



**MEETING OF THE  
BOARD OF COMMISSIONERS  
VIRTUAL MEETING**

**Monday, November 15, 2021**

**Zoom Meeting:**

**<https://zoom.us/j/91909076400?pwd=VVYwakVsTXo1ei9GdzltREpXV28xdz09>**

**PASSCODE: 659945**

**Meeting ID: 919 0907 6400**

Dial by your location  
1 253 215 8782 US (Tacoma)

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



# MEETING OF THE BOARD OF COMMISSIONERS

## AGENDA

Monday, November 15, 2021 at 8:30 a.m.

### VIRTUAL MEETING

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

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- I. **Call to Order**
- II. **Roll Call**
- III. **Public Comment**
- IV. **Approval of Minutes** **1**
  - A. Board Meeting Minutes – October 11, 2021
- V. **Approval of Agenda**
- VI. **Consent Agenda**
  - A. Voucher Certification Reports for September 2021 **2**
  - B. **Resolution No. 5702** – Resolution authorizing the extension and modification of the Authority’s Revolving Line of Credit Revenue Note, 2015 (Tax-Exempt) and Revolving Line of Credit Revenue Note, 2015 (Taxable) and determining related matters. **3**
- VII. **Resolution for Discussion and Possible Action**
  - A. **Resolution No. 5703** – Resolution providing for the issuance of revenue and refunding revenue bonds of the Authority in the aggregate principal amount not to exceed \$95,000,000.00 for purposes which may include refunding certain outstanding obligations and financing the acquisition of one or more housing projects of the Authority, and determining related matters. **4**
  - B. **Resolution No. 5704** – Resolution authorizing the issuance of a tax-exempt refunding revenue note in the principal amount of not to exceed \$35,600,000.00 for the purpose of refunding an outstanding 2015 note which refinanced three existing multifamily housing projects, and determining related matters. **5**

<b>C. Resolution No. 5705</b> – Resolution Authorizing Acquisition of the Village Plaza Apartments in Kirkland, WA.	<b>6</b>
<b>D. Resolution No. 5706</b> – Resolution Authorizing Acquisition of the Newport Apartments in Des Moines, WA.	<b>7</b>
<b>VIII. Briefings &amp; Reports</b>	
A. Third Quarter CY 21 Write-Off Report	<b>8</b>
B. Third Quarter CY 21 Procurement Report	<b>9</b>
<b>IX. Study Session</b>	
A. 2022 Budget Briefing	<b>10</b>
<b>X. Executive Director Report</b>	
<b>XI. KCHA in the News</b>	<b>11</b>
<b>XII. Commissioner Comments</b>	
<b>XIII. Adjournment</b>	

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

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

**Monday, October 11, 2021**

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**I. CALL TO ORDER**

The special meeting of the King County Housing Authority Board of Commissioners was held virtually on Monday, October 11, 2021. There being a quorum, the virtual meeting was called to order by Chair Barnes at 8:32 a.m.

**II. ROLL CALL**

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

**III. PUBLIC COMMENT**

Ms. Jonell Grace submitted Public Comment. This will be distributed to the Board of Commissioners for review.

**IV. APPROVAL OF MINUTES**

A. Board Meeting Minutes – September 20, 2021

On motion by Commissioner Susan Palmer, and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the September 20, 2021 Meeting Minutes with the change of Commissioner TerryLynn Stewart attended via Zoom.

**V. APPROVAL OF AGENDA**

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Susan Palmer, the Board unanimously approved the October 11, 2021 virtual Board of Commissioners' meeting agenda.

**VI. CONSENT AGENDA**

A. Voucher Certification Report for July 2021

On motion by Commissioner Susan Palmer, and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the October 11, 2021 virtual Board of Commissioners' meeting consent agenda.

## **VII. RESOLUTION FOR DISCUSSION AND POSSIBLE ACTION**

### **A. Resolution No. 5700** – Approving KCHA’s Moving to Work Annual Plan for Fiscal Year 2022.

Andrew Calkins, Manager of Policy & Legislative Affairs and Nikki Parrott, Director of Capital Construction and Weatherization, gave an overview of final plan changes a summary the entire plan.

The 2022 plan is similar to what is found 2021 plan. In the short term, the plan focuses on insuring residents have the support they need for the remainder of the pandemic. The policy flexibility is in place to be nimble in our response and help us to return to normal operations in the near future all while continuing to focus on expanding the supply of affordable housing across King County.

There was a discussion about the public process and associated comments

- Advertising the plan’s availability
- Holding a Virtual Public Hearing
- Presenting the plan to the Resident Advisory Committee (RAC)

Safety Protocols for construction sites were explained

The plan must be submitted to HUD by the end of the week.

Questions of Commissioners were answered.

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Susan Palmer, the Board unanimously approved Resolution 5700.

### **B. Resolution No. 5701** – Authorizing a Change in the Pay Schedules for Administrative Employees of 5.5% Effective November 6, 2021.

Craig Violante, Interim Deputy Executive Director of Chief Administrative Officer, explained the intricacies of the CPI Index normally used and why staff was proposing the innovative approach of awarding some of the 2022 COLA early and giving it to staff in 2021.

The resolution applies only to non-represented staff as union negotiations are ongoing.

On motion by Commissioner John Welch, and seconded by Commissioner Susan Palmer, the Board unanimously approved Resolution 5701.

## **VIII. BRIEFINGS AND REPORTS**

### **A. Community Indicators**

Annie Pennucci, Director of Impact and Evaluation, briefed the Board on the context of the Indicators.

There are three areas of focus on the dashboard:

- 1) Rent Burden-Extremely low income households consistently experience severe rent burdens, paying more than 50% of their income on rent.
- 2) Homelessness-The number of unsheltered individuals in King County remains high and is two and a half times greater than in 2007. Statewide, student homelessness dropped sharply between 2019-20 and 2020-21 (by 27%), outpacing a likely pandemic-related 4% decrease in overall student enrollment.
- 3) Racial Disparities-People of color are disproportionately represented among people experiencing poverty and homelessness.

Questions of Commissioners were answered.

## **IX. STUDY SESSION**

### **A. REDI Team**

- Scarleth Lever Ortiz, Senior Director of Equity, Diversity & Inclusion
- Ken Nsimbi, Youth Programs Coordinator
- Channie Butler, Applications Development Specialist
- Camie Whidden, Administrative Program Manager/Training Program Manager
- REDI Milestones/Board of Commissioner Goals – Progress Update
- Equity, Diversity and Inclusion Forecasted Milestones for 2021
- Championing Diversity – Shape and Educate
- Training Curriculum (Alignment to REDI)
- Courageous Spaced –Theory into Practice
- Events and Commemorations

## **X. EXECUTIVE DIRECTOR REPORT**

Executive Director Norman complimented staff on the range of projects and presentations discussed at today's Board meeting. He noted that this was the first joint presentation by the REDI Team and KCHA's new Senior Director of EDI – and he looked forward to on-going conversations with the Board on this important topic.

Director Norman also acknowledged that today is The Indigenous People's Day and noted that KCHA's Communications Department had published a statement on our website acknowledging the Coast Salish peoples, the original inhabitants of the Puget Sound region.

Executive Director Search Update – the Board received an updated executive search timeline with an estimated hiring date of mid-March.

He also called the Board's attention to a recent article in Crosscut included in the Board Book regarding an opinion piece in The Seattle Times that misrepresented KCHA's eviction record.

The Board was updated on the current status of negotiations with leadership of the Building Trades Council regarding our Collective Bargaining Agreement with represented employees.

Director Norman reported that the Authority is starting to see referrals of homeless households from the coordinated entry system under the Emergency Housing Voucher initiative. KCHA has contracted with a number of community-based organizations to provide housing navigation services in order to assure that these new voucher holders are successful in finding housing.

COVID Challenges – Director Norman noted that staff continue to perform magnificently. By the end of the third quarter 2021, KCHA had distributed 118,000 meals to our residents. Staff are also gearing up, in partnership with local fire districts, to sponsor booster clinics for seniors and other medically vulnerable residents in our senior buildings.

Currently KCHA is moving to reopen more of its public-facing operations, including re-instituting inspections and addressing routine work orders that have been deferred. A careful balance of safety precautions and essential service delivery is necessary. He noted that KCHA is having an all-staff discussion regarding vaccine mandates this week and invited Board members to attend.

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

None.

## **XII. COMMISSIONER COMMENTS**

Residents are asking about when the inspections are starting.

It was a great informational meeting today. Good sharing and serious discussions that we need to have in the future. Thank you everybody.

Today was a great meeting, seeing the annual MTW plan to come to completion to the creativity to the COLA. A deeper dive on our indicators and knowing we're having a bigger conversation down the road. The evolution with our REDI work, well done to everyone.

**XII. ADJOURNMENT**

Chair Barnes adjourned the meeting at 10:39 a.m.

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

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

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**STEPHEN J. NORMAN**  
Secretary

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**To:** Board of Commissioners

**From:** Ai Ly, Interim Assistant Director of Finance

**Date:** November 1, 2021

**Re:** **VOUCHER CERTIFICATION FOR SEPTEMBER 2021**

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  
 Interim Assistant Director of Finance  
 November 1, 2021

Bank Wires / ACH Withdrawals		12,554,830.49
	<i>Subtotal</i>	<b>12,554,830.49</b>
Accounts Payable Vouchers		
Key Bank Checks - #336540-336987		3,972,087.10
Tenant Accounting Checks - #11495-11517		29,100.97
	<i>Subtotal</i>	<b>4,001,188.07</b>
Payroll Vouchers		
Checks - #92745-92771		28,443.41
Direct Deposit		1,770,071.49
	<i>Subtotal</i>	<b>1,798,514.90</b>
Section 8 Program Vouchers		
Checks - #635388-635605 & 635606-635638		239,878.36
ACH - #523871-526507		17,090,924.76
	<i>Subtotal</i>	<b>17,330,803.12</b>
Purchase Card / ACH Withdrawal		312,347.91
	<i>Subtotal</i>	<b>312,347.91</b>
	<b>GRAND TOTAL</b>	<b>\$ 35,997,684.49</b>

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

FROM: Wen Xu, Director of Asset Management

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

Wen Xu

Date

Property	Wired to Operating Account for Obligations of Property			Notes:
	Date	Wire Transaction	Claim	
Ballinger Commons	09/01/2021	\$ 120,220.30	A/P & Payroll	
Bellepark	09/01/2021	\$ 3,061.21	A/P	
Emerson	09/01/2021	\$ 52,226.64	A/P & Payroll	
GILMAN SQUARE	09/01/2021	\$ 22,274.31	A/P & Payroll	
Hampton Greens	09/01/2021	\$ 10,293.94	A/P	
Argyle	09/01/2021	\$ 31,619.24	A/P & Payroll	
Surrey Downs	09/01/2021	\$ 46,632.97	A/P & Payroll	
Kendall Ridge	09/01/2021	\$ 9,149.97	A/P	
Landmark	09/01/2021	\$ 2,520.64	A/P	
Meadowbrook	09/01/2021	\$ 17,177.02	A/P & Payroll	
Riverstone	09/01/2021	\$ 33,398.02	A/P	
Villages at South Station	09/01/2021	\$ 31,049.37	A/P & Payroll	
ALPINE RIDGE	09/02/2021	\$ 4,389.52	A/P & Payroll	
ARBOR HEIGHTS	09/02/2021	\$ 8,796.34	A/P & Payroll	
Aspen Ridge	09/02/2021	\$ 10,348.46	A/P & Payroll	
Auburn Square	09/02/2021	\$ 31,557.57	A/P & Payroll	
Carriage House	09/02/2021	\$ 13,734.30	A/P & Payroll	
CASCADIAN	09/02/2021	\$ 67,419.76	A/P & Payroll	
Colonial Gardens	09/02/2021	\$ 4,281.14	A/P & Payroll	
FAIRWOOD	09/02/2021	\$ 10,456.27	A/P & Payroll	
HERITAGE PARK	09/02/2021	\$ 9,226.01	A/P & Payroll	
Pinewood Village	09/02/2021	\$ 17,110.63	A/P & Payroll	
Sandpiper East	09/02/2021	\$ 22,510.56	A/P & Payroll	
Carrington	09/02/2021	\$ 12,023.33	A/P & Payroll	
LAURELWOOD	09/02/2021	\$ 11,543.65	A/P & Payroll	
Meadows	09/02/2021	\$ 14,130.08	A/P & Payroll	
Newporter	09/02/2021	\$ 74,589.95	A/P & Payroll	
OVERLAKE TOD	09/02/2021	\$ 259,330.24	A/P & Payroll	

Parkwood	09/02/2021	\$ 7,199.02	A/P & Payroll	
SI VIEW	09/02/2021	\$ 5,268.75	A/P	
SOUTHWOOD	09/02/2021	\$ 11,135.38	A/P & Payroll	
Tall Cedars	09/02/2021	\$ 24,614.27	A/P & Payroll	
Timberwood	09/02/2021	\$ 39,143.37	A/P & Payroll	
Walnut Park	09/02/2021	\$ 27,021.68	A/P & Payroll	
WINDSOR HEIGHTS	09/02/2021	\$ 48,214.66	A/P & Payroll	
Woodridge Park	09/02/2021	\$ 15,142.35	A/P & Payroll	
Bellepark	09/08/2021	\$ 13,413.08	A/P & Payroll	
Cottonwood	09/08/2021	\$ 11,984.69	A/P & Payroll & OCR	
Cove East	09/08/2021	\$ 50,756.87	A/P & Payroll & OCR	
Hampton Greens	09/08/2021	\$ 26,815.12	A/P & Payroll	
Argyle	09/08/2021	\$ 20,842.70	A/P	
Juanita View	09/08/2021	\$ 22,337.95	A/P & Payroll & OCR	
Kendall Ridge	09/08/2021	\$ 41,973.61	A/P & Payroll	
Kirkland Heights	09/08/2021	\$ 47,698.94	A/P & Payroll & OCR	
Landmark	09/08/2021	\$ 30,127.95	A/P & Payroll	
NIA APARTMENTS	09/08/2021	\$ 32,728.81	A/P & Payroll & OCR	
Riverstone	09/08/2021	\$ 33,619.52	A/P & Payroll	
Woodside East	09/08/2021	\$ 14,201.71	A/P & Payroll	
ALPINE RIDGE	09/09/2021	\$ 3,744.97	A/P	
ARBOR HEIGHTS	09/09/2021	\$ 13,558.25	A/P	
Auburn Square	09/09/2021	\$ 6,040.33	A/P	
Carriage House	09/09/2021	\$ 21,036.56	A/P	
CASCADIAN	09/09/2021	\$ 7,874.12	A/P	
Colonial Gardens	09/09/2021	\$ 10,940.71	A/P	
FAIRWOOD	09/09/2021	\$ 4,591.86	A/P	
HERITAGE PARK	09/09/2021	\$ 6,896.80	A/P	
Pinewood Village	09/09/2021	\$ 2,439.38	A/P	
Sandpiper East	09/09/2021	\$ 10,422.35	A/P	
Carrington	09/09/2021	\$ 25,006.49	A/P	
LAURELWOOD	09/09/2021	\$ 6,223.35	A/P	
Meadows	09/09/2021	\$ 2,747.12	A/P	
Newporter	09/09/2021	\$ 2,134.50	A/P	
OVERLAKE TOD	09/09/2021	\$ 147,580.40	A/P & Debt services	
Parkwood	09/09/2021	\$ 11,460.37	A/P	
RAINIER VIEW I	09/09/2021	\$ 13,325.22	A/P	
RAINIER VIEW II	09/09/2021	\$ 9,658.12	A/P	
SI VIEW	09/09/2021	\$ 2,993.59	A/P	
SOUTHWOOD	09/09/2021	\$ 6,162.68	A/P	

Timberwood	09/09/2021	\$ 7,851.24	A/P	
Walnut Park	09/09/2021	\$ 2,086.52	A/P	
WINDSOR HEIGHTS	09/09/2021	\$ 19,281.35	A/P	
Woodridge Park	09/09/2021	\$ 12,870.57	A/P	
ALPINE RIDGE	09/10/2021	\$ 100,000.00	Distribution	
ARBOR HEIGHTS	09/10/2021	\$ 90,000.00	Distribution	
Aspen Ridge	09/10/2021	\$ 290,000.00	Distribution	
Auburn Square	09/10/2021	\$ 200,000.00	Distribution	
Ballinger Commons	09/10/2021	\$ 1,600,000.00	Distribution	
Bellepark	09/10/2021	\$ 250,000.00	Distribution	
Carriage House	09/10/2021	\$ 400,000.00	Distribution	
CASCADIAN	09/10/2021	\$ 525,000.00	Distribution	
Colonial Gardens	09/10/2021	\$ 240,000.00	Distribution	
Cottonwood	09/10/2021	\$ 80,000.00	Distribution	
Cove East	09/10/2021	\$ 350,000.00	Distribution	
Emerson	09/10/2021	\$ 700,000.00	Distribution	
FAIRWOOD	09/10/2021	\$ 300,000.00	Distribution	
GILMAN SQUARE	09/10/2021	\$ 450,000.00	Distribution	
HERITAGE PARK	09/10/2021	\$ 190,000.00	Distribution	
Pinewood Village	09/10/2021	\$ 400,000.00	Distribution	
Juanita View	09/10/2021	\$ 224,500.00	Distribution	
Kendall Ridge	09/10/2021	\$ 900,000.00	Distribution	
Kirkland Heights	09/10/2021	\$ 714,000.00	Distribution	
Landmark	09/10/2021	\$ 400,000.00	Distribution	
LAURELWOOD	09/10/2021	\$ 220,000.00	Distribution	
Meadowbrook	09/10/2021	\$ 145,000.00	Distribution	
Meadows	09/10/2021	\$ 125,000.00	Distribution	
Newporter	09/10/2021	\$ 350,000.00	Distribution	
Parkwood	09/10/2021	\$ 100,000.00	Distribution	
Riverstone	09/10/2021	\$ 750,000.00	Distribution	
SOUTHWOOD	09/10/2021	\$ 190,000.00	Distribution	
Tall Cedars	09/10/2021	\$ 75,000.00	Distribution	
Timberwood	09/10/2021	\$ 500,000.00	Distribution	
Vashon Terrace	09/10/2021	\$ 40,000.00	Distribution	
Villages at South Station	09/10/2021	\$ 225,000.00	Distribution	
Villages at South Station	09/10/2021	\$ 225,000.00	Distribution	
Walnut Park	09/10/2021	\$ 400,000.00	Distribution	
WINDSOR HEIGHTS	09/10/2021	\$ 260,000.00	Distribution	
Woodridge Park	09/10/2021	\$ 250,000.00	Distribution	
Woodside East	09/10/2021	\$ 450,000.00	Distribution	

