Second, since 2017, more than 1,000 new special purpose vouchers targeted to homeless households were injected into the community serving households that would otherwise likely apply for the HCV waitlist.

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1 The 2020 All Home Count Us In report found that 15% of the population experiencing homelessness in the County identified as Native American / Alaska Native, whereas this same population comprises 2% of the HCV waitlist.
2 Where one or more household members are age 62 or older.
3 Why does prosperous King County have a homelessness crisis? McKinsey & Company. January 2020.

2020 HCV Waitlist Assessment

An overview of the 2020 HCV Waitlist effort and an analysis of applicant characteristics with comparisons to prior waitlist openings.

Prepared by the Division of Research and Evaluation for the July 2020 Board of Commissioners meeting.

July 2020

King County Housing Authority
We transform lives through housing

The **significance** of the waitlist

Large community need

The demand for housing choice vouchers is vast – with roughly 20,000 household applying for only 2,500 waitlist slots.

The gateway to a subsidy

The waitlist is the primary gateway through which vital KCHA housing resources are distributed in our community. The process must seek equity in its application process as the waitlist dictates who KCHA serves for years to come.

First impression

The waitlist opening is perhaps the first interaction a potential client has with KCHA. The experience should be an accessible one where potential clients feel respected, empowered, and clearly understand KCHA's waitlist processes.

Our approach in 2020

Cross-agency collaboration

The team assembled to staff this initiative was intentionally selected to ensure a diverse array of skills, expertise, and perspective. Nearly every KCHA department was represented and it remains one of the largest internal collaborative efforts to date.

Intentional racial equity focus

A guiding principle of the work was rooted in racial equity with the goal of increasing applications from traditionally underrepresented communities.

Continuous improvement

As this project is unique in its level of cross-agency collaboration, it presented an important learning opportunity for future efforts of this kind.

Amazing customer service

KCHA strives to provide an “amazing customer experience” to those it serves. The applicant experience was central in all aspects of the project.

Analytic presentation outline

- Waitlist eligibility requirements
- Total applicants
- Household type trends
- Presence of children
- Income
- Race
- Applicants experiencing homelessness

Waitlist eligibility criteria

Who makes it onto the waitlist?

Both the family definition and local preference criteria must be met.

❶ Family definition

- Household is low income (<80% AMI),
- Head of household is 18 or an emancipated minor, **AND**
- At lease one member is either elderly, disabled, or under 18

❷ Local preference

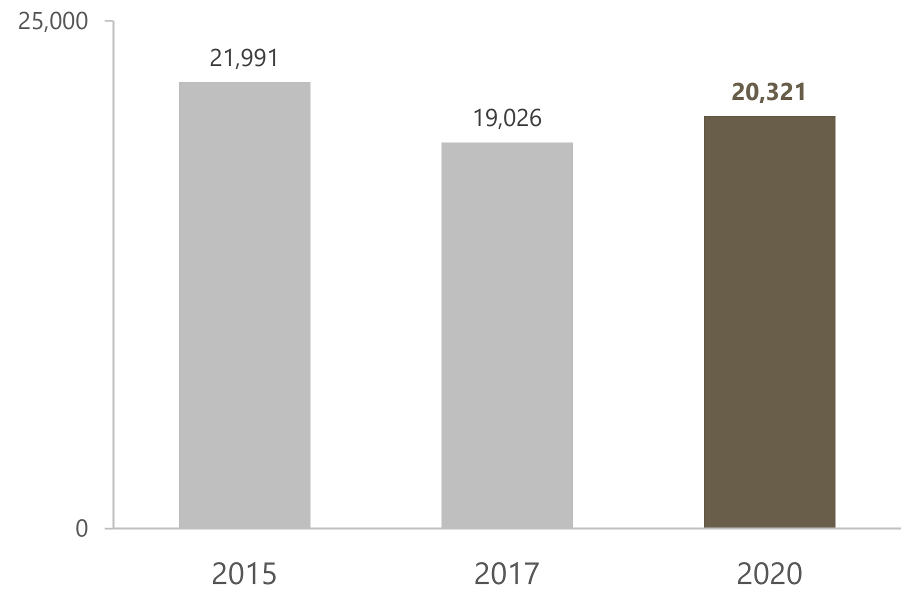
Household is:

- Extremely low income (<30% AMI),
- Involuntarily displaced,
- Homelessness or living in substandard housing, **OR**
- Severely rent burdened (>50%)

Total applications

Applications increased from 2017

1,295 more applications were received in 2020 than 2017 (a 7% increase).