Ballinger Commons	09/14/2021	\$ 37,289.00	EPRAP Distribution	
Ballinger Commons	09/14/2021	\$ 35,566.50	EPRAP Distribution	
Ballinger Commons	09/14/2021	\$ 26,792.50	EPRAP Distribution	
Ballinger Commons	09/14/2021	\$ 10,291.50	EPRAP Distribution	
Ballinger Commons	09/15/2021	\$ 132,024.54	A/P & Payroll	
Emerson	09/15/2021	\$ 98,385.80	A/P & Payroll	
GILMAN SQUARE	09/15/2021	\$ 27,656.17	A/P & Payroll	
Argyle	09/15/2021	\$ 43,748.84	A/P & Payroll	
Surrey Downs	09/15/2021	\$ 35,805.43	A/P & Payroll	
Meadowbrook	09/15/2021	\$ 27,351.96	A/P & Payroll	
Riverstone	09/15/2021	\$ 36,385.00	A/P	
Villages at South Station	09/15/2021	\$ 53,936.10	A/P & Payroll	
ALPINE RIDGE	09/16/2021	\$ 4,864.73	A/P & Payroll	
ARBOR HEIGHTS	09/16/2021	\$ 16,655.08	A/P & Payroll	
Aspen Ridge	09/16/2021	\$ 9,714.80	A/P & Payroll	
Auburn Square	09/16/2021	\$ 15,575.72	A/P & Payroll	
Bellepark	09/16/2021	\$ 6,232.90	A/P	
Carriage House	09/16/2021	\$ 23,769.24	A/P & Payroll	
CASCADIAN	09/16/2021	\$ 20,449.20	A/P & Payroll	
Colonial Gardens	09/16/2021	\$ 12,748.39	A/P & Payroll	
FAIRWOOD	09/16/2021	\$ 51,086.49	A/P & Payroll	
HERITAGE PARK	09/16/2021	\$ 6,966.15	A/P & Payroll	
Hampton Greens	09/16/2021	\$ 11,814.04	A/P	
Pinewood Village	09/16/2021	\$ 10,388.71	A/P & Payroll	
Sandpiper East	09/16/2021	\$ 21,973.72	A/P & Payroll	
Carrington	09/16/2021	\$ 7,288.83	A/P & Payroll	
Kendall Ridge	09/16/2021	\$ 24,975.78	A/P	
Landmark	09/16/2021	\$ 21,165.33	A/P	
LAURELWOOD	09/16/2021	\$ 13,103.96	A/P & Payroll	
Meadows	09/16/2021	\$ 13,567.62	A/P & Payroll	
Newporter	09/16/2021	\$ 21,712.82	A/P & Payroll	
OVERLAKE TOD	09/16/2021	\$ 35,360.61	A/P & Payroll	
Parkwood	09/16/2021	\$ 20,353.03	A/P & Payroll	
RAINIER VIEW I	09/16/2021	\$ 3,712.21	A/P	
RAINIER VIEW II	09/16/2021	\$ 11,067.55	A/P	
Riverstone	09/16/2021	\$ 16,363.76	A/P	
SI VIEW	09/16/2021	\$ 2,444.80	A/P	
SOUTHWOOD	09/16/2021	\$ 14,380.01	A/P & Payroll	
Timberwood	09/16/2021	\$ 52,611.88	A/P & Payroll	
Vashon Terrace	09/16/2021	\$ 1,304.69	A/P	

Walnut Park	09/16/2021	\$ 62,537.54	A/P & Payroll
WINDSOR HEIGHTS	09/16/2021	\$ 44,234.10	A/P & Payroll
Woodridge Park	09/16/2021	\$ 14,853.18	A/P & Payroll
Woodside East	09/16/2021	\$ 116,290.92	A/P
Bellepark	09/22/2021	\$ 12,236.99	A/P & Payroll
Cottonwood	09/22/2021	\$ 16,263.82	A/P & Payroll & OCR
Cove East	09/22/2021	\$ 24,892.00	A/P & Payroll & OCR
Hampton Greens	09/22/2021	\$ 38,837.54	A/P & Payroll
Juanita View	09/22/2021	\$ 25,508.86	A/P & Payroll & OCR
Kendall Ridge	09/22/2021	\$ 17,869.91	A/P & Payroll
Kirkland Heights	09/22/2021	\$ 58,691.71	A/P & Payroll & OCR
Landmark	09/22/2021	\$ 85,280.55	A/P & Payroll
NIA APARTMENTS	09/22/2021	\$ 36,458.56	A/P & Payroll & OCR
Riverstone	09/22/2021	\$ 47,183.06	A/P & Payroll
Woodside East	09/22/2021	\$ 99,737.17	A/P & Payroll
ALPINE RIDGE	09/23/2021	\$ 8,250.61	A/P
ARBOR HEIGHTS	09/23/2021	\$ 1,949.17	A/P
Aspen Ridge	09/23/2021	\$ 12,623.92	A/P
Auburn Square	09/23/2021	\$ 7,135.00	A/P
Carriage House	09/23/2021	\$ 5,684.10	A/P
CASCADIAN	09/23/2021	\$ 5,454.70	A/P
Colonial Gardens	09/23/2021	\$ 874.59	A/P
FAIRWOOD	09/23/2021	\$ 5,275.00	A/P
FAIRWOOD	09/23/2021	\$ 102.90	A/P
HERITAGE PARK	09/23/2021	\$ 7,712.67	A/P
Pinewood Village	09/23/2021	\$ 5,937.78	A/P
Sandpiper East	09/23/2021	\$ 3,457.97	A/P
Carrington	09/23/2021	\$ 8,253.48	A/P
LAURELWOOD	09/23/2021	\$ 9,675.46	A/P
Meadows	09/23/2021	\$ 8,786.83	A/P
Newporter	09/23/2021	\$ 3,502.48	A/P
OVERLAKE TOD	09/23/2021	\$ 27,729.37	A/P
Parkwood	09/23/2021	\$ 2,360.11	A/P
RAINIER VIEW I	09/23/2021	\$ 5,155.72	A/P
RAINIER VIEW II	09/23/2021	\$ 3,532.62	A/P
SI VIEW	09/23/2021	\$ 7,759.93	A/P
SOUTHWOOD	09/23/2021	\$ 4,797.29	A/P
Tall Cedars	09/23/2021	\$ 23,976.36	A/P
Timberwood	09/23/2021	\$ 2,879.04	A/P
Vashon Terrace	09/23/2021	\$ 6,689.46	A/P

Walnut Park	09/23/2021	\$ 11,521.71	A/P	
WINDSOR HEIGHTS	09/23/2021	\$ 22,210.27	A/P	
Woodridge Park	09/23/2021	\$ 21,125.18	A/P	
Ballinger Commons	09/29/2021	\$ 189,042.84	A/P & Payroll	
Bellepark	09/29/2021	\$ 10,822.74	A/P	
Emerson	09/29/2021	\$ 46,707.93	A/P & Payroll	
GILMAN SQUARE	09/29/2021	\$ 23,057.23	A/P & Payroll	
Hampton Greens	09/29/2021	\$ 118,769.87	A/P	
Argyle	09/29/2021	\$ 34,259.52	A/P & Payroll	
Surrey Downs	09/29/2021	\$ 21,504.59	A/P & Payroll	
Kendall Ridge	09/29/2021	\$ 32,634.54	A/P	
Landmark	09/29/2021	\$ 13,502.73	A/P	
Meadowbrook	09/29/2021	\$ 39,196.76	A/P & Payroll	
Riverstone	09/29/2021	\$ 29,109.73	A/P	
Villages at South Station	09/29/2021	\$ 29,862.78	A/P & Payroll	
Woodside East	09/29/2021	\$ 19,530.34	A/P	
ALPINE RIDGE	09/30/2021	\$ 15,951.12	A/P & Payroll & OCR & Management fee	
ARBOR HEIGHTS	09/30/2021	\$ 17,222.73	A/P & Payroll & OCR & Management fee	
Aspen Ridge	09/30/2021	\$ 9,643.12	A/P & Payroll & OCR & Management fee	
Auburn Square	09/30/2021	\$ 51,314.35	A/P & Payroll & OCR & Management fee	
Carriage House	09/30/2021	\$ 41,034.33	A/P & Payroll & OCR & Management fee	
CASCADIAN	09/30/2021	\$ 94,432.75	A/P & Payroll & OCR & Management fee	
Colonial Gardens	09/30/2021	\$ 8,058.00	Correction	
Colonial Gardens	09/30/2021	\$ 3,479.00	Correction	
Colonial Gardens	09/30/2021	\$ 20,646.80	A/P & Payroll & OCR & Management fee	
FAIRWOOD	09/30/2021	\$ 62,517.47	A/P & Payroll & OCR & Management fee	
HERITAGE PARK	09/30/2021	\$ 15,152.50	A/P & Payroll & OCR & Management fee	
Carrington	09/30/2021	\$ 3,265.00	Correction	
Pinewood Village	09/30/2021	\$ 17,648.38	A/P & Payroll & OCR & Management fee	
Sandpiper East	09/30/2021	\$ 51,026.70	A/P & Payroll & OCR & Management fee	
Carrington	09/30/2021	\$ 25,784.85	A/P & Payroll & OCR & Management fee	
LAURELWOOD	09/30/2021	\$ 20,441.17	A/P & Payroll & OCR & Management fee	
Meadows	09/30/2021	\$ 15,554.96	A/P & Payroll & OCR & Management fee	
Newporter	09/30/2021	\$ 63,918.51	A/P & Payroll & OCR & Management fee	
OVERLAKE TOD	09/30/2021	\$ 53,100.09	A/P & Payroll & OCR & Management fee	
Parkwood	09/30/2021	\$ 60,893.84	A/P & Payroll & OCR & Management fee	
SOUTHWOOD	09/30/2021	\$ 32,779.82	A/P & Payroll & OCR & Management fee	
Timberwood	09/30/2021	\$ 173,061.11	A/P & Payroll & OCR & Management fee	
Vashon Terrace	09/30/2021	\$ 3,406.11	A/P	
Walnut Park	09/30/2021	\$ 187,698.94	A/P & Payroll & OCR & Management fee	

WINDSOR HEIGHTS	09/30/2021	\$ 38,481.31	A/P & Payroll & OCR & Management fee	
Woodridge Park	09/30/2021	\$ 39,980.51	A/P & Payroll & OCR & Management fee	
<b>TOTAL</b>	<b>230 Wires</b>	<b>\$ 18,247,408.81</b>		

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**T0:** Board of Commissioners

**From:** Tim Walter, Senior Director of Development & Asset Management

**Date:** November 6, 2021

**Re:** **Resolution No. 5702: Resolution authorizing the extension and modification of the Authority's Revolving Line of Credit Revenue Note 2015 (Tax-Exempt) and Revolving line of Credit Revenue Note, 2015 (Taxable) and determining related matters**

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Resolution No. 5702 authorizes the Executive Director to extend the maturity of the Authority's existing KeyBank \$80 million general development line of credit (referred to as the Authority's Revolving Line of Credit Revenue Note, 2015) through December 31, 2028 and to modify the interest rate formulae used to determine the interest rates on the note.

KCHA maintains two renewable general development lines of credit with KeyBank to provide interim acquisition, refinance and development financing for the Authority. Each of these lines of credit is typically extended in two to three year increments.

Presently, KCHA's \$80 million general development line of credit with KeyBank is set to mature June 30, 2022 and has a current outstanding balance of \$57.9 million. KeyBank has offered to renew the line of credit and to extend the maturity date to June 30, 2024. In addition, the renewal provides for a change in the way the interest rate is calculated and utilizes a SOFR\* (Secured Overnight Financing Rate) based formulae instead of a LIBOR (London Interbank Overnight Rate) based formulae. The change, based on the current market index, will result in a modest decrease in the tax-exempt interest (.96% vs 1.07%) rate and increase in the taxable rate (1.21% vs 1.18%). A general overview of SOFR is further outlined below.

Current Line of Credit Interest Rates:

Tax-Exempt (T/E) Interest Rate:	One Month LIBOR + 1.28% * (1.0 - Federal Corporate Tax Rate)
Current indicative T/E rate:	<u>1.07%</u> (calculated as: .08% + 1.28% * (1.0 - .21) = 1.36% * .79 = 1.07%)
Taxable Interest Rate:	One Month LIBOR + 1.10%
Current indicative Taxable Rate:	<u>1.18%</u> (calculated as: .08% + 1.10%)

New (Renewed) Line of Credit Interest Rates:

Tax-Exempt (T/E) Interest Rate:	One Month SOFR + 1.16% + (1.0 - Federal Corporate Tax Rate)
Current indicative T/E rate:	<u>.96%</u> (calculated as: $.05\% + 1.16\% * (1.0 - .21) = 1.21\% * .79 = .96\%$ )
Taxable Interest Rate:	One Month SOFR + 1.16%
Current indicative Taxable Rate:	<u>1.21%</u> (calculated as: $.05\% + 1.16\%$ )

Other key terms of the line of credit are as follows:

Amount:	Not to exceed \$80,000,000
Maturity:	December 31, 2024 but renewable for successive 1 to 3 year terms up to but not to exceed December 31, 2028, and subject to KeyBank approval
Security:	General revenue pledge of the Housing Authority
Tax Status:	KCHA option to make either 'taxable' or 'tax-exempt' draws (taxable and tax-exempt draws collectively may not exceed \$80 million)
Purpose:	Bridge financing for general development activities and the acquisition and/or rehabilitation of real estate
Unused Facility Fee:	Up to 20 basis points (.20%) of the undrawn facility
Pre-Payment:	The LOC may be repaid in part or whole without penalty on any date
Interest Payments:	Due quarterly
Draw Requirements:	KCHA must provide written notification to the Bank evidencing that the purpose of the draw is for the acquisition, financing, refinancing, rehab or other capital improvements of real estate. The draw may not be used for general operating purposes of the Authority

Covenant: The covenants for this line of credit are identical to the existing covenants required as part of each of KCHA's other KeyBank credit facilities. These covenants include but are not limited to maintaining a corporate Debt Service Coverage Ratio of no less than 1.10 to 1.0 as well as on-going quarterly and annual financial reporting requirements

SOFR\* SOFR refers to Secured Overnight Financing Rate and is the variable rate index intended to replace LIBOR (London Interbank Overnight Rate) as the primary index for US financial contracts. Currently, the use of LIBOR as an index is scheduled to phase out starting December 31, 2021. SOFR is the average rate at which institutions can borrow US dollars overnight while posting US Treasury bonds as collateral. The one-month LIBOR index and one-month SOFR index have generally performed similarly although SOFR is a moving average of a historical rate (which can be measured daily, monthly, 3 – month, etc.) while LIBOR is a forward looking rate based on projections of future or forward looking rates.

According to the ARRC (Alternative Reference Rate Committee), a group of private financial market participants who have been convened by the Federal Reserve Bank of New York to provide feedback regarding the transition of LIBOR to SOFR, SOFR is considered to be a much more resilient rate than LIBOR because of how it is produced and the depth and liquidity of the markets that underlie it. As an overnight secured rate, SOFR better reflects the way financial institutions fund themselves today. The transaction volumes underlying SOFR regularly are around \$1 trillion in daily volumes. The volumes underlying SOFR are far larger than the transactions in any other U.S. money market. This makes it a transparent rate that is representative of the market across a broad range of market participants and protects it from attempts at manipulation. Also, the fact that it's derived from the U.S. Treasury repo market means that, unlike LIBOR, it's not at risk of disappearing. While SOFR is more volatile than LIBOR on a daily basis, the one month SOFR rate which averages the daily SOFR rate over a 30 day trailing window, is considered to be not only a relatively stable rate but more predictable than LIBOR as it is backward looking whereas LIBOR is general considered to be a forward looking index.

The current indicative tax-exempt rate (for the renewed line of credit) is .96% which represents an excellent borrowing rate for the Authority; however, the line of credit is a variable rate credit facility and as such is subject to interest rate fluctuation. While rates have been low, there is not only the chance interest rates could rise, but a very high likelihood they

will, which will result in an increase in the borrowing costs associated with the line of credit. In the last two years, the interest rate on this line of credit has ranged from a high of 2.35% to a low of 1.07%.

Staff recommends passage of Resolution No. 5702.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5702

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King authorizing the extension and modification of the Authority's Revolving Line of Credit Revenue Note, 2015 (Tax-Exempt) and Revolving Line of Credit Revenue Note, 2015 (Taxable), authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such documents as are useful or necessary to the purposes of this resolution; and determining related matters.

Adopted November 15, 2021

*This document was prepared by:*

*FOSTER GARVEY P.C.  
1111 Third Avenue, Suite 3000  
Seattle, Washington 98101  
(206) 447-4400*

**HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5702**

**A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King authorizing the extension and modification of the Authority’s Revolving Line of Credit Revenue Note, 2015 (Tax-Exempt) and Revolving Line of Credit Revenue Note, 2015 (Taxable), authorizing and directing appropriate officers of the Authority to negotiate, execute and deliver such documents as are useful or necessary to the purposes of this resolution; and determining related matters.**

**WHEREAS**, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of housing for low-income persons residing in King County, Washington (the “County”); and

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

**WHEREAS**, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

**WHEREAS**, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

**WHEREAS**, the Board of Commissioners (the “Board”) of the Housing Authority of the Authority previously adopted Resolution No. 5504, providing for the issuance of the Authority’s Revolving Line of Credit Revenue Note, 2015 (Tax-Exempt) (the “Tax-Exempt Note”) and the Authority’s Revolving Line of Credit Revenue Note, 2015 (Taxable) (the “Taxable Note” and, together with the Tax-Exempt Note, the “Notes”), Resolution No. 5546, which, among other things, authorized the increase of the combined principal amount of the notes, and the extension of maturity and modification of the terms of the Notes, and Resolution No. 5563 which, among other things,

authorized the extension of maturity and the modification of the terms of the Notes; and

WHEREAS, pursuant to Resolution No. 5504, Resolution No. 5546, and Resolution 5563 (collectively, the “Note Resolutions”), the Authority has issued and delivered the Notes to KeyBank National Association (the “Bank”) in a combined principal amount of not to exceed \$80,000,000, and has extended the maturity dates and modified certain other terms of the Notes from time to time; and

WHEREAS, the Notes are currently scheduled to mature on June 30, 2022; and

WHEREAS, the Bank has offered to extend the maturity date of the Notes and to modify the interest rate formulae applicable to the Notes in a manner expected to provide interest rate savings to the Authority, upon compliance with certain terms and conditions, including the addition of certain covenants and terms applicable to the Notes; and

WHEREAS, the Board has determined that it is in the best interest of the Authority to accept such offer and to authorize related modifications of the Notes, and to authorize future extensions and modifications of the terms of the Notes;

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

**Section 1. Definitions.** In addition to the terms defined in the recitals and elsewhere in this resolution, capitalized terms used, and not otherwise defined, in this resolution shall have the meanings ascribed thereto in the Note Resolutions.

**Section 2. Authorization of Modifications and Extensions of Maturity of the Notes.** The Authority’s Executive Director and any Deputy Executive Director of the Authority (each, an “Authorized Officer” and together, the “Authorized Officers”), and each of them acting alone, are authorized on behalf of the Authority from time to time, without further action of the Board but with the consent and approval of the Bank, in the Bank’s sole discretion, to extend the then-current

maturity date of the Notes to any date on or before December 31, 2028, and to modify the interest rates or interest rate formulae applicable to Draws on the Notes, if such Authorized Officer determines that such modification and/or extension is in the best interest of the Authority. The Authorized Officers, and each of them acting alone, are authorized to do everything necessary in connection with such extensions of maturity and modifications of the Notes, including but not limited to the negotiation, execution and delivery of documents and payment of Bank fees. An Authorized Officer's execution of documents in connection with a modification or extension of the Notes as described herein will constitute conclusive evidence of their approval of the extensions, modifications, and/or other terms described therein and the approval of the Authority of such extensions, modifications, and/or other terms.

**Section 3.** Authorization of Documents and Execution Thereof. The Authority authorizes and approves the execution and delivery of, and the performance by the Authority of its obligations contained in, the Notes, the Note Resolutions, and this resolution and the consummation by the Authority of all other transactions contemplated by the Note Resolutions and this resolution in connection with the issuance, modification, and extension of the Notes. The Board further authorizes the Authorized Officers, and each of them acting alone, to negotiate, approve, execute and deliver any instruments and agreements, or amendments thereof, as may be necessary or desirable in connection with the modification or extension of the Notes. The Executive Director of the Authority is authorized to execute the modified and extended Notes and the Authorized Officers, and each of them acting alone, are authorized to negotiate, execute and deliver documents reasonably required to be executed in connection with the modification and extension of the Notes and to ensure the proper use and application of the proceeds of the Notes,

and to effect any further extension of the maturity of the Notes and modification of interest rate and/ or interest rate formula applicable to the Notes as described in Section 2.

**Section 4.** Approval of Transaction. The Bank has offered to extend the maturity and modify that interest rate formulae applicable to the Notes, under the terms and conditions contained in this resolution, including the payment of a fee to the Bank, if any, plus the fees and expenses of the Bank's legal counsel, and any other out-of-pocket costs incurred by the Bank, each payable at closing of the extension and modification. The Board finds that the Bank's offer is in the best interest of the Authority and accepts such offer.

**Section 5.** Ratification and Confirmation. Any actions of the Authority or its officers or employees prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

**Section 6.** Supplemental Authorization. The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, applications, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein; (ii) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and other costs relating to the actions authorized by this resolution; and (iii) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

**Section 7.** Execution of Duties and Obligations. The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations under the Notes and this resolution.

**Section 8.** Acting Officers Authorized. Any action required by this resolution to be taken by the Chair of the Board or the Executive Director of the Authority may in the absence of such person be taken by the duly authorized acting Chair of the Board or the duly authorized acting Executive Director of the Authority, respectively.

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

**Section 10.** Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 15<sup>th</sup>  
DAY OF NOVEMBER, 2021.**

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

By: \_\_\_\_\_  
**DOUGLAS J. BARNES, Chair**  
Board of Commissioners

ATTEST:

\_\_\_\_\_  
**STEPHEN J. NORMAN**  
Secretary-Treasurer

## CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the “Authority”), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5702 (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 November 15, 2021 (the “Meeting”), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) one or more options were provided for the public to attend the Meeting remotely, including by telephonic access, and (b) the means of attending the Meeting provided the ability for all persons attending the Meeting to hear each other at the same time;

3. The public was notified of access options for remote participation in the Meeting via the Authority’s website: and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15<sup>th</sup> day of November, 2021.

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**Stephen Norman**

Executive Director and Secretary-Treasurer of the  
Authority

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**To:** Board of Commissioners

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

**Date:** November 7, 2021

**Re:** Resolution No. 5703 - Resolution providing for the issuance of revenue and refunding revenue bonds of the Authority in the aggregate principal amount of not to exceed \$95,000,000.00 for the purposes which may include refunding certain outstanding obligations and financing the acquisition of one or more housing projects of the Authority, and determining related matters.

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Resolution No. 5703 authorizes the Authority to issue publicly marketed tax-exempt municipal bonds to refinance its KeyBank Pooled Housing Revenue and Refunding Revenue Note, 2013 ("KeyBank Pool") as well as to provide financing for the acquisition of the Newport Apartments in Des Moines (which is the subject of Resolution No. 5706).

KCHA's 2013 KeyBank Pool currently provide financing for nine workforce housing properties, all five of KCHA's manufactured and mobile home communities and KCHA's 700 Andover Park administrative building. All of the properties in the KeyBank Pool are expected to be included in the refinance with the exception of Patricia Harris Manor and KCHA's 700 Andover Park administrative building. The current outstanding principal balance of the note is approximately \$57 million and the interest rate is 3.57%. The loan also carries a yield maintenance termination charge that varies based on reinvestment rates at the time of loan prepayment. The termination charge essentially provides the lender the present value of the foregone interest through 11/2023 which, based on current reinvestment rates, is estimated to be approximately \$1.6 million. The interest and payments savings below reflect the yield maintenance charge being factored into the debt payment savings, however, KCHA is working with the lender to request a significant portion of this charge to be waived.

The purpose of the refinance is to take advantage of the low interest rate environment and to lower the current interest rate on the debt. In addition, KCHA has the opportunity to extend the amortization on the bonds from its current remaining 13 years up to 20 years. Both the savings in the interest cost and extension of the amortization period will free up cash flow to assist the Authority in providing equity gap financing for its workforce housing preservation acquisitions.

Based on current interest rate projections, the Authority estimates it will be able to reduce the interest rate to approximately 2% - 2.5% depending on the term of the amortization. Staff will

be working with the underwriter over the next few weeks to monitor interest rates and determine the final amortization structure (which will be no less than the current remaining term of 13 years on the existing financing and no more than 20 years). Estimated annual reductions in debt service range between \$300,000 per year (based on 13 year amortization and an average 2% interest) to \$1.5 million per year (based on 20 year amortization and an average 2.5% interest rate). It is important to note, however, that while extending the amortization term increases cash flow over the first 13 years by spreading the payments out over a longer period of time, it also results in more total debt service costs over the full term of the financing as the debt is being paid over 20 years instead of 13 years.

This resolution further provides the Authority with the ability to include acquisition financing for the Newport Apartments (Resolution No. 5706) in this financing subject to Board of Commissioners approval to acquire the property. While this resolution does allow for this acquisition financing to be included in this new pooled financing, it does not obligate the Authority to do so. Staff are currently evaluating a number of financing options for the Newport Apartments which are described in greater detail in Resolution No. 5706.

The bonds will be issued on a 'parity of lien' with KCHA's 2019 Pooled Housing Bonds (which financed Emerson Manor, Riverstone and Kendall Ridge Apartments) and KCHA's 2020 Pooled Housing Bonds (which financed Cascadian, Hampton Greens, Walnut Park, Woodcreek Lane and Woodridge Park). The 'parity of lien' structure allows KCHA to combine these separate bond issues into a single master indenture (financing agreement) across these bond pools for cross collateralization of project revenues, security obligations and debt service coverage purposes.

Staff recommends approval of Resolution No. 5703.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5703

(POOLED HOUSING REVENUE AND REFUNDING REVENUE BONDS, 2021)

A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of one or more series of revenue and refunding revenue bonds of the Authority in the aggregate principal amount of not to exceed \$95,000,000 for purposes that may include providing all or part of the funds with which to effect the current refunding of certain outstanding obligations of the Authority, financing capital costs associated with the acquisition of the Newport Apartments Project, and paying costs of issuing the bonds and the administrative costs of such refundings; authorizing the execution and delivery of a supplemental trust indenture, the bonds, and other agreements, documents, and certificates; providing for the call, payment, and redemption of the obligations to be refunded; delegating to officers of the Authority the authority to determine the form, terms and covenants of the bonds and to execute such documents as are useful or necessary to the purposes of this resolution; authorizing officers of the Authority to accept an offer from KeyBanc Capital Markets Inc. to purchase the bonds; and determining related matters.

Adopted November 15, 2021

*This document was prepared by:*

*FOSTER GARVEY P.C.  
1111 Third Avenue, Suite 3000  
Seattle, Washington 98101  
(206) 447-4400*

**HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5703**

**(POOLED HOUSING REVENUE AND REFUNDING REVENUE BONDS, 2021)**

**A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King providing for the issuance of one or more series of revenue and refunding revenue bonds of the Authority in the aggregate principal amount of not to exceed \$95,000,000 for purposes that may include providing all or part of the funds with which to effect the current refunding of certain outstanding obligations of the Authority, financing capital costs associated with the acquisition of the Newport Apartments Project, and paying costs of issuing the bonds and the administrative costs of such refundings; authorizing the execution and delivery of a supplemental trust indenture, the bonds, and other agreements, documents, and certificates; providing for the call, payment, and redemption of the obligations to be refunded; delegating to officers of the Authority the authority to determine the form, terms and covenants of the bonds and to execute such documents as are useful or necessary to the purposes of this resolution; authorizing officers of the Authority to accept an offer from KeyBanc Capital Markets Inc. to purchase the bonds; and determining related matters.**

**WHEREAS**, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of affordable housing for low-income persons residing in King County, Washington; and

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority may acquire and operate housing projects; and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “own, hold, and improve real or personal property . . .,” “purchase, lease, obtain options upon . . . any real or personal property or any interest therein” and “lease or rent any dwellings, houses, accommodations, lands, buildings, structures or facilities embraced in any housing project”; and

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

provides that the term “housing project” may be applied to the “acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration and repair of improvements and all other work in connection therewith”; and

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

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may pledge any interest in real or personal property; and

**WHEREAS**, RCW 35.82.070(1) permits a housing authority to “make and execute contracts and other instruments . . . necessary or convenient to the exercise of the powers of the authority”; and

**WHEREAS**, RCW 35.82.040 authorizes the Authority to “delegate to one or more of its agents or employees such powers or duties as it may deem proper”; and

**WHEREAS**, pursuant to a Trust Indenture dated November 6, 2019, as previously supplemented by a First Supplemental Trust Indenture dated June 18, 2020 (as so supplemented, and as it may be further supplemented from time to time, the “Indenture”), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), the Authority previously issued its Pooled Housing Refunding Revenue Bonds, 2019 (the “2019 Bonds”) in the aggregate principal amount of \$63,235,000 and its Pooled Housing Refunding Revenue Bonds, 2020 (the “2020 Bonds”) in the aggregate principal amount of \$136,885,000, and authorized the issuance of the Additional Bonds (as defined in the Indenture), on a parity of lien with the 2019 Bonds and 2020 Bonds if certain conditions are met; and

**WHEREAS**, the Authority previously issued notes dated the dates and in the original amounts set forth below (the “Prior Obligations”):

Name of Obligation	Dated Date	Original Principal Amount
Pooled Housing Revenue and Refunding Revenue Note, 2013	November 25, 2013	Not to Exceed \$85,000,000
Pooled Housing Revenue and Refunding Revenue Note, 2013 (Additional Note No. 1)	June 13, 2019	\$4,089,525
Pooled Housing Revenue and Refunding Revenue Note, 2013 (Additional Note No. 2)	November 15, 2019	\$24,583,192

**WHEREAS**, the Authority has entered into, or anticipates that it may enter into, an agreement to purchase an apartment complex located at located at 23641 120<sup>th</sup> Avenue South, Des Moines, Washington, known as the Newport Apartments, to be a housing project of the Authority (the “Newport Apartments Project”); and

**WHEREAS**, after due consideration, the Board of Commissioners of the Authority (the “Board”) has determined that it is necessary and desirable and in the best interest of the Authority to issue its revenue bonds (the “2021 Bonds”), in one or more series and in an aggregate principal amount not to exceed \$95,000,000, to provide all or a portion of the funds required to (i) effect the current refunding of all or a portion of the outstanding Prior Obligations, (ii) pay all or a portion of the cost of acquiring the Newport Apartments Project as a housing project of the Authority, and (iii) pay costs of issuing the 2021 Bonds and the administrative costs of such refundings; and

**WHEREAS**, the Authority anticipates that it may in the future authorize the issuance of additional bonds for Authority purposes (collectively with the 2019 Bonds, the 2020 Bonds, and the 2021 Bonds, the “Bonds”), pursuant to the Indenture; and

**WHEREAS**, the Authority anticipates that KeyBanc Capital Markets Inc. will offer to purchase the 2021 Bonds on the terms set forth in this resolution;

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

**Section 1. Definitions.** As used in this resolution, the following words have the following meanings, except as otherwise expressly provided or unless the context otherwise clearly requires:

“Act” means chapter 35.82 of the Revised Code of Washington.

“Additional Bonds” means the additional parity bonds authorized to be issued by the Authority pursuant to the Indenture.

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State.

“Authorized Officers” means the Executive Director of the Authority and any Deputy Executive Director of the Authority.

“Board” means the Board of Commissioners of the Authority.

“Bond” or “Bonds” means one or more of the 2019 Bonds, the 2020 Bonds, the 2021 Bonds, and any Additional Bonds issued under the Indenture.

“Bond Purchase Contract” means the Purchase Contract between the Authority and the Underwriter relating to the sale of the 2021 Bonds.

“Bond Registrar” means the entity serving as registrar, authenticating agent and paying agent under the Indenture, initially the Trustee.

“Code” means the Internal Revenue Code of 1986, as amended, or any successor federal income tax statute or code. Any reference to a provision of the Code shall include the applicable regulations of the Department of the Treasury promulgated or proposed with respect to such provision.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Authority and the dissemination agent named therein, relating to the 2021 Bonds, including any supplements or amendments thereto made in conformity therewith.

“First Supplemental Indenture” means the First Supplemental Trust Indenture dated June 18, 2020, between the Authority and the Trustee relating to the 2020 Bonds, as originally executed or as it may be from time to time be supplemented, modified, or amended.

“General Revenues” means all revenues of the Authority from any source (other than Project Revenues), but only to the extent that those revenues are available to pay debt service on the Bonds and are not now or hereafter pledged or restricted, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions relating to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Indenture” means the Trust Indenture dated November 6, 2019, between the Authority and the Trustee relating to the Bonds, as it may from time to time be supplemented, modified or amended, including by the First Supplemental Indenture and the Second Supplemental Indenture.

“Newport Apartments Project” means the apartment complex located at 23641 120<sup>th</sup> Avenue South, Des Moines, Washington, known as the Newport Apartments.

“Project Revenues” means all amounts due to or received by the Authority or by the Trustee for the account of the Authority pursuant or with respect to the Deed of Trust Projects or revenues from Projects that are not Deed of Trust Projects but which have been specifically pledged by the Authority to the payment of the Bonds, including without limitation all rental revenue, subsidy payments, lease payments, payments on contractors’ bonds, insurance proceeds

and condemnation awards and proceeds resulting from foreclosure of a Deed of Trust, but excluding refundable security deposits.

“Refunded Obligations” means all or a portion of the following outstanding obligations of the Authority, provided that an Authorized Officer may determine to omit all or a portion of any such issue in accordance with Section 8.

Name of Obligation	Dated Date	Original Principal Amount
Pooled Housing Revenue and Refunding Revenue Note, 2013 (the “Initial 2013 Note”)	November 25, 2013	Not to Exceed \$85,000,000
Pooled Housing Revenue and Refunding Revenue Note, 2013 (Additional Note No. 1) (the “Additional 2013 Note No. 1”)	June 13, 2019	\$4,089,525
Pooled Housing Revenue and Refunding Revenue Note, 2013 (Additional Note No. 2) (the “Additional 2013 Note No. 2”)	November 15, 2019	\$24,583,192

“Second Supplemental Indenture” means the supplemental trust indenture between the Authority and the Trustee relating to the 2021 Bonds, as originally executed or as it may be from time to time be supplemented, modified, or amended.

“State” means the State of Washington.

“Tax Certificate” means the Tax Exemption and Nonarbitrage Certificate to be executed by the Authority in connection with the 2021 Bonds.

“Trustee” means the entity serving as trustee under the Indenture.

“2019 Bond” or “2019 Bonds” means one or more of the Housing Authority of the County of King Pooled Housing Refunding Revenue Bonds, 2019, authorized by, and at any time outstanding pursuant to, Resolution No. 5269 of the Authority and the Indenture.

“2020 Bond” or “2020 Bonds” means one or more of the Housing Authority of the County of King Pooled Housing Refunding Revenue Bonds, 2020, authorized by, and at any time outstanding pursuant to, Resolution No. 5649 of the Authority and the Indenture.

“2021 Bond” or “2021 Bonds” means one or more of the Housing Authority of the County of King Pooled Housing Revenue and Refunding Revenue Bonds, 2021 (with changes to such designation as contemplated by Section 3), authorized by, and at any time outstanding pursuant to, this resolution, the Indenture, and the Second Supplemental Indenture.

All other capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture, including the Second Supplemental Indenture.

**Section 2. Authorization of 2021 Bonds and Application of Proceeds.** The Authority shall issue the 2021 Bonds in an aggregate principal amount not to exceed \$95,000,000, in accordance with and upon satisfaction of the conditions contained in the Indenture including, without limitation, Section 2.12. The 2021 Bonds will be issued in order to provide all or a portion of the funds required to (i) effect the current refunding of all or a portion of the outstanding Refunded Obligations (ii) pay all or a portion of the cost of acquiring of the Newport Apartments Project as a housing project of the Authority, and/or (iii) pay costs of issuing the 2021 Bonds and the administrative costs of such refundings. Such financing with proceeds of the 2021 Bonds is declared and determined to be important for the feasibility of the Projects to be financed or refinanced with 2021 Bond proceeds. All proceeds of the 2021 Bonds shall be deposited with the Trustee for those purposes in accordance with the Indenture. The Board finds that it is in the best interest of the Authority to issue the 2021 Bonds for the purposes set forth in this resolution.

**Section 3. Description of the 2021 Bonds.** The 2021 Bonds shall be designated the Housing Authority of the County of King Pooled Housing Revenue and Refunding Revenue Bonds, 2021, unless otherwise designated as described below. The 2021 Bonds shall be issued in registered

form; shall be in an aggregate principal amount not to exceed \$95,000,000; shall be in authorized denominations of \$5,000 or any integral multiple thereof; and shall be dated such date, bear interest payable on such dates and at such rates, mature at such times and in such amounts, have such prepayment or redemption provisions and have such other provisions consistent with the terms of this resolution as are set forth in the Indenture, including the Second Supplemental Indenture. The 2021 Bonds may be issued in one or more series, with appropriate series designations, as determined by an Authorized Officer and set forth in the Second Supplemental Indenture. In addition, if the 2021 Bonds are not issued in calendar year 2021, and/or if either refunding or new money purposes are omitted from the purposes of the 2021 Bonds, the 2021 Bonds may be designated to reflect the calendar year in which they are issued and the purposes for which they are issued, all as determined by an Authorized Officer and set forth in the Second Supplemental Indenture. The execution of the Second Supplemental Indenture by an Authorized Officer shall be conclusive evidence of the approval by the Authority of the terms set forth therein.

**Section 4. Security for the 2021 Bonds.** The 2021 Bonds shall be special obligations of the Authority payable solely from the Trust Estate pledged under the Indenture. The Board delegates to the Authorized Officers, and each of them acting alone, the discretionary authority to determine, on behalf of the Authority, whether to (i) encumber any Projects financed or refinanced with proceeds of the 2021 Bonds, or other properties of the Authority, with an additional Deed of Trust for the benefit of the Trustee, (ii) whether to designate any Projects financed or refinanced with proceeds of the 2021 Bonds, or other properties of the Authority, as Other Pledged Projects (as defined in the Indenture), and (iii) in either case, to determine which Projects financed or refinanced with proceeds of the 2021 Bonds, or other properties of the Authority, shall be so encumbered or designated.

The 2021 Bonds shall not be a debt of the County, the State or any political subdivision thereof, and the 2021 Bonds shall so state on their face. Neither the County, the State nor any political subdivision thereof (except the Authority, from the sources identified herein and in the Indenture) shall be liable for payment of the 2021 Bonds nor in any event shall principal of, premium, if any, on and interest on the 2021 Bonds be payable out of any funds or assets other than those pledged to that purpose by the Authority herein and in the Indenture. The Authority has no taxing power.