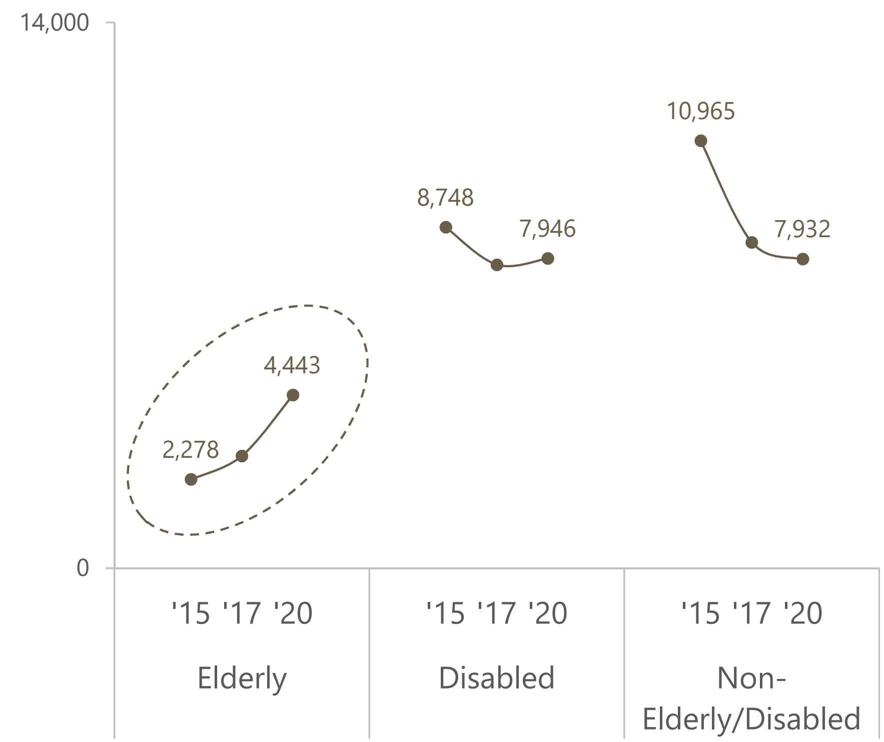


Interpretation
Typically, KCHA receives around 20,000 eligible household applicants when it opens its waitlist. In 2020, KCHA received an additional 4,300 applicants that would otherwise be eligible, except they did not fully meet KCHA's Family definition.

Household type trends

Elderly applicants are increasing

Elderly households increased 54% between 2017 and 2020, while non-elderly/disabled households continued to decline.



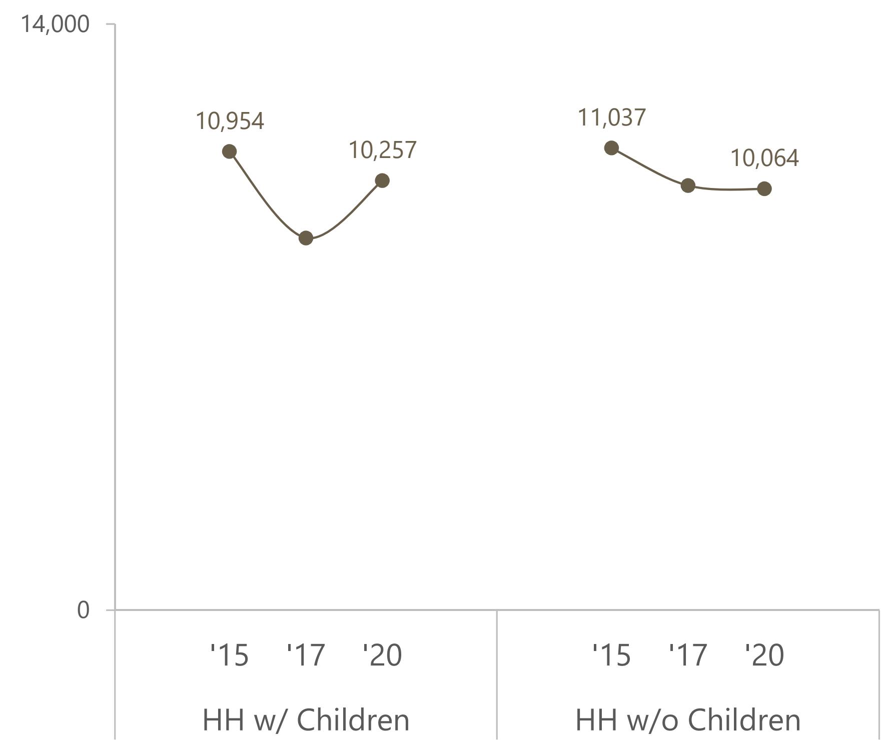
Interpretation – Why is elderly increasing?
The general population is aging – a trend that is reflected in our Resident Characteristics Analysis as well. Also, elderly households are more likely to have fixed incomes, which when combined with increasing rental prices makes housing more difficult to afford.

Presence of children

Half of applicants have children

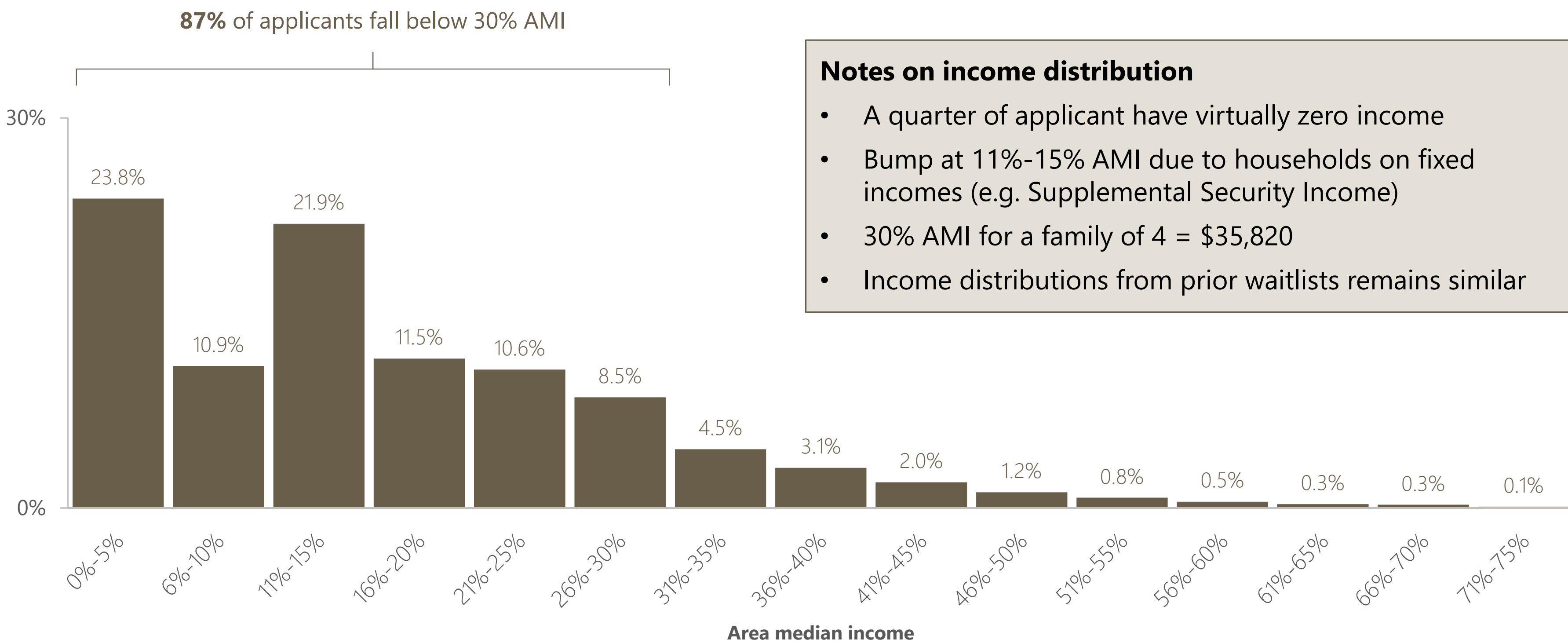
A persisting trend – Roughly half of applicants have children in their household.