The Authority reserves without limitation the right to issue other obligations, the principal of and interest on which are to be paid from the General Revenues on a parity of lien with the Bonds. The Authority may also pledge any specific revenues, which otherwise would be General Revenues, to the payment of other obligations, such payments to have priority over the payments to be made under the Bonds.

In addition, the Authority reserves the right to issue Additional Bonds under and in accordance with the terms of the Indenture, which Additional Bonds will be payable from and secured by the Trust Estate pledged under the Indenture.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Bonds.

**Section 5. Form and Execution of 2021 Bonds.** Each series of the 2021 Bonds shall be in a form consistent with the provisions of this resolution, the Indenture (including the Second Supplemental Indenture), and State law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

The 2021 Bonds shall be authenticated by the Bond Registrar as set forth in the Indenture. No 2021 Bond shall be valid for any purpose until so authenticated. The authorized signing of a

Certificate of Authentication shall be conclusive evidence that the 2021 Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

**Section 6. Preservation of Tax Exemption for Interest on 2021 Bonds.** The Authority covenants that it will take all actions necessary to prevent interest on the 2021 Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the 2021 Bonds or other funds of the Authority treated as proceeds of the 2021 Bonds at any time during the term of the 2021 Bonds which would cause interest on the 2021 Bonds to be included in gross income for federal income tax purposes. The Authority also covenants that, to the extent arbitrage rebate requirements of Section 148 of the Code are applicable to the 2021 Bonds, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the 2021 Bonds, including the calculation and payment of any penalties that the Authority has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the 2021 Bonds from being included in gross income for federal income tax purposes.

**Section 7. Acquisition of Newport Apartments Project.** The Board approves the acquisition of the Newport Apartments Project and declares the Newport Apartments Project to be a “housing project” of the Authority for purposes of the Act. Notwithstanding the foregoing, the Board hereby delegates to the Authorized Officers, and each of them acting alone, the authority to determine in their discretion whether to proceed with the acquisition of the Newport Apartments Project and/or whether, and to what extent, to finance the cost of acquiring the Newport Apartments Project with proceeds of the 2021 Bonds.

**Section 8. Refunding of the Refunded Obligations.** The proceeds of the sale of the 2021 Bonds to be used to pay and redeem a portion of the Refunded Obligations shall be promptly

transferred by the Trustee to the holder of each of the Refunded Obligations, and used, together with other money of the Authority available for such purposes, to redeem all or a portion of the outstanding Refunded Obligations. The Authorized Officers, and each of them acting alone, are authorized and directed to give, or cause to be given, calls for the redemption of all of the outstanding Refunded Obligations at the times and prices determined by the Authorized Officers, or each of them acting alone. The proper officials of the Authority are authorized and directed to give or cause to be given notices of redemption, at the times and in the manner required by the documents pertaining to the Refunded Obligations, in order to effect the redemption prior to maturity of the Refunded Obligations. The Board hereby delegates to the Authorized Officers, and each of them acting alone, the discretionary authority to determine, prior to the sale and issuance of the 2021 Bonds, to omit, in whole or in part, any issue included in the definition of “Refunded Obligation” set forth in Section 1.

**Section 9.** Authority Findings with Respect to Refunding. The Board finds and determines that the issuance and sale of the 2021 Bonds at this time is in the best interest of the Authority. In making such finding and determination, the Board has given consideration to the terms and maturities of the Refunded Obligations, the proposed terms and maturities of the 2021 Bonds, and the costs of issuance of the 2021 Bonds.

**Section 10.** Delegation; Authorization of Documents and Execution Thereof. The Board hereby delegates to the Authorized Officers, and each of them acting alone, the authority to negotiate and approve the forms of the Second Supplemental Indenture, the Bond Purchase Contract, the Continuing Disclosure Agreement, and the Tax Certificate. The Authority authorizes and approves the execution and delivery of the 2021 Bonds, the Second Supplemental Indenture, the Bond Purchase Contract, the Continuing Disclosure Agreement, and the Tax Certificate. The Authority further and approves the performance by the Authority of its obligations contained in

the 2021 Bonds, the Indenture, the Second Supplemental Indenture, the Bond Purchase Contract, the Continuing Disclosure Agreement, the Tax Certificate, and this resolution and the consummation by the Authority of all other transactions contemplated by this resolution in connection with the issuance of the 2021 Bonds and the refunding of the Refunded Obligations.

The Authorized Officers, and each of them acting alone, are further authorized and directed to do everything necessary for the issuance, execution and delivery of the 2021 Bonds, including, without limitation, appointing the Trustee, and “deeming final” the preliminary official statement for the 2021 Bonds for the sole purpose of the 2021 Bond purchaser’s compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), and to execute and deliver, on behalf of the Authority, the Second Supplemental Indenture, the Bond Purchase Contract, the Continuing Disclosure Agreement, and the Tax Certificate and any other documents that may be useful or necessary in connection with the refunding of the Refunded Obligations, the issuance of the 2021 Bonds and the perfection of the security interests in the funds and assets of the Authority, and to ensure the proper use and application of the proceeds from the sale of the 2021 Bonds. The Authorized Officers, and each of them acting alone, are further authorized to approve and execute an official statement for the 2021 Bonds.

The delegation to the Authorized Officers set forth in this resolution shall include setting the final number of series, series designations, principal amounts, maturity dates, principal and interest payment dates, redemption provisions, interest rates, and other terms for the 2021 Bonds; *provided* that (a) the aggregate principal amount of the 2021 Bonds does not exceed \$95,000,000, and (b) the final maturity of the 2021 Bonds does not exceed forty years from their date of issue.

**Section 11. Acting Officers Authorized.** Any action required by this resolution to be taken by the Chair of the Board or Executive Director of the Authority may in the absence of such person

be taken by the duly authorized acting Chair of the Board or Deputy Executive Director of the Authority, respectively.

**Section 12. Approval of Bond Purchase Contract.** It is anticipated that KeyBanc Capital Markets Inc. will present a Bond Purchase Contract to the Authority offering to purchase the 2021 Bonds under the terms and conditions provided herein. The Board finds that entering into the Bond Purchase Contract is in the best interest of the Authority, and therefore authorizes the Authorized Officers, and each of them acting alone, to accept such offer on behalf of the Authority.

The 2021 Bonds will be prepared at the Authority's expense and will be delivered to the purchaser thereof, with the approving legal opinion of Foster Garvey P.C., bond counsel of Seattle, Washington, regarding the 2021 Bonds.

The proper Authority officials are authorized and directed to do everything necessary for the prompt delivery of the 2021 Bonds to the purchaser thereof and for the proper application and use of the proceeds of the sale thereof.

**Section 13. Ratification and Confirmation.** Any actions of the Authority or its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

**Section 14. Supplemental Authorization.** The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, applications, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein; (iii) cause the Authority to expend such funds as are necessary to pay for all filing fees, application fees, registration fees and

other costs relating to the actions authorized by this resolution; and (iv) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

**Section 15. Execution of Duties and Obligations.** The Board authorizes and directs the Authority's Executive Director to cause the Authority to fulfill the Authority's duties and obligations under the Bonds, the Indenture, the Continuing Disclosure Agreement, the Bond Purchase Contract, the Tax Certificate, and this resolution.

**Section 16. Changes to Titles or Parties.** While the titles of and parties to the various documents described herein may change, no change to such titles or parties shall affect the authority conferred by this resolution to execute, deliver, file (if required), enforce and perform the documents in their final form.

**Section 17. Severability.** If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provision of this resolution or the 2021 Bonds.

**Section 18. Effective Date.** This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 15<sup>th</sup>  
DAY OF NOVEMBER, 2021.**

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

By: \_\_\_\_\_  
**DOUGLAS J. BARNES, Chair**  
Board of Commissioners

ATTEST:

\_\_\_\_\_  
**STEPHEN J. NORMAN**  
Secretary-Treasurer

## CERTIFICATE

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

1. That the attached Resolution No. 5703 (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 November 15, 2021 (the "Meeting"), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) one or more options were provided for the public to attend the Meeting remotely, including by telephonic access, and (b) the means of attending the Meeting provided the ability for all persons attending the Meeting to hear each other at the same time;

3. The public was notified of access options for remote participation in the Meeting via the Authority's website; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15<sup>th</sup> day of November, 2021.

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**Stephen Norman**

Executive Director and Secretary-Treasurer of the  
Authority

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**To:** Board of Commissioners

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

**Date** November 7, 2021

**Re:** Resolution No. 5704 - Resolution authorizing the issuance of a tax-exempt refunding revenue note in the principal amount of not to exceed \$35,600,000.00 for the purpose of refunding an outstanding 2015 note which refinanced three existing multifamily housing projects, and determining related matters.

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Resolution No. 5704 authorizes the Authority to refinance its 2015 Columbia Bank Pooled Housing Revenue Note (“Columbia Bank Pool”). The loan will be refinanced with Columbia Bank.

KCHA’s 2015 Columba Bank Pool provides financing for three existing multifamily housing - Gilman Square Apartments, Windsor Heights Apartments and Meadowbrook Apartments, located in Issaquah, SeaTac and Shoreline, respectively. The current outstanding principal balance of the note is approximately \$35.55 million and the interest rate is 2.68%.

The purpose of the refinance is to take advantage of the low interest rate environment and to lower the current interest rate on the debt. Columbia Bank has offered to refinance the note at an interest rate of 2.0%. There is no termination or yield maintenance prepayment fee assessed by Columbia Bank and the amortization term will remain the same as with the original note. Annual debt service savings will be approximately \$125,000 per year.

A summary of the key terms of the Columbia Bank refinancing are as follows:

Total Loan:	\$35,532,801.80
Loan Term:	20 Years (interest rate is reset at 10-year mid-point)
Amortization:	30-year amortization based on the original loan amortization period when the bond was first issued in 2015. The refinanced bond is to amortize over the same remaining term which will result in an approximate 25-year amortization period from the date of the refinance.

- Interest Rate: 2.0% Fixed for first 10 years
- Reset Rate: The interest rate resets at 10 years from the date of the refinance. The rate reset formula is calculated as:  $(1 - \text{Federal Corporate Tax Rate}) * (10\text{-year Treasury Constant Maturity Rate plus } 1.25\%)$ . The current indicative reset rate would be approximately 2.02%)
- Maturity Date: 10/31/41 (20 years)
- Loan Fee: \$35,533 (.10 basis points)
- Termination: KCHA may pre-pay at any time (pre-payment penalty within first 5 years of each 10-year fixed rate period is set at a declining penalty of 5%, 4%, 3%, 2%, 1% and then a nominal pre-payment penalty of .5% in years 6 – 10 of each 10-year fixed rate period). Either the Bank or the Authority can elect not to renew at the end of the initial 10<sup>th</sup> year and if the Authority elects not to renew at that time, there is no pre-payment penalty for non-renewal of the loan. If the Authority desires and the Bank agrees to extend the financing, the facility will be fixed for an additional 10-year term (for a total term of 20 years).
- Security: Pledge of revenues generated from the properties, KCHA General Revenue Pledge and a Contingent Loan Agreement between King County and KCHA (Note: King County provided a Contingent Loan Agreement with the original financing and the terms of the Contingent Loan Agreement provided for the automatic assignment the Contingent Loan Agreement to any future refinancing of the bond. Bond Counsel has confirmed with King County their Contingent Loan Agreement remains in place and no further action on the part of King County or KCHA is necessary.
- Key Reporting: Provide a copy of the agency budget with 45 days of adoption and a Pooled income statement and KCHA's Annual Audited Financial Statements within 10 days of receipt of the audited financial statements by the auditor.

This refinancing will provide KCHA with fixed rate loan for the first 10 years at 2.0% that will amortize over a 25-year period. The 2.0% initial interest rate was fixed through negotiation and was used to derive the index for resetting the rate in 10 years to account for future interest rate movements. The interest cost for the second 10-year fixed rate term will be based on a formula equal to:  $(1.0 \text{ minus the Federal Tax Rate}) \text{ times the sum of the } (10\text{-}$

year Treasury Constant Maturity Rate plus 1.25%). It should be noted that either Columbia Bank or KCHA can elect to terminate the loan after 10 years; otherwise, if Columbia Bank agrees to extend the term of the loan by an additional 10-year period and KCHA agrees to the extension, the loan will remain in place for the full 20-year maturity unless prepaid by KCHA.

This refinancing represents an exceptional opportunity for KCHA to lock in a low interest rate on these three complexes for at least the next 10 years.

Staff recommends approval of Resolution No. 5704.

**RESOLUTION NO. 5704**

**A RESOLUTION of the Board of Commissioners of the Housing Authority of the County of King authorizing the issuance of a tax-exempt refunding revenue note in the principal amount of not to exceed \$35,600,000 for the purpose of refunding an outstanding 2015 note which refinanced three existing multifamily housing projects; approving the sale of such note to Columbia State Bank in accordance with its offer to purchase; and authorizing the Executive Director of the Authority to execute such other documents as are necessary to issue the note.**

**WHEREAS**, the Housing Authority of the County of King (the “Authority”) seeks to encourage the provision of long-term housing for low-income persons residing in King County, Washington; and

**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “own, hold, and improve real or personal property . . . [and] purchase, lease, obtain options upon . . . any real or personal property or any interest therein;” and may “sell, lease, exchange, transfer, or dispose of any real or personal property therein at less than fair market value . . . to a low-income person or family for the purpose of providing housing for that person or family . . .”; and

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

**WHEREAS**, the Authority intends to refund on a current basis the Authority’s outstanding Revenue Note (Pooled Loan Projects), Series 2015 (the “2015 Note”), which refinanced three existing multifamily housing projects known as the Gilman Square Apartments, Windsor Heights Apartments and Meadowbrook Apartments, located in Issaquah, SeaTac and Shoreline, King County, respectively (together, the “Projects”); and

**WHEREAS**, Columbia State Bank has proposed to extend to the Authority, in a single advance to be made at closing, a loan (the “Loan”) to refinance the 2015 Note, subject to certain conditions stated in the proposal; and

**WHEREAS**, the Board of Commissioners of the Authority deems it to be in the best interest of the Authority to refinance the 2015 Note and to issue its Refunding Revenue Note (Pooled Loan Projects), Series 2021 (the “Note”), in the principal amount of not to exceed \$35,600,000, evidencing the Loan, for the purpose of refinancing the 2015 Note; and

**WHEREAS**, King County, Washington (the “County”) entered into a Contingent Loan Agreement with the Authority pursuant to RCW Chapter 35.83 and in connection with the 2015 Note, under which the County agreed to make a loan or loans to the Authority to pay debt service on the 2015 Note, when due, at certain times and upon certain conditions, which Contingent Loan Agreement remains in effect as to the Note and will be assignable to and enforceable by the holder of the Note; and

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

**Section 1.**    **Definitions.** As used in this resolution, unless a different meaning clearly appears from the context:

“Authority” means the Housing Authority of the County of King, a public body corporate and politic duly organized and existing under and by virtue of the laws of the State of Washington.

“Bank” means Columbia State Bank, its successors or assigns.

“Board” means the Board of Commissioners of the Authority.

“Business Day” means any day, other than a Saturday or Sunday, on which banking institutions are open in the state of Washington.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contingent Loan Agreement” means the Contingent Loan Agreement between the County and the Authority dated as of July 1, 2015.

“County” means King County, Washington.

“Executive Director” means the Executive Director of the Authority, or his or her designee.

“Fixed Rate” means a rate per annum equal to 2.00%, calculated on a 30/360 basis.

“General Revenues” means all revenues of the Authority from any source (including revenues of the Projects), but only to the extent that those revenues are available to pay debt service on the Note and are not now or hereafter pledged, by law, regulation, contract, covenant, resolution, deed of trust or otherwise (including restrictions related to funds made available to the Authority under the U.S. Housing Act of 1937), solely to another particular purpose.

“Initial Term” means the period of the first 40 Note payments, ending on the Reset Date.

“Loan” means the term loan made by the Bank and evidenced by the Note.

“Maturity Date” means December 1, 2041.

“Note” means the Refunding Revenue Note (Pooled Loan Projects), Series 2021 of the Authority issued pursuant to, under the authority of, and for the purposes provided in, this resolution.

“Note Registrar” means the Executive Director of the Authority.

“Payment Date” means each March 1, June 1, September 1, and December 1, commencing March 1, 2022.

“Project Revenues” means all amounts due to or received by the Authority for the account of the Authority on an annual basis pursuant or with respect to the Projects, but subject to any deeds of trust or similar security instrument securing loans or grants for the Projects from local, state and federal governmental funding sources.

“Proposal” means the proposal letter dated September 30, 2021, submitted by the Bank to purchase the Note.

“Registered Owner” means Columbia State Bank, as purchaser of the Note, and its successors and assigns.

“Reset Date” means December 1, 2031.

“Reset Rate” means the tax adjustment factor at the Reset Date multiplied by the sum of the ten-year Treasury Constant Maturity Rate<sup>1</sup> plus 1.25%, where the tax adjustment factor is calculated as 100% minus the current maximum corporate tax rate having been legally authorized in the United States.

**Section 2.** Authorization and Description of Note. For the purpose of providing all or part of the money required to refinance the 2015 Note, the Authority shall issue its Refunding Revenue Note (Pooled Loan Projects), Series 2021, in the maximum principal amount of not to exceed \$35,600,000. The Board finds that it is in the best interest of the Authority to issue the Note for the purposes set forth in this resolution. The Projects shall continue to be rented to residents in accordance with the provisions of RCW 35.82.070(5) and 35.82.

The Note shall be issued in fully registered form; shall be dated November 17, 2021, shall be in a denomination equal to the par amount and shall mature on the Maturity Date. The Note shall bear interest during the Initial Term at the Fixed Rate and thereafter at the Reset Rate, calculated on the basis of a 360-day year and 12 thirty-day months, as determined on the Reset Date. Principal and interest shall be payable on each Payment Date until the Maturity Date in an amount necessary to fully amortize the principal amount of the Note at the Fixed Rate over the number of Payment Dates until June 1, 2045, or upon prepayment of the Note in full. If any principal or interest payment

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<sup>1</sup> The ten-year Treasury Constant Maturity Rate means the most recent, as of the Reset Date, yield to maturity of United States Treasury securities with a ten-year constant maturity (excluding inflation indexed securities) as compiled and published on the website of the U.S. Department of the Treasury (which, as of November 17, 2021, is <https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>), or if such information is no longer published

comes due on a day that is not a Business Day, the Authority may make the payment on the first Business Day following the Payment Date, with accrual of interest to be extended to the actual payment date. On the Reset Date, the interest rate on the Note shall be reset to a fixed rate equal to the Reset Rate as determined for the Reset Date unless (1) the Bank and the Authority mutually agree to amend the terms of the Note, or (2) the Bank notifies the Authority in writing that prepayment of the Note must be made in full on the Reset Date or (3) the Authority elects to prepay the Note in full on or before the Reset Date. If the Bank notifies the Authority in writing no less than 150 days in advance of the Reset Date that prepayment of the Note must be made in full on the Reset Date, all principal of and interest due on the Note shall be due and payable in full on the Reset Date. If no such notice has been given as to the obligation to prepay, the Bank may override such prepayment obligation at any time prior to the Reset Date by notifying the Authority in writing that it will not require prepayment of the Note on the Reset Date. If neither the Bank nor the Authority elects to require payment in full or prepay in full, the payment amount shall be adjusted to an amount necessary to fully amortize the principal amount of the Note at the Reset Rate over the number of Payment Dates until June 1, 2045.

The Authority reserves the right to prepay all or a portion of the principal of the Note at any time. Prepayment fees shall apply to both full and partial prepayments of the Note, to be more fully set forth in the Note.

Principal of and interest on the Note shall be payable as described in Section 3 below. If the Note is not redeemed when properly presented at its maturity, if the Authority fails to pay any installment of principal or interest when due under the Note, or if interest on the Note is no longer exempt from federal income taxation, at the election of the Bank, the Authority shall be obligated to

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on the website of the U.S. Department of the Treasury, any publicly available source of similar market data.

pay interest on the Note at an increased rate based on the tax factor of .79 (the “Grossed-Up Rate”), until both principal and interest on the Note is paid in full. Interest on the Note will be deemed no longer exempt from federal income taxation if the Bank receives an opinion to that effect from a nationally-recognized bond counsel firm or a final determination from the IRS, and if interest on the Note is (or is deemed to be) no longer exempt from federal income taxation, the adjustment to the interest rate on the Note may, at the election of the Bank, be retroactive to the date interest becomes or would become so taxable. The Authority shall also make a payment to the Bank equal to (a) the interest that would have accrued at the Grossed-Up Rate from the date that interest on the Note became includable in the gross income of the holder of the Note for federal income tax purposes until the date that such rate increase described in the preceding sentence became effective; minus (b) the interest that actually accrued at the Fixed Rate from the date that interest on the Note became includable in the gross income of the holder of the Note for federal income tax purposes until the date that such rate increase described in the preceding sentence became effective. The Note shall have such other provisions consistent with the purposes of this resolution as are set forth herein and in the Proposal.

**Section 3.**     Security for the Note. The Note shall be secured by a pledge of the Project Revenues and the General Revenues of the Authority; provided, however, that the Authority retains the right to issue other obligations secured by a pledge of any portion of its General Revenues and that may be paid prior to the payment of the Note with respect to the portion of the General Revenues so pledged, provided that such issuance does not result in an event of default under the Note. The Authority may not pledge the real property constituting the Projects other than to the Bank without the prior written consent of the Bank, which may be withheld in the Bank’s sole discretion, subject to the Authority’s right to grant deeds of trust or similar security instruments to secure loans or grants for the Projects from local, state and federal governmental funding sources.

The Bank shall also be a third party beneficiary of the Contingent Loan Agreement with respect to a loan or loans to be made to the Authority to pay debt service on the Note, when due.

The Note shall not be a debt of King County, the State of Washington or any political subdivision thereof, and the Note shall so state on its face. Neither King County, the State of Washington nor any political subdivision thereof (except the Authority from the sources identified herein and in this Section 3 and King County, to the extent provided under the terms of the Contingent Loan Agreement) shall be liable for payment of the Note nor in any event shall principal of, premium, if any, and interest on the Note be payable out of any funds or assets other than those pledged to that purpose by the Authority herein. The Authority has no taxing power.

None of the Commissioners, officers or employees of the Authority shall be personally liable for the payment of the Note.

**Section 4.**     Application of Note Proceeds. Note proceeds shall be used to refund the 2015 Note pursuant to Section 2.

**Section 5.**     Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed after delivery to the Registered Owner, the Note Registrar may execute and deliver a new Note of like date and tenor to the Registered Owner upon the Registered Owner paying the expenses and charges of the Authority and upon filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of the Registered Owner's ownership thereof, and upon furnishing the Authority with indemnity reasonably satisfactory to the Authority.

**Section 6.**     Note Registrar. The Note Registrar shall keep, or cause to be kept, at the office of the Executive Director, sufficient records for the registration and transfer of the Note. The Note Registrar is authorized, on behalf of the Authority, to authenticate and deliver the Note in accordance with the provisions of the Note and this resolution, to serve as the Authority's paying

agent for the Note and to carry out all of the Note Registrar's powers and duties under this resolution.

**Section 7.**     Preservation of Tax Exemption for Interest on Note. The Authority covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes.

The Note is not a "private activity bond" as such term is defined in the Code. The Authority has not designated the Note as a "qualified tax-exempt obligation" under Section 265(b) of the Code for investment by banks, thrift institutions and other financial institutions.

The Authority hereby authorizes the execution of a federal tax certificate evidencing its agreement to meet the requirements of the Code applicable to the Note.

**Section 8.**     Form and Execution of Note. The Note shall be prepared in a form consistent with the provisions of the Proposal, this resolution and state law, shall bear the manual or facsimile signatures of the Chair of the Board and Executive Director of the Authority and shall be impressed with the seal of the Authority or shall bear a facsimile thereof.

To be valid or obligatory for any purpose or entitled to the benefits of this resolution, the Note shall bear a Certificate of Authentication in the following form, manually signed by the Note Registrar:

## CERTIFICATE OF AUTHENTICATION

This Note is the fully registered Refunding Revenue Note (Pooled Loan Projects), Series 2021 of the Authority described in the Note Resolution.

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Executive Director of the Authority and  
Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose signature appears on the Note ceases to be an officer of the Authority authorized to sign bonds before the Note bearing his or her signature is authenticated or delivered by the Note Registrar or issued by the Authority, the Note nevertheless may be authenticated, delivered and issued and, when authenticated, issued and delivered, shall be as binding on the Authority as though that person had continued to be an officer of the Authority authorized to sign bonds. The Note also may be signed on behalf of the Authority by any person who, on the actual date of signing of the Note, is an officer of the Authority authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Note.

**Section 9.**     Sale of Note. The Board hereby authorizes the sale of the Note to the Bank pursuant to the terms of the Bank's Proposal attached hereto and ratifies the acceptance of the Proposal dated September 30, 2021 by the Senior Director of Development and Asset Management. Upon delivery of the Note, the Authority shall pay to the Bank a fee of 0.10% of the refunding amount, and reimburse the Bank for its legal fees in an amount not to exceed \$5,000, which payments shall be made by check, wire transfer or other mutually acceptable means.

**Section 10.** Reporting Requirements. The Authority hereby covenants and agrees for as long as the Note remains outstanding that it will provide to the Bank: (a) copies of the Authority's annual budget, within 45 days of adoption; (b) the Authority's audited financial statements for each fiscal year, within ten days of receipt from the State Auditor; and (c) an annual income statement for the Projects no later than ten days after completion of the annual audit.

**Section 11.** Contingent Loan Agreement. The Executive Director and other appropriate officers of the Authority were authorized to enter into the Contingent Loan Agreement with the County as of July 1, 2015 and are authorized to ratify the Contingent Loan Agreement with respect to the Note.

**Section 12.** Ratification; General Authorization. The Executive Director and other appropriate officers of the Authority, acting singly or together, are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this resolution. All acts taken pursuant to the authority of this resolution but prior to its effective date, including the execution of the Contingent Loan Agreement, are hereby ratified.

**Section 13.** Severability. If any provision in this resolution is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Note.

**Section 14.** Legal Action. Any legal action concerning the enforcement of the terms of this resolution or the Note may be brought and maintained only in the Superior Court of King County, Washington, or in the United States District Court for the Western District of Washington. In any such legal action (including any arbitration, appeal, or insolvency proceeding), the

nonprevailing party shall pay or reimburse the prevailing party for the reasonable attorneys' fees and other expenses incurred.

**Section 15.** Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 15<sup>TH</sup> DAY OF NOVEMBER, 2021.**

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

By \_\_\_\_\_  
**DOUGLAS J. BARNES, Chair**  
Board of Commissioners

ATTEST:

\_\_\_\_\_  
**STEPHEN J. NORMAN**  
Secretary-Treasurer

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**To:** Board of Commissioners

**From:** Beth Pearson, Director of Real Estate Initiatives

**Date:** November 15, 2021

**Re:** **Resolution 5705:** Authorizing the Acquisition of Village Plaza Apartments

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**Executive Summary**

Resolution No. 5705 authorizes the acquisition of the Village Plaza Apartments in Kirkland, Washington. The property would be sold to KCHA by the City of Kirkland at a substantially discounted purchase price. KCHA would make available rental subsidies for these units in order to provide affordable housing for extremely low-income households in a high opportunity community.

**Background**

At the October 20, 2017 Board meeting, staff discussed the possibility of acquiring a small multi-family property located near downtown Kirkland, and staff committed to bringing additional detail to the Board regarding such an acquisition for final Board review and approval. The accompanying Project Profile provides information about the property, related financing, and long-term plan to operate the property as public housing, if acquired.

**Staff Recommendation:**

Staff recommends the approval of Resolution No. 5705

## ***Village Plaza Apartments*** **Project Profile**

The Village Plaza Apartments (“Property”) is a 6-unit multi-family development, consisting of one 3-story building, located at 11825 100<sup>th</sup> Avenue NE in Kirkland, WA. The building was constructed in 1967 and includes one 1-bedroom, and five 2-bedroom apartments. The property was recently purchased by the City of Kirkland. The City is offering to sell the property to KCHA at a significantly discounted price for operation as housing for extremely low-income households.

### **Purchase Status**

The Property is currently owned by the City of Kirkland, which acquired it on October 12, 2021 at a cost of \$2.25 million for the purpose of providing low income housing within its jurisdiction.

Prior to its acquisition of the Property, the City approached KCHA to inquire whether KCHA would be willing to buy the Property if the City contributed \$1 million of its real estate excise tax revenue to reduce the purchase price to KCHA. The Property is currently assessed by the King County Assessor at \$2,024,000 and KCHA would pay approximately \$1.25 million (\$208,333/unit).

In exchange for the City agreeing to sell the property to KCHA at a significantly below market price, KCHA offered to provide federal rental subsidies at the Property to make the units available to extremely low income households.

### **Due Diligence Status**

KCHA has reviewed a title report, survey, physical condition assessment and Phase I Environmental Assessment for the Property obtained by the City in August prior to its closing. KCHA was added as beneficiary to the Phase I report, allowing it to rely on the assessment. None of these due diligence items have raised any red flags for acquisition. KCHA has ordered an update to the City’s survey of the Property and a title report to update and enhance the prior due diligence items.

The King County Assessor’s website describes the building as in average condition. KCHA staff completed an inspection of the physical condition of the Property prior to the City’s acquisition and has been operating the Property since mid-October, allowing KCHA to become generally familiar with the Property condition. KCHA staff is not aware of any significant deferred maintenance or apparent life, safety or other critical concerns with the site.

### **Property Description and Unit Mix**

The Village Plaza Apartments, located at 11825 100<sup>th</sup> Ave NE in Kirkland, includes 6 apartments situated in one 3-story building. The property was built in 1967 and has one 1-bedroom unit measuring about 700 sq. ft. and five 2-bedroom units that average 850 sq. ft. All the units have small kitchens, a separate living and dining area, one bath and dedicated electric water heaters. Residents share surface parking, with approximately 13 spaces available at the site, and there is a shared common laundry room in the building.

Rents for the current occupied units range from \$1,400 for the 1-bedroom unit to between \$1,150 to \$1,600 for the 2-bedroom units. One unit is currently vacant.

The Property sits on approximately one-quarter acre of land with very little landscaping. A shared access drive along its western boundary allows entry from the public road. Immediately to the north and south are multifamily condominiums.

### **Neighborhood Description**

Village Plaza Apartments sits in a good location about two miles from downtown Kirkland and one half mile from Lake Washington. A variety of grocery stores, restaurants and numerous retail and other services are within walking distance. Three main Kirkland metro bus routes pass one-half block from the site, connecting residents to the downtown Kirkland core and I-405. Five KCHA-owned properties lie within a one mile radius of the Village Plaza: Casa Juanita (80 units), Juanita View (94 units), Juanita Trace (39 units) and Juanita Court (30 units) which are all federally-subsidized, and Emerson Apartments (207 units) which is work-force housing. This location is in a very high opportunity neighborhood with good schools and rapidly escalating rents. The local elementary school (Juanita Elementary) reports a low 25.8% rate of students qualifying for free or reduced cost lunches. The median price of homes in Kirkland has increased approximately 21.5% in the past year.

### **Strategic Rationale**

This is a unique opportunity for KCHA to acquire units in a high opportunity area at a price well below market. With the City's willingness to apply \$1 million in real estate excise tax proceeds to the cost of the acquisition, the net cost to KCHA to purchase the property will be \$1.25 million (approximately \$208,000/unit) which is significantly below what it would cost KCHA to acquire comparable units anywhere in Kirkland.

It is a priority of the Board to increase the number of units available to extremely low-income households in high opportunity areas. The acquisition of Village Plaza and the "turn-on" of banked public housing subsidies will advance KCHA's goal of increasing housing opportunities for extremely low-income households in high opportunity neighborhoods.

### **Proposed Financing**

The City intends to use \$1,000,000 of its real estate excise tax revenues to buy down the sale price of the Property to KCHA. To accomplish this, the City needs to pass its annual budget authorizing the use of these funds, which action is expected to occur in mid-December 2021. Thereafter the City will be able to apply the funds at a closing anticipated to occur in early 2022. The balance of the price paid by the City (\$1.25 million) will be paid by KCHA to the City to reimburse the City for its out of pocket expense in acquiring the Property.

KCHA intends to fund the balance of the acquisition with MTW reserves.

### **Risks & Mitigation**

#### **Acquisition Risks & Mitigation**

- (Risk) The condition of the property has title or environmental defects unforeseen/unknown.
- (Mitigation) KCHA has reviewed the City's title report, survey, physical condition assessment and Phase I Environmental Assessment. None of these due diligence items raised any red flags for acquisition. Staff is generally familiar with the physical condition

of the Property since KCHA has been operating the Property since mid-October. KCHA will procure additional survey work and a title insurance policy at closing to ensure against any unforeseen title defects.

- (Risk) Additional repair and physical improvements are needed beyond what is visible from due diligence inspections.
- (Mitigation) Unforeseen repair needs would be funded from the public housing capital budget. KCHA receives an annual allocation for capital repairs from HUD and supplements this as necessary from its MTW working capital account. There are sufficient funds in KCHA's capital budget to handle any emergent needs on a property of this size. If issues arise prior to conversion to public housing, KCHA could still use MTW reserves to address these issues. KCHA has extensive experience in assessing this type of property and in undertaking needed repairs and upgrades.

#### Financing Risk & Mitigation

- No significant financing risks are identified as KCHA will use MTW funds to pay cash for the purchase of the property. KCHA has sufficient funds on hand to cover the purchase in full without impairing or impacting other cash needs of the agency.