Households with children represented 50%, 47%, and 50% of applicants in 2015, 2017, and 2020, respectively.



Income

Distribution of 2020 applicant incomes

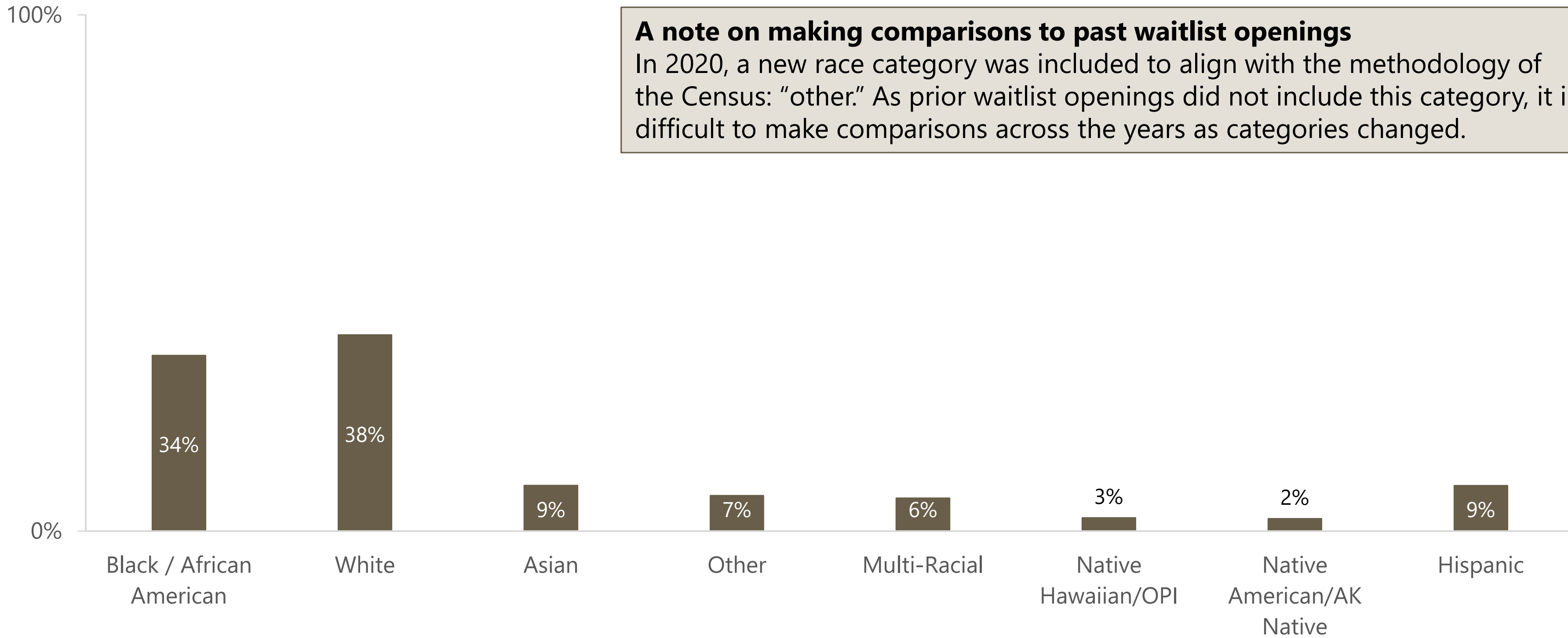


Notes on income distribution

- A quarter of applicant have virtually zero income
- Bump at 11%-15% AMI due to households on fixed incomes (e.g. Supplemental Security Income)
- 30% AMI for a family of 4 = $35,820
- Income distributions from prior waitlists remains similar