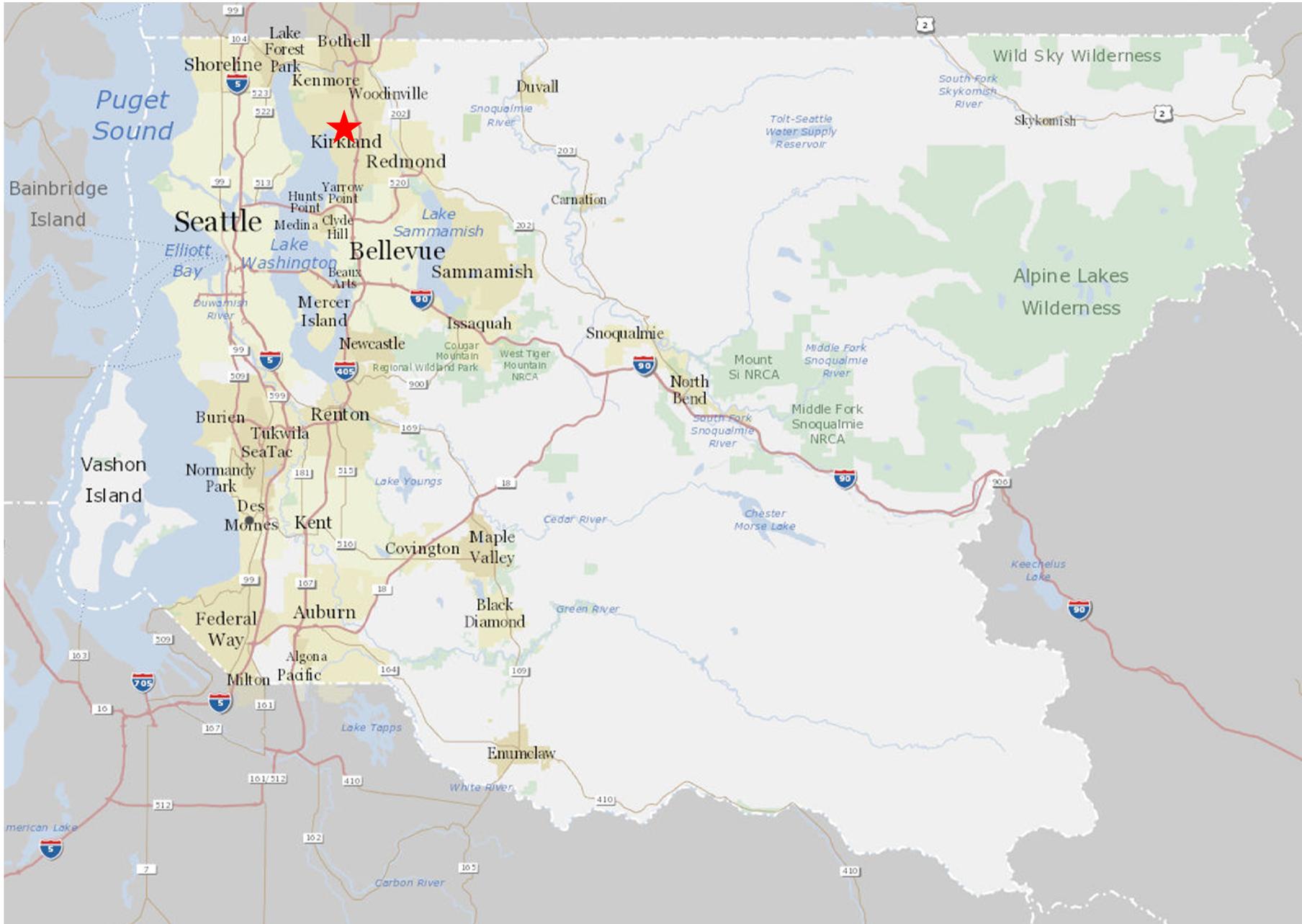
# Village Plaza of Kirkland





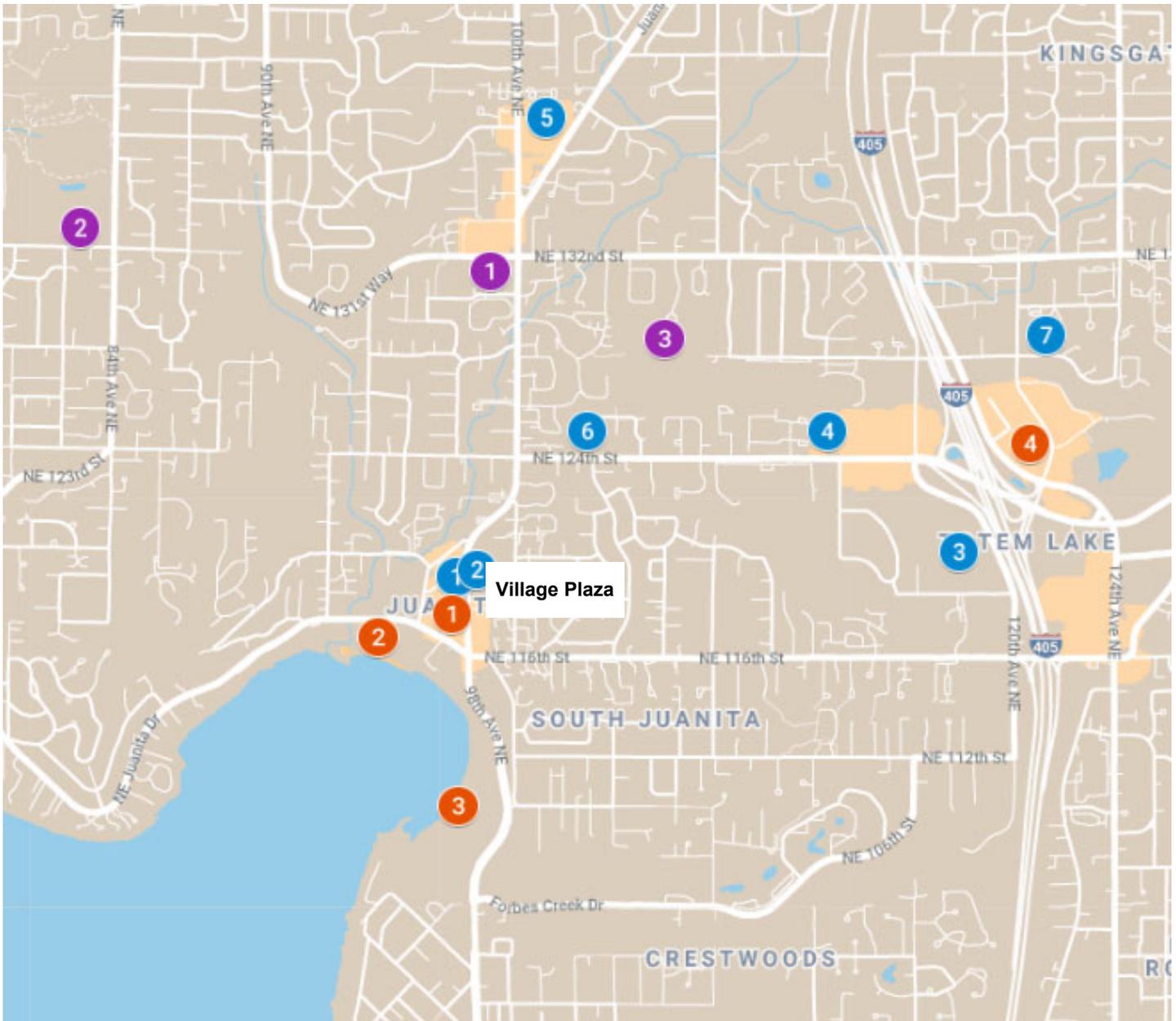
**Village Plaza of Kirkland**

## Property Location in King County



★ Property Location

## Neighborhood Amenity Map



### Schools

- 1 Juanita Elementary School
- 2 Finn Hill Middle School
- 3 Juanita High School

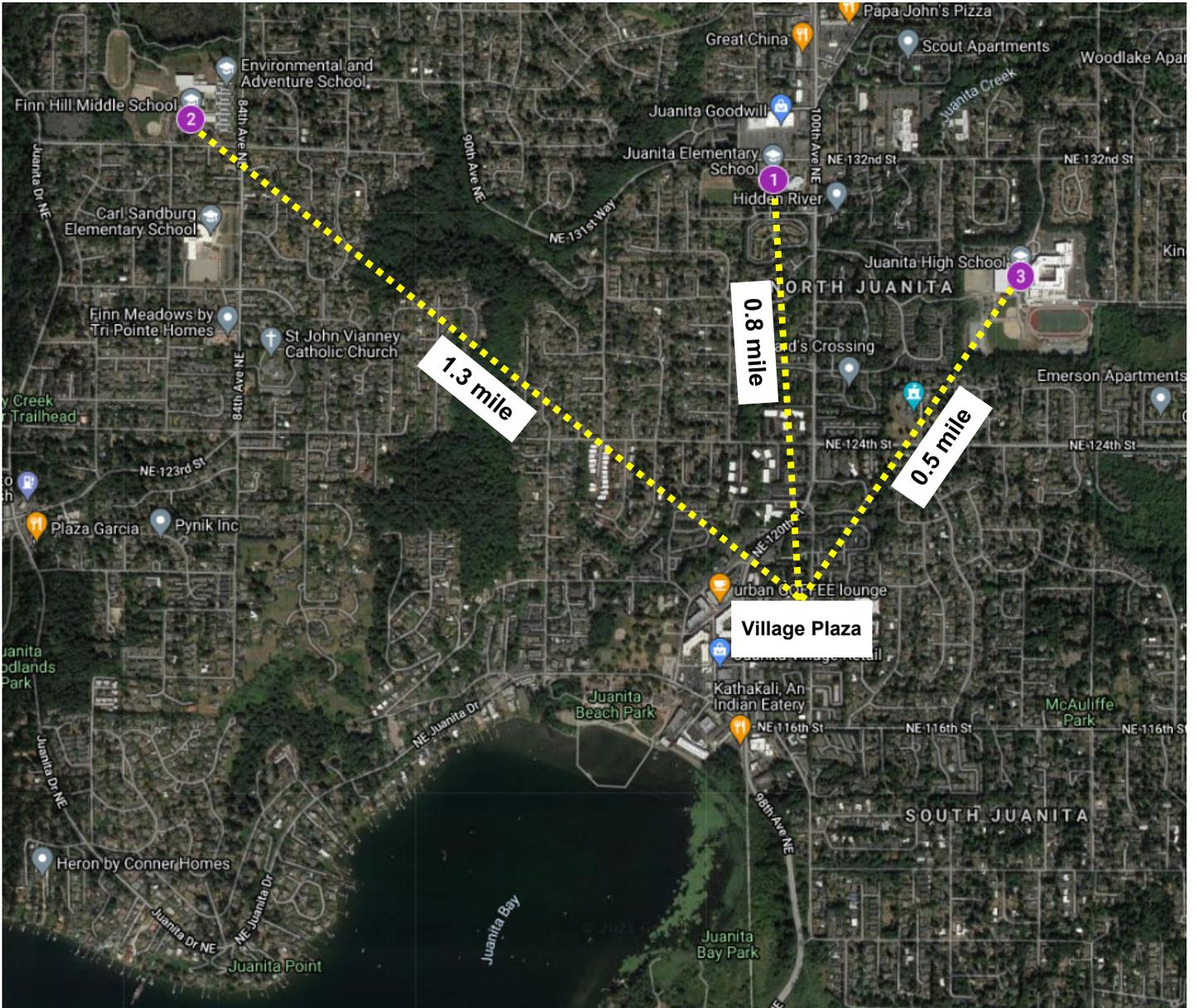
### Food and Resources

- 1 Scoop Marketplace
- 2 Super Food Store
- 3 Fred Meyer
- 4 QFC
- 5 Safeway
- 6 North Kirkland Community Center
- 7 EvergreenHealth Medical Center Kirkland

### Attractions

- 1 Juanita Village Retail
- 2 Juanita Beach Park
- 3 Juanita Bay Park
- 4 The Village at Totem Lake

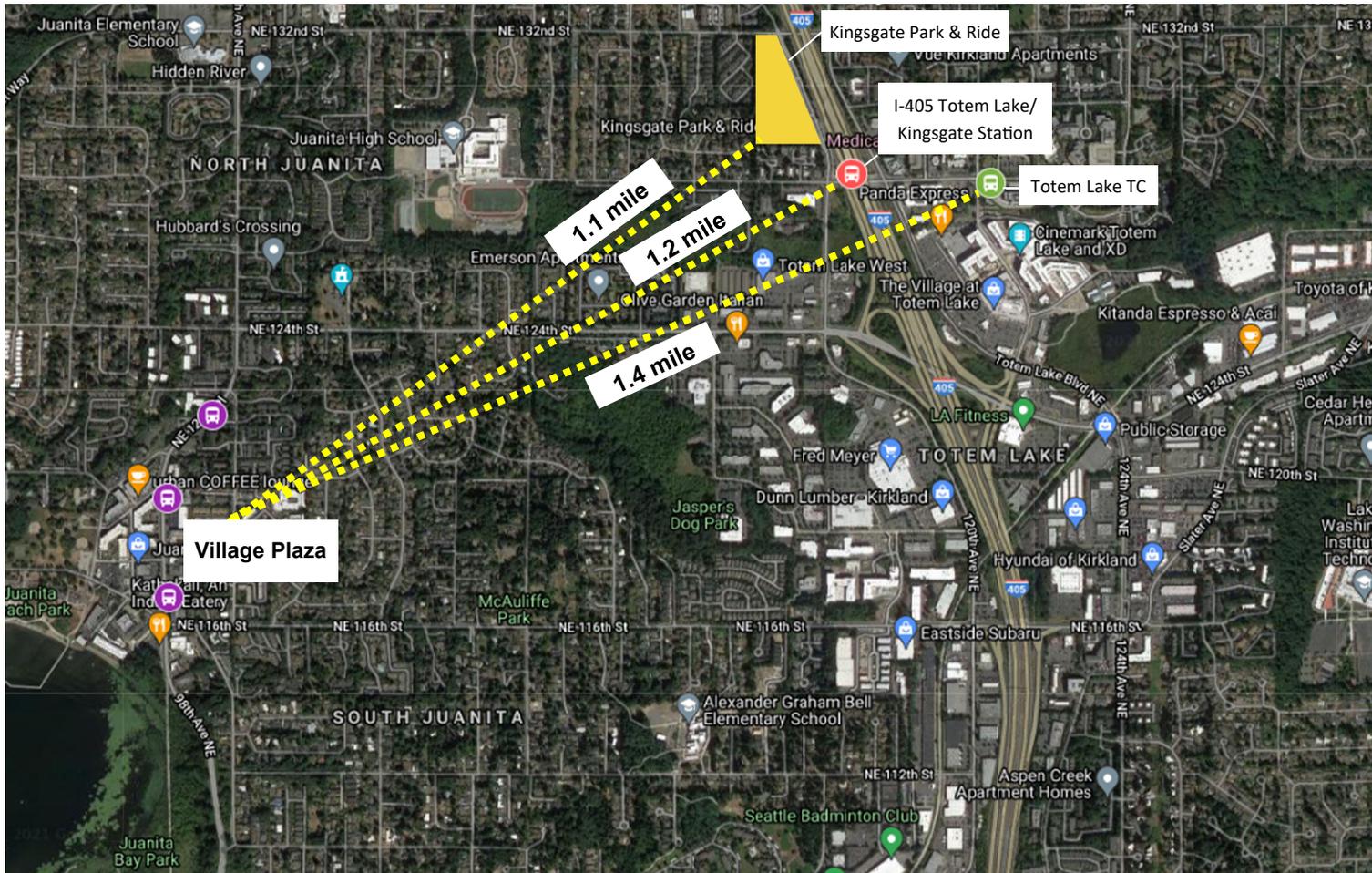
# Neighborhood School Map



## Schools

- 1 Juanita Elementary School
- 2 Finn Hill Middle School
- 3 Juanita High School

## Transportation Access - Bus Routes & Transit Center



### Future Soundtransit BRT

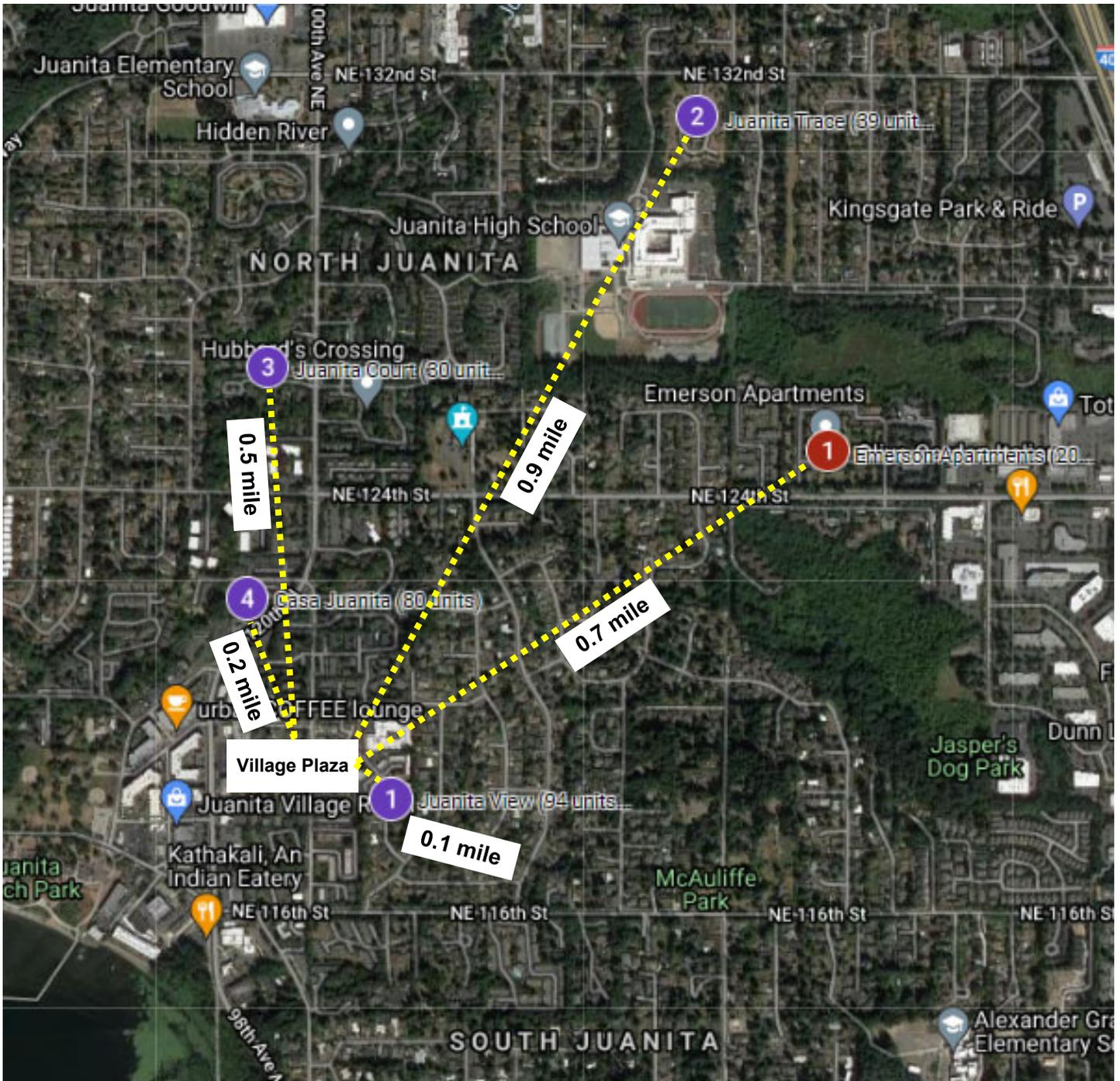
(Bus Rapid Transit) planned for opening in 2026/2027 at I-405 Totem Lake/Kingsgate Station connecting Burien and Lynnwood

 Bus 230, 231, 255

 I-405 & Totem Lake Freeway Station:  
237, 311, 342, PST424, PST532,  
PST535, 981

 Totem Lake Transit Center: 239, 225,  
255, 893, DART930

## Neighboring KCHA Properties



### KCHA Subsidized Housing

- ① Juanita View (94 units total; 51 PBS8)
- ② Juanita Trace (39 units)
- ③ Juanita Court (30 units)
- ④ Casa Juanita (80 units)

### KCHA Moderate Income Housing

- ① Emerson Apartments (207 units)

## Neighborhood Data

### Opportunity Index

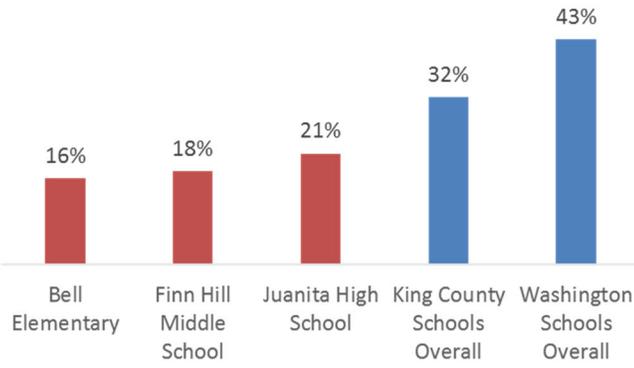
Village Plaza is in the city of Kirkland and served by the Lake Washington school district. The property is within the CMTO area as well as being moderate opportunity according to the Kirwan Index. Surrounding census tracts are high opportunity.

Opportunity Index (Kirwan)	Education	Employment	Housing	Transportation	Health	Overall
Census Tract 26006	<i>High</i>	<i>High</i>	<i>Low</i>	<i>High</i>	<i>Very Low</i>	<i>Moderate</i>

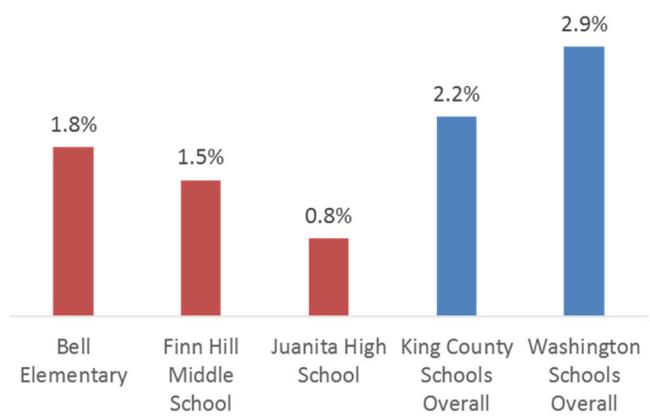
### Student Population Descriptors

Student population demographics in the area has lower rates of poverty and homelessness than King County overall, however race and ethnicity make up of students is similar to that of King County students as a whole.