Race & ethnicity

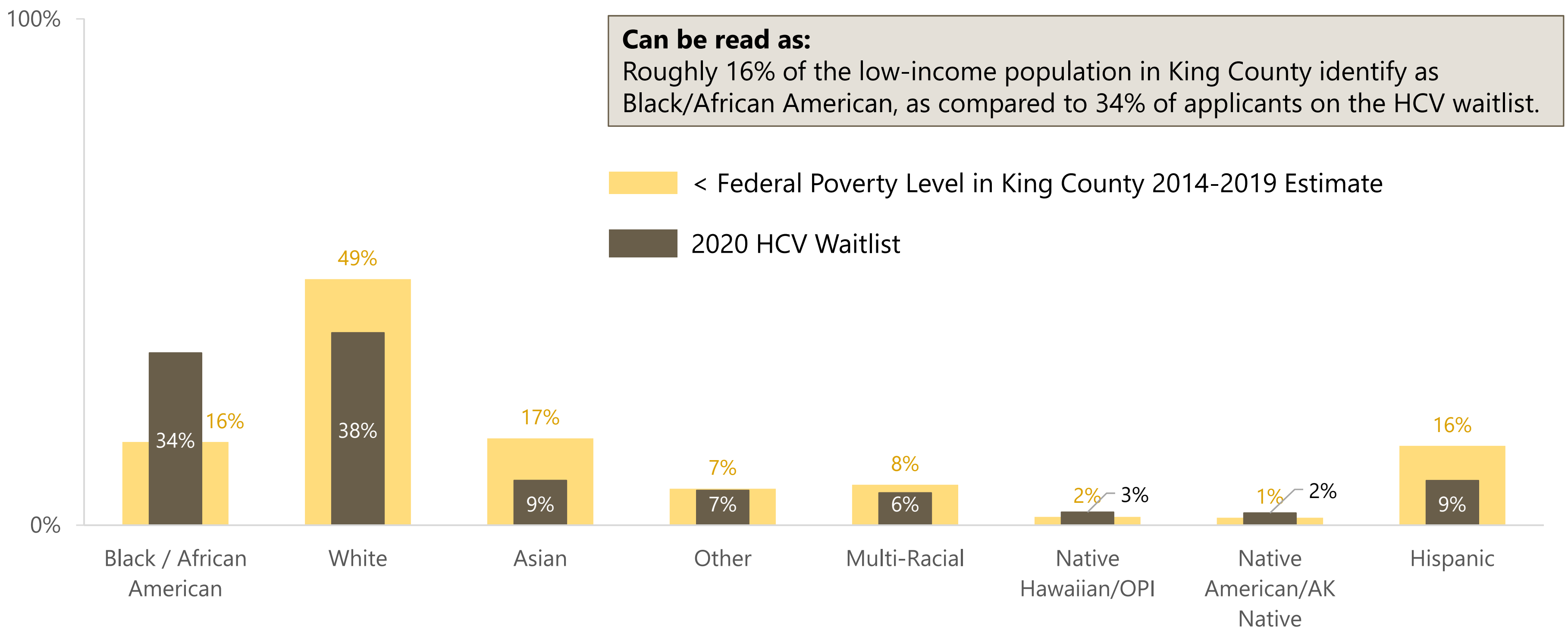
Racial/ethnic composition, 2020



A note on making comparisons to past waitlist openings
In 2020, a new race category was included to align with the methodology of the Census: "other." As prior waitlist openings did not include this category, it is difficult to make comparisons across the years as categories changed.

Race & ethnicity

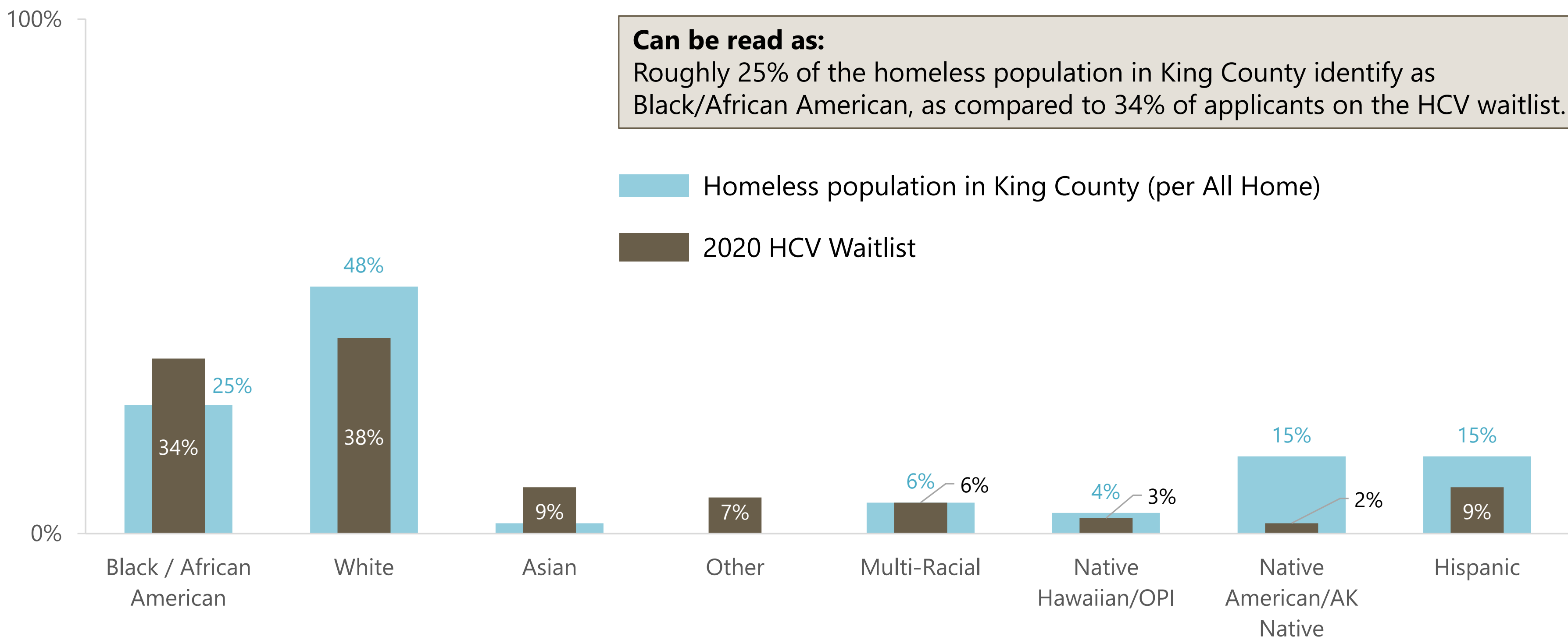
Race comparison: Federal poverty level



Race & ethnicity

Race comparison: Homeless system

Can be read as:
Roughly 25% of the homeless population in King County identify as Black/African American, as compared to 34% of applicants on the HCV waitlist.



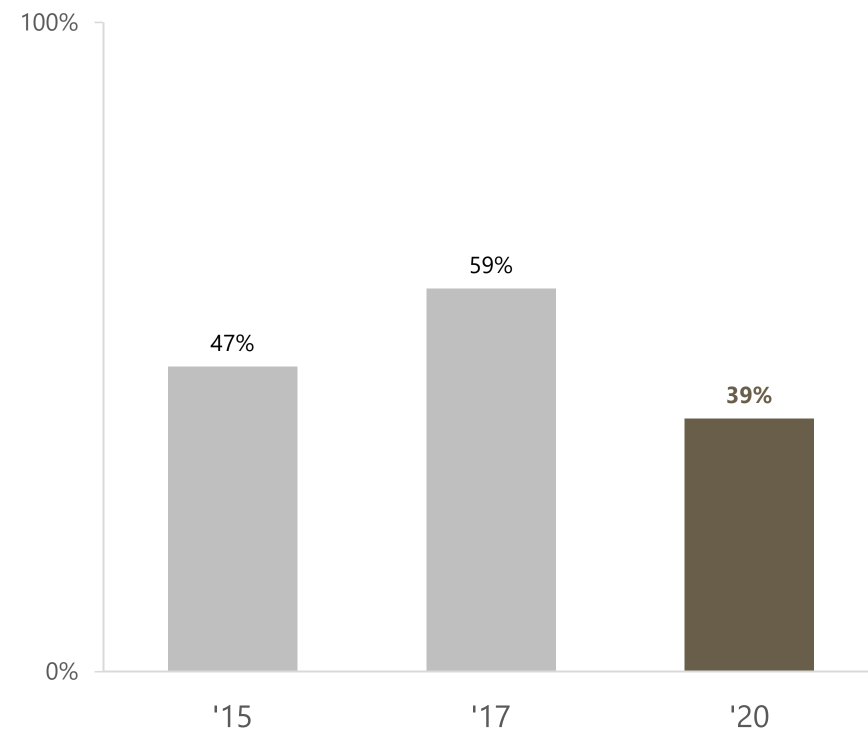
Applicants experiencing homelessness

Decrease in % of homeless applicants

The proportion of households experiencing homelessness decreased in 2020 from 59% to 39%.

Factors likely contributing to the decline

- *Application design*. In 2017, the question to determine homelessness was positioned at the front of the application and was a factor in the automated eligibility calculation which would force ineligible households to end the application. In 2020, this question was positioned at the end and the application did not prompt applicants if they did not meet local preference eligibility, where experiencing homelessness, among other criteria, is a factor.
- *Influx of special purpose vouchers*. Since 2017, more than 1,000 new vouchers for homeless households were injected into the community serving households that would otherwise likely apply for the HCV waitlist.



Next steps

Maintain outreach and **build community partnerships**

Develop a **customized online application**

Ensure **longer planning timeline**

Build a more robust **HCV technical assistance team**

Incorporate **social media** more

TAB NUMBER 8

King County Housing Authority

To: Board of Commissioners

From: Craig Violante, Director of Finance

Date: July 1, 2020

Re: **New Bank Accounts**

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

Abbell LLLP

- Abbell LLLP – Replacement Reserve

Bank: Bank of America

Woodland North LLLP

- Woodland North LLLP – Replacement Reserve

Bank: Bank of America

Purpose:

The Authority has opened two full business checking accounts with Bank of America that will be used to hold replacement reserves for the Abbell LLLP and Woodland North LLLP tax credit partnerships. Transactions will include and be limited to deposits from and transfers to the operating account. Agency practice is to hold replacement reserves of third-party managed properties in a separate bank account.

TAB NUMBER 9

King County Housing Authority

KCHA IN THE NEWS

July 20, 2020

PSE Awards Local Organizations Funding for New Solar Installations

By **LocalTalk Contributor** 7/14/2020

Submitted by Puget Sound Energy

As the COVID-19 pandemic has impacted families throughout Washington, local organizations that have been helping them will receive support from Puget Sound Energy. PSE will grant nearly $580,000 to 10 organizations throughout its service area for new solar installations which will total 235 kW of new installed solar enough to power/or save nearly 240,000 kWh. This will help local organizations by reducing its operating costs while also helping the environment by producing green power.

The ten recipients are Anacortes Housing Authority, Community Youth Services, Family Support Center, Homes First, King County Housing Authority, Kulshan Land Trust, Lummi Nation Housing Authority, Muckleshoot Housing Authority, Lydia Place and Opportunity Council.

"We are in an unprecedented time where agencies dedicated to serving our communities and customers are more critical than ever," said PSE Director of New Product Development Will Einstein. "If we can help these agencies add solar energy to their facilities, we can support their core mission by helping to reduce their costs and provide those savings to the families they serve with renewable energy."

King County Housing Authority received $75,000 for a 35 kilowatt system which is expected to generate 35,000 kwhs, about 25 percent of its annual electric usage, and save the organization about $3,000 in electric bills each year.

"Our partnership with Puget Sound Energy solves several challenges at once: the installation of solar panels supports the expansion of cleaner energy and a healthier environment while helping to keep the housing affordable by lowering the operating costs at the property," said King County Housing Authority Resource Conservation Manager Jenna Smith. "It's also helping make the push to a clean energy future more inclusive."

In Thurston County, Homes First will generate roughly 25,000 kwhs a year, which is almost 70 percent of its annual electric load and more than $2,200 in electric savings each year.

"It has been a dream of mine since joining Homes First to solar power some of our homes," said Homes First CEO Trudy Soucoup. "Being able to provide our community with homes that are safe, healthy, and affordable for our lowest of income neighbors while also reducing energy costs and reducing our environmental footprint makes the work we do even more impactful."

She added, "I believe it is often thought that affordable rental homes that are energy efficient and environmentally friendly can't be accessible to the lowest-of-income members of our community. Providing this opportunity really makes our tenants a part of a community they thought unreachable, rather than apart from their community."