**Below average poverty rate**  
(percent of students eligible for free/reduced price meals)



**Lower prevalence of homelessness**



Race/Ethnicity	Bell Elementary	Finn Middle School	Juanita High School	King County Schools	Washington Schools
<i>American Indian/Alaskan Native</i>	0.2%	0.0%	0.2%	0.2%	1.3%
<i>Asian</i>	14.1%	8.4%	17.0%	14.1%	8.3%
<i>Black/ African American</i>	4.3%	2.5%	3.4%	4.3%	4.6%
<i>Hispanic/ Latino of any race(s)</i>	17.7%	14.8%	15.0%	17.7%	24.6%
<i>Native Hawaiian/ Other Pacific Islander</i>	0.2%	0.3%	0.2%	0.2%	1.2%
<i>Two or More Races</i>	9.6%	11.1%	9.4%	9.6%	8.8%
<i>White</i>	53.9%	62.8%	54.8%	53.9%	51.1%

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

**RESOLUTION NO. 5705**

**A RESOLUTION AUTHORIZING ACQUISITION OF  
VILLAGE PLAZA APARTMENTS**

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

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

**WHEREAS**, Village Plaza Apartments (the “Property”) is a 6-unit apartment complex located at 11825 100th Ave NE, Kirkland, Washington, in an area of King County that has been identified by the Housing Authority as a ‘high opportunity area’ with excellent access to high-performing schools, good jobs and good transit; and

**WHEREAS**, rents in high opportunity areas are expected to continue to escalate, making the Property increasingly less affordable to low income households; and

**WHEREAS**, the City of Kirkland (“City”) has identified the need to preserve the diminishing amount of privately owned affordable housing as a high priority of the City; and

**WHEREAS**, the City of Kirkland (“City”) is authorized by RCW 35.83 and 39.33, respectively, to use portions of its real estate excise tax revenues to acquire housing and to

“sell...any of its interest in any property...to a housing authority”, all for the purpose of reducing the lack of affordable housing within its jurisdiction; and

**WHEREAS**, the City has recently acquired the Property from a private owner for a market price of \$2.25 million and now desires to sell the Property to the Housing Authority at the reduced price of approximately \$1.25 million, by using an estimated One Million Dollars of its real estate excise tax revenues (“City REET”) to offset the market price, all for the purpose of preserving affordable housing near downtown Kirkland for the long term; and

**WHEREAS**, in connection with its acquisition, the City completed various due diligence on the Property, including obtaining a survey, title report, physical condition assessment and Phase 1 environmental reports, all of which reports have been provided to and reviewed by the Housing Authority; and

**WHEREAS**, to facilitate interim management of the Property between the time of the City’s acquisition of the Property and the time of its sale to the Housing Authority, the City and the Housing Authority entered into an operating agreement giving the Housing Authority the right and responsibility of operating the Property, including collecting tenant rent and paying Property expenses; and

**WHEREAS**, RCW 35.82.070(2) provides, in part, that a housing authority shall have the power to acquire housing projects within its area of operations; and

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

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

**Section 1:** Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations and in areas of high opportunity, high and escalating rents, and good jobs and transit.

**Section 2:** The Board of Commissioners hereby authorizes the Executive Director to take any and all actions necessary to acquire the Property from the City for an estimated price of \$1.25 Million Dollars (\$1,250,000.00) which represents the cost of the Property to the City, reduced by One Million Dollars of City REET.

**Section 3:** The Executive Director is hereby authorized to execute a purchase and sale agreement that provides for the acquisition of the Property from the City on such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority.

**Section 4:** The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution.

**Section 5:** The Board of Commissioners hereby authorizes the Executive Director, Stephen J. Norman, and in his absence, Deputy Executive Director Daniel R. Watson or Temporary Deputy Executive Director Craig Violante, to execute on behalf of

the Housing Authority any and all contracts, agreements, certifications or other documents in connection with the Housing Authority's acquisition of the Property pursuant to this Resolution.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 15TH DAY OF NOVEMBER, 2021.**

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

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

Attest:

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**STEPHEN J. NORMAN**  
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the “Authority”), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5705 (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 November 15, 2021 (the “Meeting”), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority’s website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November 2021.

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**Stephen Norman**  
Secretary-Treasurer and Executive Director  
of the Authority

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**To:** Board of Commissioners

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

**Date:** November 7, 2021

**Re:** **Resolution No. 5706:** A Resolution authorizing the acquisition of the Newport Apartments.

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Resolution No. 5706 authorizes the Housing Authority to negotiate and enter into a purchase agreement for the Newport Apartments, an apartment complex located in Des Moines at 23641 20<sup>th</sup> Ave S.

The Newport Apartments was built in 1985 and consists of thirteen buildings with 136 one, two and three bedroom apartments. The Newport is centrally situated in the City of Des Moines approximately .6 miles west of the future Kent-Des Moines light rail station on Pacific Highway S (Hwy 99) and directly west of Highline Community College. The Des Moines Elementary School, part of the Highline School District, is immediately west of the property. The site is located less than a mile to the east of Puget Sound with outdoor amenities such as the Saltwater State Park and the Des Moines Beach and Marina.

The site is of particular interest because of the large number of two- and three-bedroom apartments and its proximity to Des Moines elementary school, Highline Community College and the planned light rail station. A full Project Profile is attached which outlines the strategic rationale for the acquisition, describes the property and proposed financing options, and analyses risks and risk mitigations associated with the transaction. Staff will provide an overview of the property and proposed transaction at the November Board of Commissioner's meeting.

Staff recommends approval of Resolution No. 5706.

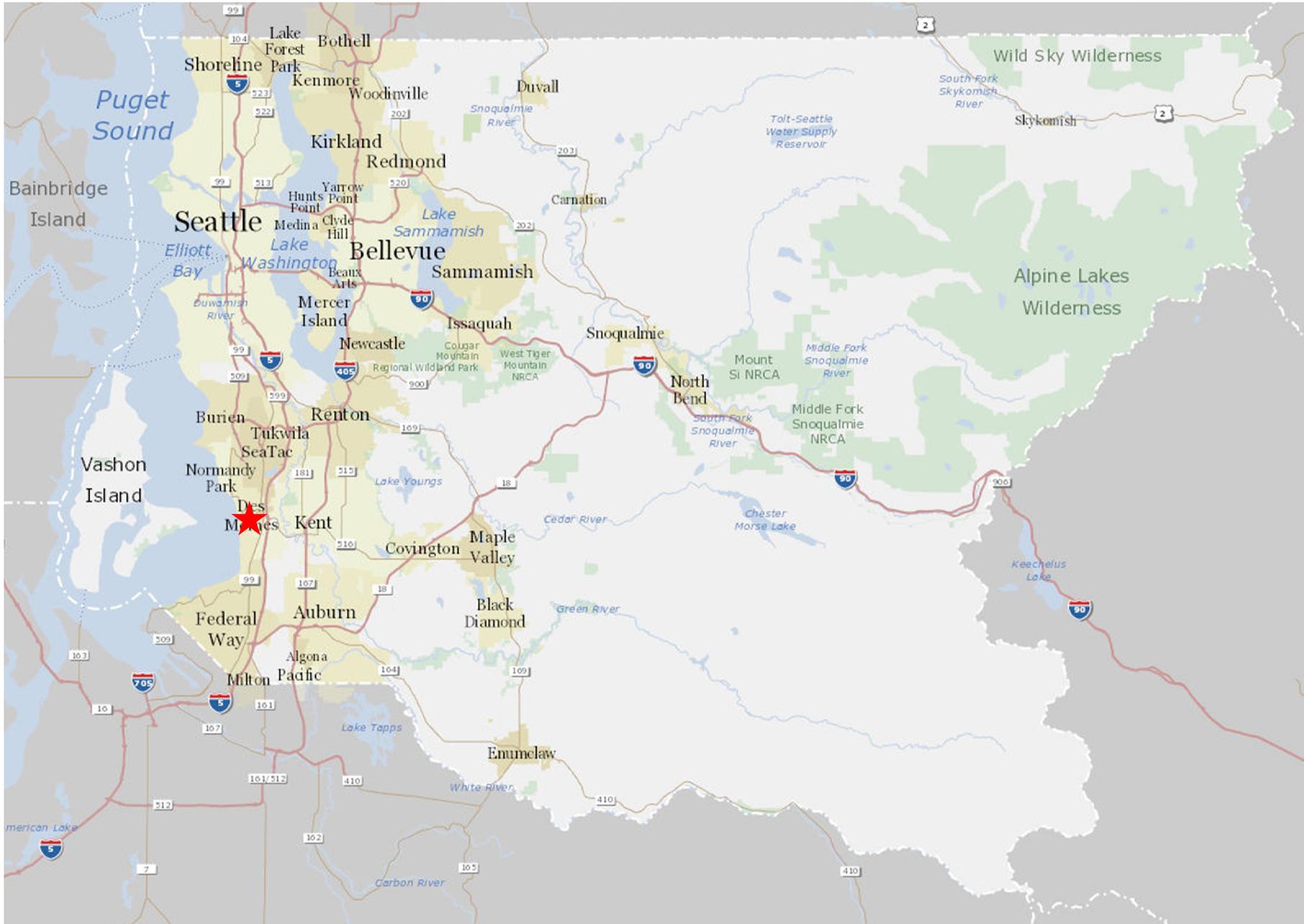
# The Newport Apartments





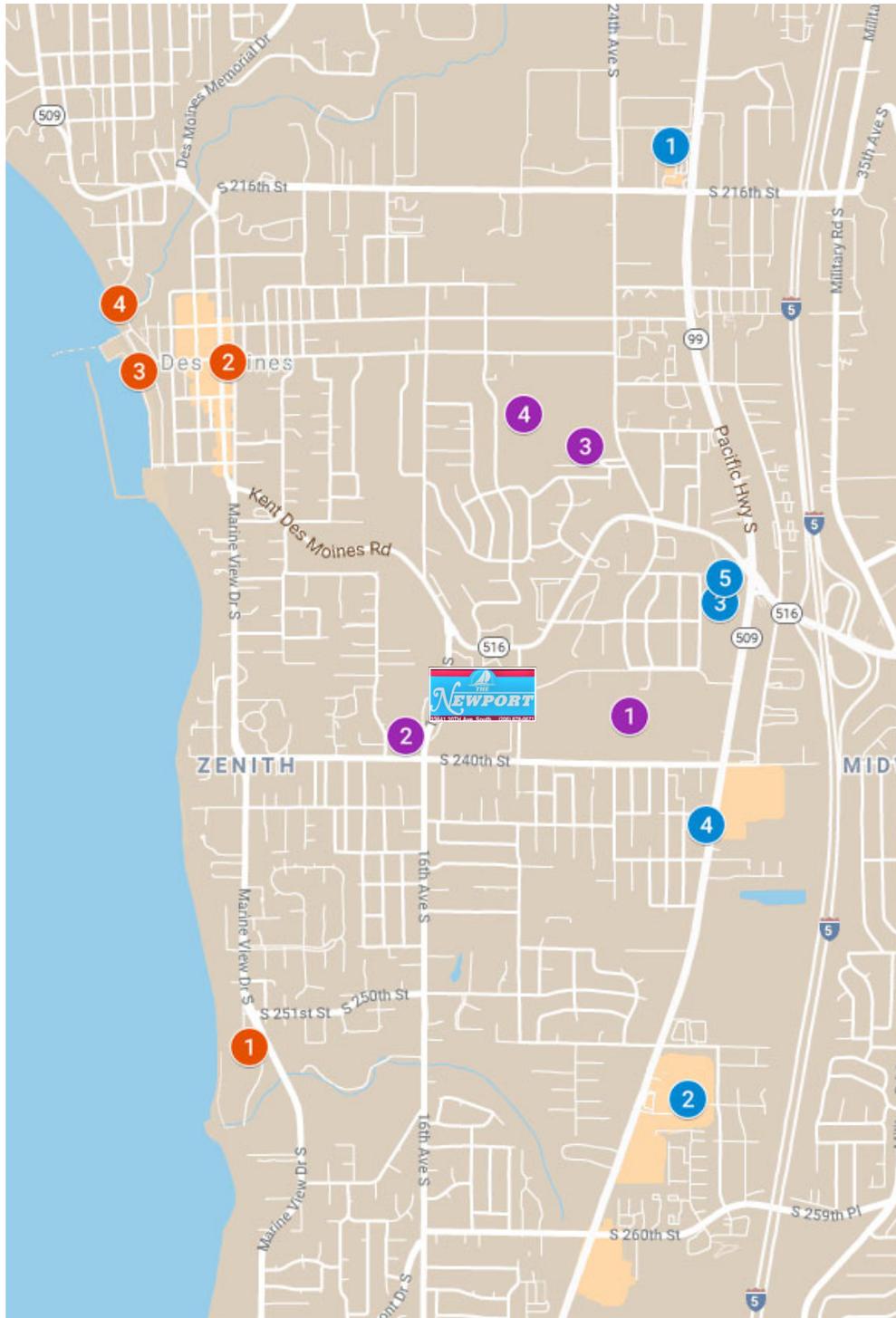
# The Newport Apartments

## Property Location in King County



★ Property Location

# Neighborhood Amenity Map



## Attractions

- 1 Saltwater State Park
- 2 Downtown Des Moines
- 3 City of Des Moines Marina
- 4 Des Moines Beach

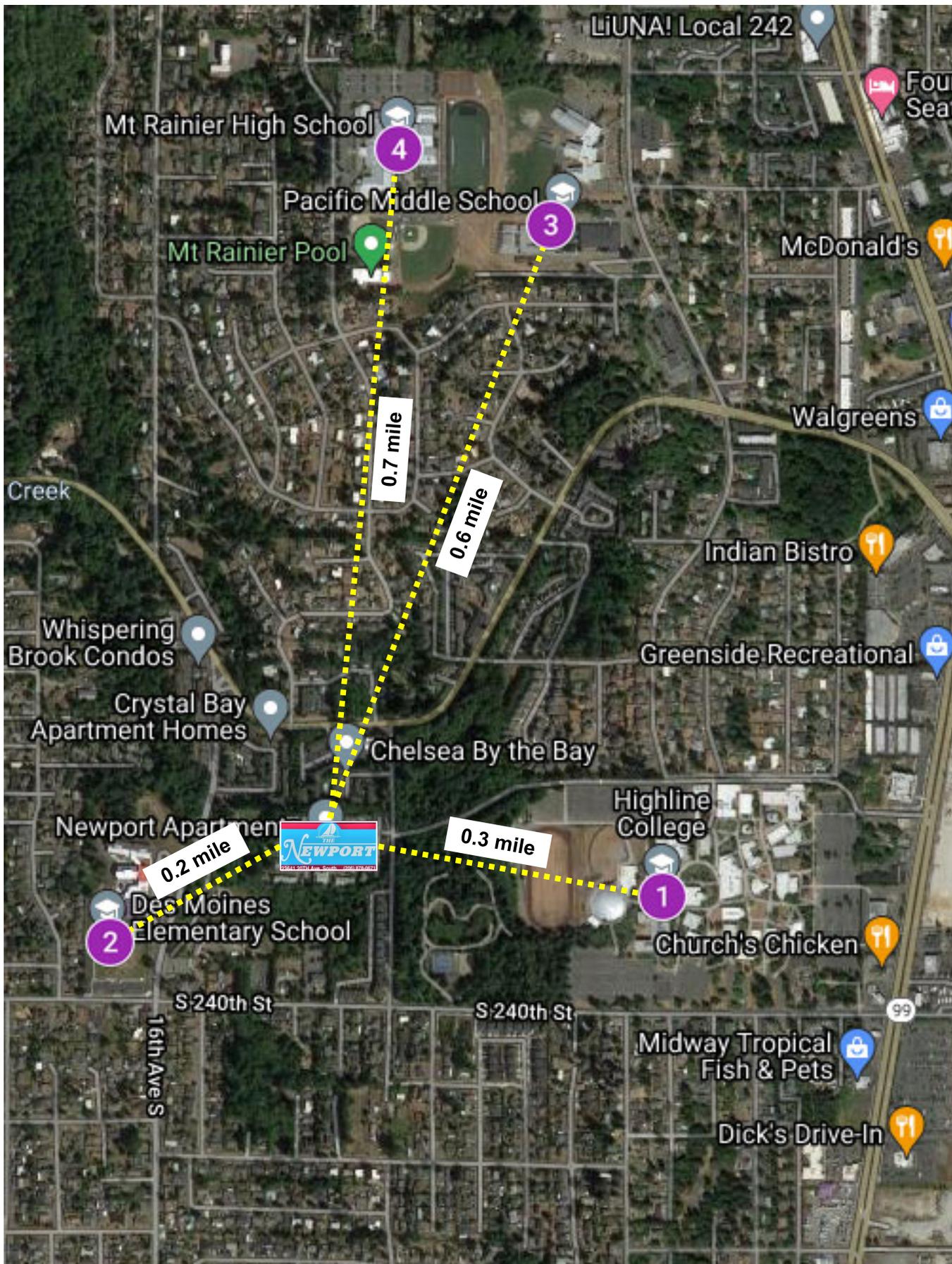
## Schools

- 1 Highline College
- 2 Des Moines Elementary School
- 3 Pacific Middle School
- 4 Mount Rainier High School

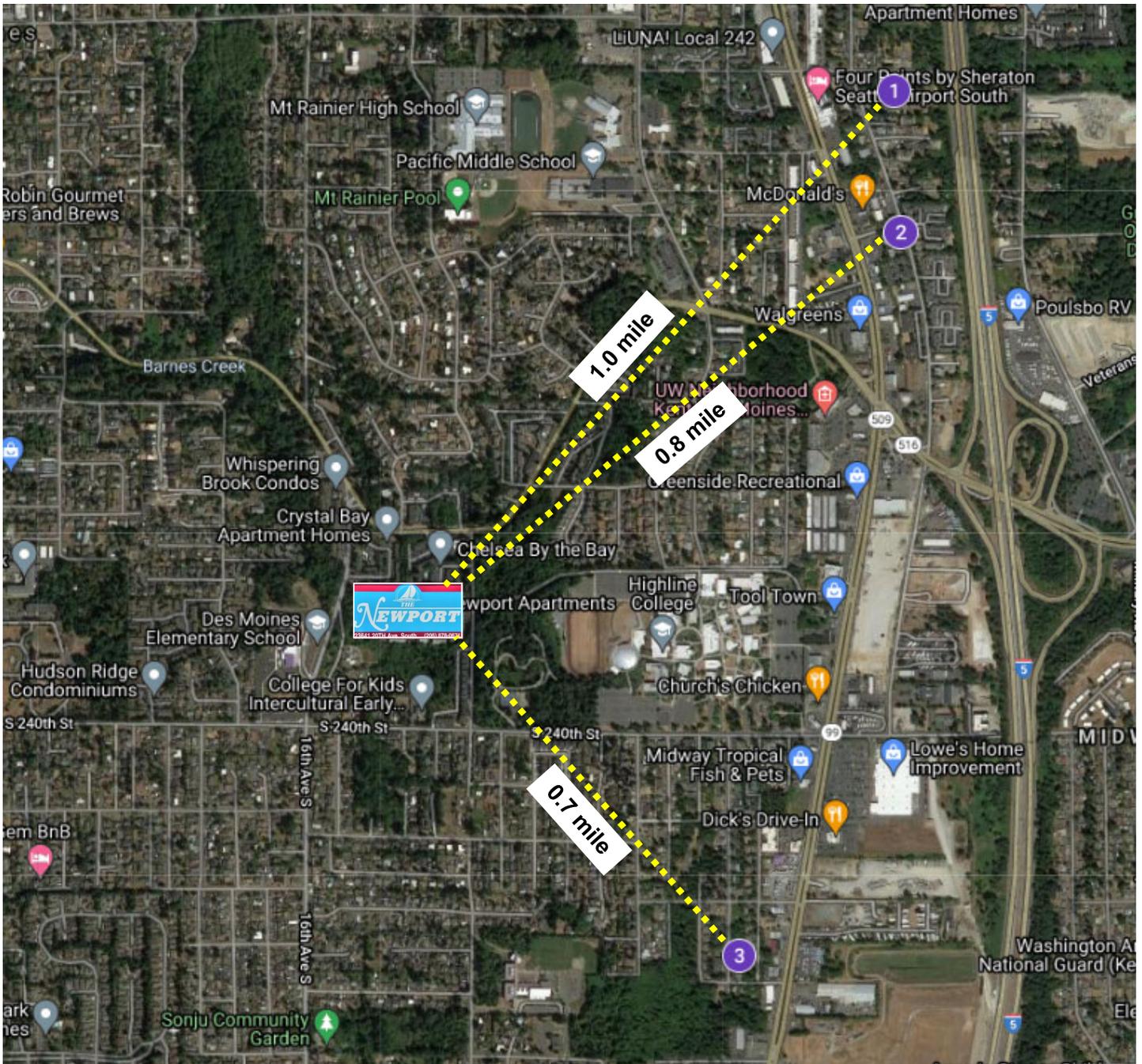
## Food and Resources

- 1 Safeway
- 2 Fred Meyer
- 3 Market At Plaza
- 4 Sea Mar Community Health Center
- 5 UW Neighborhood Kent-Des Moines Clinic