Applications for the next round of grant funding for 2020-2021 is currently open through Sept. 4, 2020. To learn more about how to apply, please visit: pse.com/greenpowergrant.

PSE continues its commitment to reducing its carbon footprint and helping our customers do the same. Enabling our community partners to install solar projects is just another way we are committing to a better energy future. For more on PSE's commitment, visit pse.com/together.

DAILY JOURNAL OF COMMERCE

Helping Business do Business Since 1893

June 18, 2020

Youth homeless shelter opens in Auburn

By JOURNAL STAFF

YMCA of Greater Seattle on Tuesday held a virtual ribbon-cutting ceremony for its Arcadia youth homeless center at 932 Auburn Way S. in Auburn.

Photo by Chris J. Roberts Photography [enlarge]

Arcadia has 15 beds of transitional housing and a 12-bed emergency shelter.

The Y says Arcadia is the first housing and shelter program in south King County that has wraparound services for youths and young adults up to 24 years old who are homeless.

The 7,900-square-foot wood-frame center was built by Abbott Construction under a $3.3 million contract. It has a 15-bed transitional home consisting of five three-bedroom apartments, a 12-bed emergency shelter, and a drop-in youth center with kitchen, laundry and showers. There also are administration offices.

Site development included demolition of an existing 1,200-square-foot structure, new parking stalls, repaving an alley, new fire access lane, site infiltration landscape and sidewalks.

This project was completed under Evergreen Sustainable Development Standards for new construction, including comprehensive documentation of all materials, methods, waste stream paths, energy compliance and commissioning methods.

Sage Architectural Alliance designed the project with landscaping using over 50% native plants and low-flow irrigation. More than 90% of hard surface water runoff is treated on site and over 96% of stormwater is retained on site. The center also has water-conserving plumbing fixtures, Energy Star appliances, LED lighting and accommodations for future rooftop solar panels.

Sage's website says, "Arcadia House responds to the changing community needs of the most vulnerable through mental health counseling, drug and alcohol treatment, licensed childcare, and shelter and support for homeless youth. The goal is to create a high-impact, sustainable organization with committed, caring staff who lift up at-risk youth and set them on a path to self-sufficiency."

Arcadia is anticipated to serve over 100 young adults in housing alone.

The project was developed by the Y and is operated by Nexus Youth and Families, a nonprofit organization that has provided youth homelessness and behavioral health services in Auburn and south King County for over 45 years. Last fall, the Y voted to acquire Nexus.

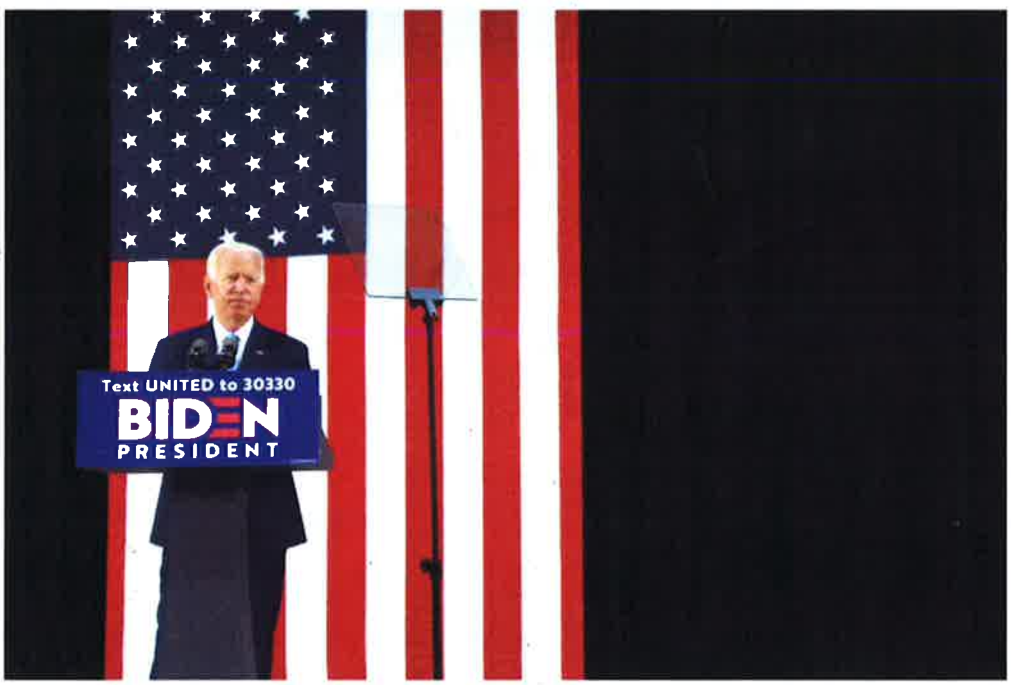
Avalon Project Management and Consulting served as the owner's representative.

Here's the rest of the project team: Swenson Say Faget (structural engineer), Coterra Engineering (civil), Tres West (MEP design and third-party review for design-build MEP subs), Geotech Consultants (geotechnical study and site conditions review), Cornell Plumbing (design-build plumbing), Smith Fire Protection (design-build fire sprinkler), Emerald Aire (design-build HVAC), Custom Electrical (design-build electrical), Meridian Security & Electrical (design-build fire alarm), Archer Construction (earthwork and underground utilities), Pacific Concrete Construction (structural concrete), Superior Structures (structure framing) and Nick's Construction (building envelope).

Joe Biden's surprisingly visionary housing plan, explained

Cut child poverty by a third, break down racial segregation, and stabilize the economy.

By Matthew Yglesias | @mattyglesias | matt@vox.com | Jul 9, 2020, 11:30am EDT



Alex Wong/Getty Images

Joe Biden has a housing policy agenda that is ambitious, technically sound, and politically feasible, and that would — if implemented — be life-changing for millions of low-income and housing-insecure households.

According to original modeling by Columbia University scholars, it could cut child poverty by a third, narrow racial opportunity gaps, and potentially drive progress on the broader middle-class affordability crisis in the largest coastal cities as well.

The plan hasn't stirred an intraparty debate or really much attention at all, which could make it politically feasible to enact.

"Biden's plan is bold, comprehensive, and will go a long way in making sure every American has a home," Mary Cunningham, the vice president for metropolitan housing and communities policy at the Urban Institute, tells me. "It's plainly obvious, in the middle of this pandemic, that home is more important than ever."

The centerpiece is simple. Take America's biggest rental assistance program — **Section 8 housing vouchers** — and make it available to every family who qualifies. The current funding structure leaves out around 11 million people, simply because the pot allocated by Congress is too small. Then pair it with regulatory changes to help the housing market work better for more people. It's the general consensus approach among top Democratic Party politicians and left-of-center policy wonks.

At the time when most **presidential candidates were rolling out their housing plans**, Biden didn't have one, dropping his instead right before the South Carolina primary when it was swiftly overshadowed by the dramatic shift in the campaign and then the Covid-19 pandemic. But precisely because the plan has not provoked much infighting and because key provisions would be eligible for **budget reconciliation** treatment, which would require a majority vote in the Senate instead of a supermajority, it's the kind of thing that really might happen in 2021 if Biden won.

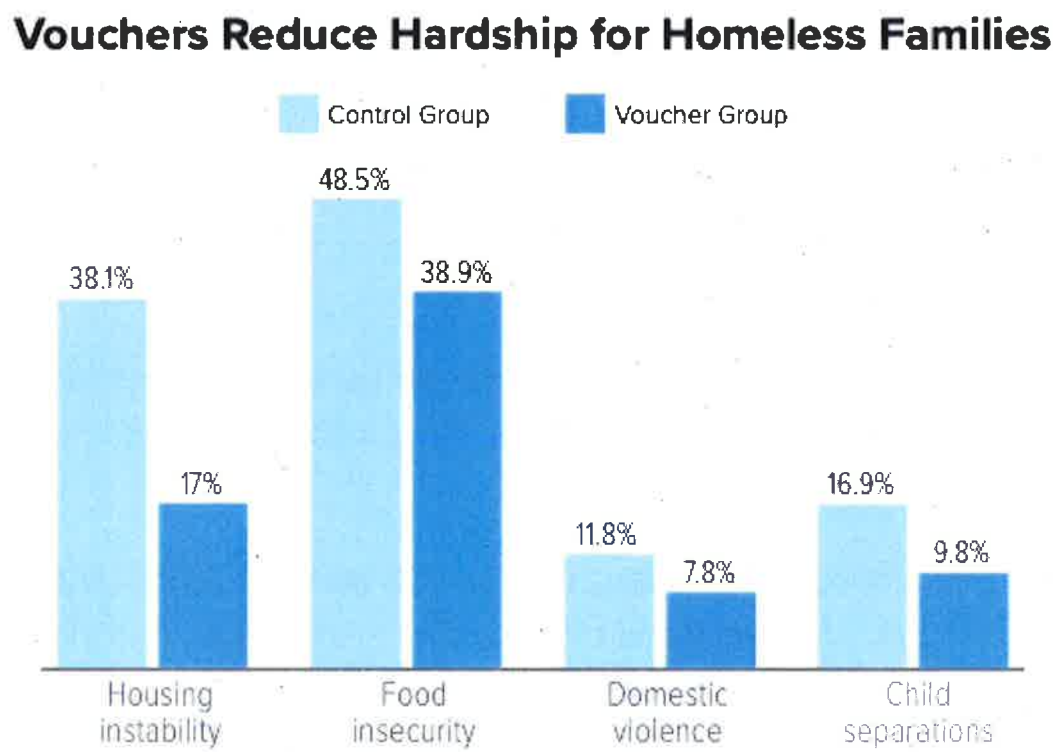
Universal housing vouchers, explained

Federal housing assistance is something of a patchwork of different programs that includes the Section 8 voucher system, which arose in the mid-1970s when the Nixon and Ford administrations introduced it to incorporate market-oriented reforms into the welfare state. The way it works is that instead of the federal government spending money to build housing that is then rented at a discount to low-income people, the government gives low-income people vouchers that landlords can redeem for money and lets them rent whatever kind of house someone will rent to them. Since the voucher program, when created, became Section 8 of the US Housing Act of 1937, the vouchers have come to be known as Section 8 vouchers.

The **Center on Budget and Policy Priorities estimates** that more than 5 million people receive help from the program.

It has various flaws, including, most notably, the **widespread discrimination against voucher tenants** that Stephanie Wykstra has written about for Vox. Another huge flaw is that that, unlike Medicaid or SNAP — which, at least in theory, provide benefits to everyone who meets the eligibility criteria — Section 8 is capped in the amount of money available to it by the whims of Congress. As it stands, about three-quarters of eligible people don't get the help because there simply isn't enough money in the pot, which is a huge missed opportunity to improve the lives of millions of Americans.

CBPP data shows that receipt of housing vouchers leads to a decline in children experiencing separation from their parents, a decline in domestic violence, a decline in food insecurity, and, most of all, a *steep* decline in housing instability.



Center on Budget and Policy Priorities

The idea of funding the program at the full level to meet family needs has existed for decades. But multiple DC-based housing policy wonks tell me it was Princeton sociologist Matthew Desmond's Pulitzer Prize-winning book about housing instability in Milwaukee, ***Evicted: Poverty and Profit in the American City***, that helped put it on more people's radars.

It's a heartbreaking book, and the epilogue speaks about vouchers in a way that stretches beyond the arcana of federal budge policy: "A universal housing voucher program would carve a middle path between the landlord's desire to make a living and the tenant's desire, simply, to live."

Stephanie Collyer and Chris Wimer of Columbia University's Center on Poverty and Social Policy helped me quantify the impact more precisely with a mathematical model. Looking at detailed data from the 2019 Annual Social and Economic Supplement to the Current Population Survey, they identified currently eligible households that are not receiving assistance. They then modeled the impact of getting assistance on household budgets. One nuance here is that the official poverty measure somewhat perversely fails to count the receipt of rental assistance as a form of income, thus saying that unassisted families are by definition no poorer than assisted families. But the census *also* publishes a supplemental poverty measure that corrects for this and other flaws.

They find that the properly measured poverty rate falls by 22 percent under this proposal, while child poverty falls by 34 percent. Not bad for a policy that would cost just a fraction of Trump's tax cuts.

Moving to Opportunity

One nuance is that the underfunding of the program mitigates the landlord discrimination problem somewhat, because under the current system, if one family can't use a voucher, that frees up money for someone else.

Will Fischer, the senior director for housing policy and research at CBPP, cautions that in the real world, "we can't flip a switch and get a voucher to everyone who's eligible overnight." He says it's a critical goal, but to achieve it takes not only money for vouchers but also investments. "At the same time we're expanding the voucher program, we should be building our capacity to help families with vouchers rent in a wide range of neighborhoods, and we should be taking steps to increase the supply of housing, especially in the tightest markets."

One model is a Seattle program **Dylan Matthews profiled for Vox last year** that involved a partnership between the city housing authority and the housing authority for the surrounding suburbs in King County. The idea was to give families a bit of extra money as well as hire navigators who would help families understand the value of relocating to "high opportunity" neighborhoods, away from concentrated poverty and blight.

Raj Chetty, an economist with the **Opportunity Insights** team that helped evaluate the project, called it "the largest effect I've ever seen in a social science intervention."

Seattle's initiative is a fantastic role model but will be difficult to bring to anything resembling mass scale.

"It isn't just about increased financial subsidy," Jenny Schuetz a housing economist with the Brookings Metropolitan Program, tells me. "It also requires high-capacity local government/nonprofit partners," which simply don't exist everywhere. But the federal initiative that could at least make it possible would involve expanding the use of what the Department of Housing and Urban Development calls "small-area fair market rents" — basically ensuring that subsidies can be pegged to the cost of renting a house in a nicer neighborhood, not just a pocket of concentrated poverty.

The Biden plan is a little short on these kinds of implementation details, which is the one area where experts see scope for improvement. What he does do is try to tackle the *other* side of America's housing affordability problem, which is that even people who *aren't* low-income increasingly struggle to find a place to live in metro areas in the Northeast and West Coast where there simply aren't enough houses to go around.

A carrot for more housing

The basic problem is exclusionary zoning. When land is expensive and demand for housing is high, the natural market response would be to build denser structures — townhouses or mid-rise apartments or even big towers — so as to spread the land cost across more households. The origins of these zoning rules were intimately connected to **now-forgotten segregation battles in the first half of the 20th century**, when the Supreme Court rules essentially that cities couldn't formally exclude Black people from certain neighborhoods but they could try to exclude all low-income people and count on economics to do the rest.

Later, **redlining policies excluded Black neighborhoods** from much New Deal housing assistance, depriving Black families of wealth-building opportunities and creating pockets of poverty and exclusion that persist today.

Handing out money to those in need helps the problem on one side, but breaking down the zoning barriers on the other is important as well. Biden picks up a proposal from Sen. Cory Booker and Rep. James Clyburn to require localities that benefit from Community

Development Block Grants or Surface Transportation Block Grants to develop plans to change zoning rules that block development of more housing types.

While expanding vouchers is a straightforward liberal pitch, changing exclusionary zoning involves more complicated politics. Many of the most exclusionary places in America are affluent inner-ring suburbs of big coastal cities — places that these days send Democrats to Congress, but that presumably don't want to be made to change their zoning rules. The potential good news is that, conceptually at least, liberalizing regulation is something Republicans might support.

Emily Hamilton, an urban policy scholar at the libertarian Mercatus institute, does caution that "the surface transportation part would lose a lot of free market people" because it smacks of federal coercion to some degree, but adds she thinks it's justified "given that the federal government has done so much to encourage exclusionary zoning through transportation spending and otherwise."

Her colleague Salim Furth adds the additional caution that "nobody should trust HUD to evaluate zoning changes" because it's too easy to make a show of reducing exclusion while retaining its substance. He thinks incentive plans should be pegged squarely to outcomes rather than input changes, something that's compatible with the text of the Booker/Clyburn proposal but would have to be refined at the implementation phase. But even without nailing down all the details, one shouldn't neglect the transformative potential of Biden's core idea, especially given the current crisis.

America is on the edge of housing crisis

As **Jen Kirby details for Vox**, America is on the verge of a housing crisis as emergency eviction moratoriums expire even while the Covid-19 pandemic continues to rage.

Additional extension of emergency measures would help. But fundamentally, the United States can't really build a housing system around the assumption that landlords will allow tenants to live indefinitely without paying their rent. And from a tenant perspective, while not being evicted is much better than being evicted, a moratorium simply leaves unpaid debts to pile up and creates problems in the future.

When precarious renters need in the short term is actual financial help that would let them make rent. And what the country needs is a more robust housing safety net of the kind that would be created by turning Section 8 into a universal program. Under the status quo, capacity to help people with the rent doesn't expand along with need. Under universal vouchers it would — household economic pain would be cushioned by automatic expansion of funding, and the economy as a whole would be stabilized by spending ramping up when needed.

To an extent, the entire housing topic has fallen by the wayside amid a very crowded news agenda. But as a tool for stabilizing a pandemic-ravaged economy *and* I for breaking down entrenched forms of housing segregation, it's hard to beat an expanded and improved housing voucher program.