# Neighborhood School Map



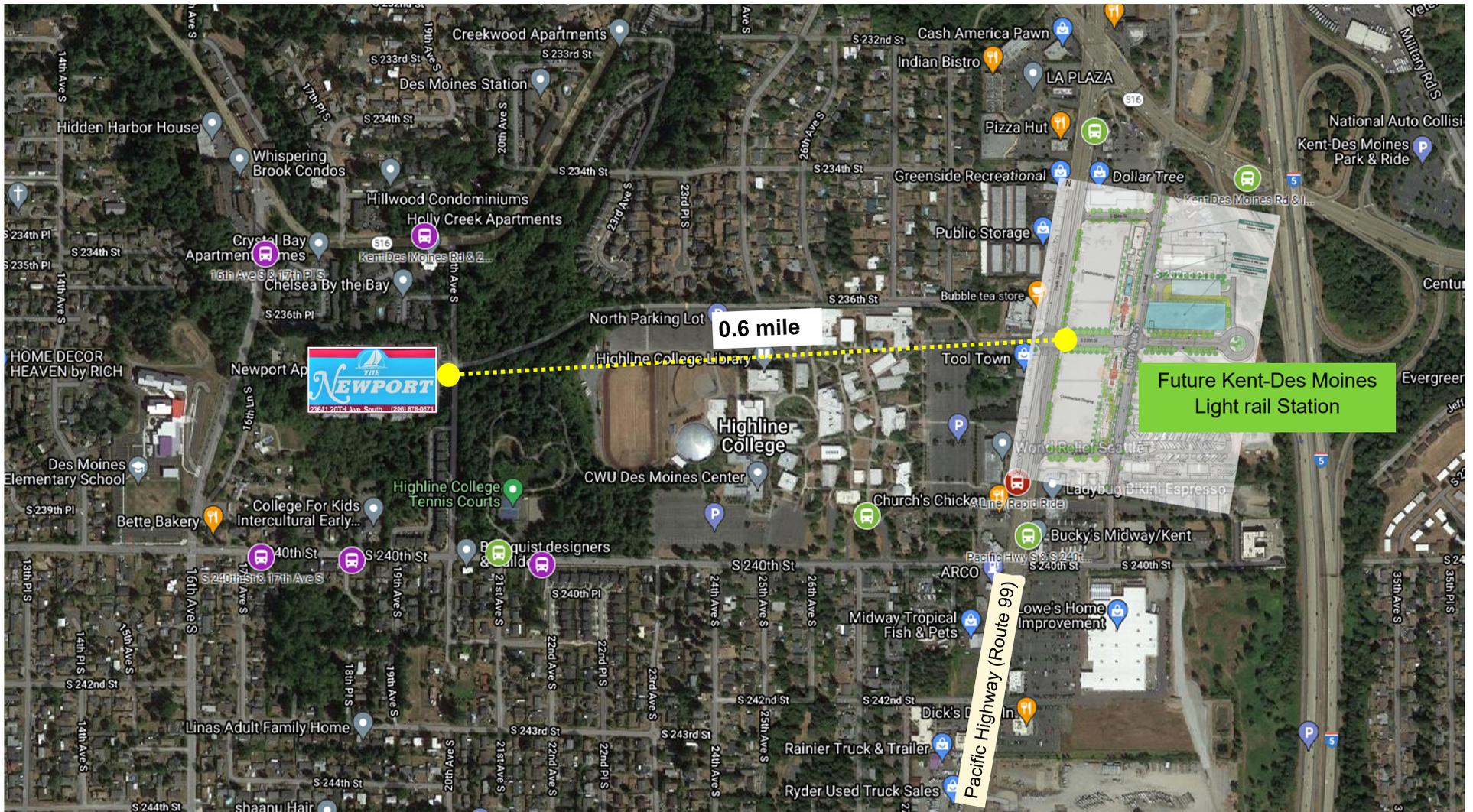
## Neighboring KCHA Properties



### KCHA Subsidized Housing

- ① Victorian Woods (15 units)
- ② Shoreham (18 units)
- ③ Campus Court I (12 units)

# Transportation Access - Bus Routes & Light rail Station



 A Line (Rapid Ride)

 Bus 156

 Bus 165

## Neighborhood Data

### Opportunity Index

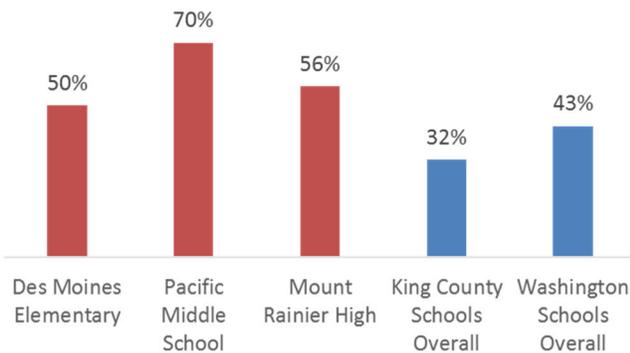
The Newport is in the city of Des Moines and served by the Highline school district. The property is moderate opportunity according to the Kirwan Index. Surrounding census tracts are also moderate opportunity. It is not located in a CMTO opportunity area.

Opportunity Index (Kirwan)	Education	Employment	Housing	Transportation	Health	Overall
Census Tract 29003	Low	Moderate	Very High	Moderate	Very Low	Moderate

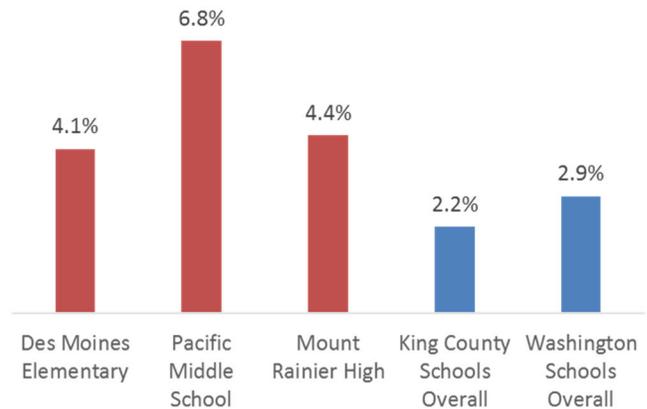
### Student Population Descriptors

Student population demographics in the area also indicate above-average poverty rate and higher prevalence of homelessness.

**Above average poverty rate**  
(percent of students eligible for free/reduced price meals)



**Higher prevalence of homelessness**



Race/Ethnicity	Des Moines Elementary	Pacific Middle School	Mount Rainier High	King County Schools	Washington Schools
American Indian/Alaskan Native	0.2%	0.7%	1.0%	0.2%	1.3%
Asian	14.7%	12.9%	13.3%	14.1%	8.3%
Black/ African American	16.3%	17.6%	13.8%	4.3%	4.6%
Hispanic/ Latino of any race(s)	28.2%	36.2%	34.1%	17.7%	24.6%
Native Hawaiian/ Other Pacific Islander	2.8%	5.3%	4.0%	0.2%	1.2%
Two or More Races	10.2%	8.8%	9.4%	9.6%	8.8%
White	27.6%	18.6%	24.4%	53.9%	51.1%

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

**RESOLUTION NO. 5706**

**A RESOLUTION AUTHORIZING ACQUISITION OF  
THE NEWPORT APARTMENTS**

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

**WHEREAS**, there is a growing loss of affordable housing available to families in King County, particularly large families; and

**WHEREAS**, rents in south King County have increased more in recent months than in other areas of King County, reducing affordable housing in areas that have historically provided affordable housing to individuals and families; and

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

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

**WHEREAS**, the Housing Authority has identified acquiring and developing housing near light rail stations as a strategic priority to ensure the long-term availability of low-income housing near reliable public transportation; and

**WHEREAS,** The Newport Apartments (the “Property”) is a 136-unit apartment complex located at 23641 20th Ave. S., Des Moines, Washington, that (a) is in an area of south King County where rents are increasingly unaffordable to low-income households, (b) includes several units of sufficient size to support families, including approximately 50 three-bedroom units, and (c) is located within 0.7 miles of the Kent/Des Moines light rail station, which is scheduled to open in 2024; and

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

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

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

**Section 1:** Acquisition of the Property by the Housing Authority is necessary to preserve and provide housing for persons of low income that is equitably distributed in various areas of its operations and in areas of escalating rents and good mass transit in particular.

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

**Section 3:** The Executive Director, Stephen J. Norman, is hereby vested with the authority, and with discretion in the exercise of such authority, to make a final determination after reviewing the results of inspection of the Property as to whether to proceed with the purchase of the Property if he deems it in the best interest of the Housing Authority and the region's housing goals to do so. The Executive Director shall notify the Board of Commissioners in writing of the final determination he has made prior to final acquisition of the Property. If the Executive Director makes a final determination to proceed, the Board of Commissioners hereby further authorizes the Executive Director to take any and all actions necessary to acquire the Property, and authorizes, approves and/or ratifies the execution of a purchase and sale agreement at a price of Thirty-Seven Million, Seven Hundred Fifty Thousand Dollars (\$37,750,000), or such other amount as determined by the Executive Director to be in the best interest of the Housing Authority so long as the price does not exceed 105% of the appraised value of the Property pursuant to an appraisal completed by a Washington State licensed MAI appraiser.

**Section 4:** If the Executive Director is successful in negotiation of the purchase of the Property from the owner in lieu of condemnation for the price authorized above, then

the Executive Director is hereby authorized (a) to acquire the Property on such terms and conditions as are customary in such transactions and as are deemed by the Executive Director to be in the best interests of the Housing Authority, and (b) to pay into the purchase escrow the earnest money deposit for the purchase of the Property provided for under the Purchase and Sale Agreement under terms that would permit the earnest money to be forfeited to the seller as liquidated damages if the sale fails to close through no fault of the seller.

**Section 5:** The Board of Commissioners hereby authorizes the Executive Director to execute any and all applications, agreements, certifications or other documents in connection with the submission of various funding and financing applications, in order to provide all or part of the interim and/or permanent financing of the acquisition of the Property pursuant to this Resolution.

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

**ADOPTED BY THE BOARD OF COMMISSIONERS OF THE HOUSING  
AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING  
THIS 15TH DAY OF NOVEMBER, 2021.**

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

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

Attest:

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**STEPHEN J. NORMAN**  
Executive Director and Secretary-Treasurer

CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Executive Director and Secretary-Treasurer of the Housing Authority of the County of King (the “Authority”), and keeper of the records of the Authority, CERTIFY:

1. That the attached Resolution No. 5706 (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 November 15, 2021 (the “Meeting”), and duly recorded in the minute books of the Authority;

2. That in accordance with RCW 43.06.220, and the Proclamations of the Governor of the State of Washington, as extended by the leadership of the Washington State Senate and House of Representatives (a) the Meeting was not conducted in person, (b) one or more options were provided for the public to attend the Meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the Meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Board of Commissioners of the Authority;

3. The public was notified of access options for remote participation in the Meeting via the Authority’s website and email to stakeholders; and

4. The Meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of the Meeting was given; that a quorum was present throughout the Meeting through telephonic and/or internet means of remote access, and a majority of the members of the Board of Commissioners of the Authority present at the Meeting voted in the proper manner for the adoption of the Resolution; that all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of November 2021.

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**Stephen Norman**  
Secretary-Treasurer and Executive Director  
of the Authority

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**TO:** Board of Commissioners  
**FROM:** Ai Ly, Interim Assistant Director of Finance  
**DATE:** October 27, 2021  
**RE:** 3rd Quarter 2021 Summary Write-Offs

At the end of September, total rent appears in the internally-managed portfolio was approximately \$700,000. \$350,000 was received from the County as part of the ARPA program, but those funds have not yet been applied to specific tenant accounts as approvals are still pending. Of the remaining \$350,000, it is currently estimated that \$250,000 may ultimately need to be written off. None of the write-offs discussed below pertain to this body of rent arrears.

During the third quarter of 2021, tenant accounts totaling \$11,030 were deemed uncollectable. This represents an 13% decrease from the previous quarter. Overall, past due rents owed to KCHA accounted for \$531 (5%) of the total charges and cleaning/damage charges accounted for \$10,499 (95%) of the total charges. Security deposits in the amount of \$900 were retained to offset 8% of the total charges, resulting in \$10,130 in total amount written off for the quarter. Per policy, all accounts with a balance owed of \$100 or more will be forwarded to KCHA's contracted collection agency. \$2,803 was recovered by the collection agency during the third quarter.

	<b>Total WRITE-OFFS</b>	<b>YTD WRITE-OFFS</b>
Rent Balance Forward to Vacate Month	\$ 97.29	\$ 10,348.00
Retro Rent Write-offs	\$ -	\$ -
 <b><u>VACATE CHARGES:</u></b>		
Rent Delinquent in Vacate Month	433.84	4,367.06
Cleaning & Damages	10,498.84	24,228.21
Paper Service & Court Costs	-	-
Miscellaneous Charges	-	-
Total Charges	10,932.68	28,595.27
Total All Charges	11,029.97	38,943.27
 <b><u>CREDITS:</u></b>		
Security Deposits	(900.00)	(3,925.00)
Miscellaneous Payments & Credits	-	(1,362.00)
Total Credits	(900.00)	(5,287.00)
<b>Total Net Write-offs</b>	<b>\$ 10,129.97</b>	<b>\$ 33,656.27</b>
 <b>Net Write-offs by Portfolio</b>		
KCHA	4,038.52	27,352.24
Green River II	-	-
Soosette Creek	363.87	576.45
Zephyr	-	-
Fairwind	-	-
Vantage Point	5,727.58	5,727.58
Spiritwood Manor	-	-
	<b>\$ 10,129.97</b>	<b>\$ 33,656.27</b>

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**TO:** Board of Commissioners  
**FROM:** Tim Baker, Senior Management Analyst  
**DATE:** October 18, 2021  
**RE:** **Third Quarter CY 2021 Procurement Report**

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The third quarter procurement report includes all activity from July through September 2021 that met one the following criteria:

- New contracts with values of \$100,000 or greater
- Change orders that resulted in revised contract values in excess of 110% of either the original value or the not-to-exceed contract amount
- Contracts with extensions or other foreseen changes

It is a best practice to keep KCHA's governing body informed of all significant procurement activity.

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

KCHA entered into 15 new contracts during the quarter with an aggregated value of \$15.1 million, accounting for 98% of the contracts executed in the quarter.

The largest construction contract was \$618,234, awarded to Copper Mechanical for the Casa Madrona heating system upgrade project managed by the Capital Construction department and was bid under a declaration of emergency for this property as the work needs to be completed before the winter season to avoid a loss of heating capabilities for residents.

The largest non-construction contract award was to DKI for \$1.5 million for water and fire restoration services. This is a 6 year contract that will be managed by the Property Management Department. The scope and value of individual task orders will be negotiated on a case by case basis utilizing unit pricing contained in the contract.

### **Contract Change Orders**

KCHA's internal procedures require heightened oversight and review once a contract has incurred change orders valued at more than 10% of the original contract amount. The change order section was divided between change orders issued in response to unforeseen field conditions or expanded project scopes, and change orders which were

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

***Change Orders Exceeding 10%:***

There were 15 change orders issued on current construction projects, including eleven generated by the Asset Management Department to advance substantial renovation projects being undertaken at three sites utilizing Low Income Housing Tax Credits. Activity at the Abbey Ridge and Bellevue Manor renovation projects in particular drove seven of the change orders. These costs were necessitated by previously unidentified field conditions and owner-directed upgrades.

***Change Orders with Contract Extensions or Other Foreseen Circumstances:***

There was one change order in the quarter due to foreseen conditions, issued by Resident Services in support of workforce development programs administered by Hopelink.

**KING COUNTY HOUSING AUTHORITY  
QUARTERLY PROCUREMENT REPORT  
July-September 2021 (Third Quarter)**

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

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Asset Management	Woodside East window replacement	Green Built NW	\$107,016	\$107,000	\$107,000	Scaled	8	Contractor has performed many successful projects for KCHA.
Asset Management	Kirkland Heights A&E services	SMR	\$150,000	\$150,320	\$150,320	RFO	7	Architect has worked on several KCHA projects with success.
Asset Management	Woodridge Park entry doors	Commercial Entry	\$171,998	\$173,624	\$173,624	Scaled	2	New contractor for KCHA.
Capital Construction	Munro Manor waste line replacement	Vortex	\$173,042	\$182,301	\$182,301	Scaled	1	Contractor has worked on several KCHA projects.
Capital Construction	Lake House waste line replacement	Vortex	\$369,042	\$419,550	\$419,550	Scaled	1	Contractor has worked on several KCHA projects.
Capital Construction	Marti Gras heating upgrades	Holmberg	\$413,102	\$438,984	\$438,984	Scaled	1	Contractor has performed many successful projects for KCHA.
Capital Construction	Woodcreek Lane roofing & envelope	Svnergy	\$611,716	\$573,777	\$573,777	Scaled	2	Contractor has performed many successful projects for KCHA.
Capital Construction	Casa Madrona heating upgrades	Copper Mech.	\$729,120	\$618,234	\$618,234	Emergency	1	Very long lead times on materials prompted an emergency declaration to complete before winter.
Capital Construction	Inspection & testing services	Maves	\$1,000,000	\$1,000,000	\$1,000,000	RFO	3	Contractor has performed many successful projects for KCHA.
Capital Construction	Inspection & testing services	Krazan	\$1,000,000	\$1,000,000	\$1,000,000	RFO	3	Contractor has performed many successful projects for KCHA.
Capital Construction	Inspection & testing services	Otto Rosenau	\$1,000,000	\$1,000,000	\$1,000,000	RFO	3	Contractor has performed many successful projects for KCHA. Woman owned business.
Capital Construction	Structural engineering services	PCS	\$1,000,000	\$1,000,000	\$1,000,000	RFO	2	Contractor has performed many successful projects for KCHA.
Homeless Housing	Client assistance funds	YWCA	\$218,074	\$218,074	\$218,074	Sole source	n/a	Agency identified as the provider in the original grant.
Housing Mgmt-maint	Water & fire restoration services	DKI	\$1,500,000	\$1,500,000	\$8,115,300	RFP	1	New contractor for KCHA.
Weatherization	Juanita View mechanical upgrades	Resicon	\$72,589	\$113,938	\$113,938	Scaled	3	Contractor has performed many successful projects for KCHA.
<b>Total</b>			<b>\$8,515,699</b>	<b>\$8,495,802</b>	<b>\$15,111,102</b>			

**Contracts exceeding 10% cumulative change order-Condition Changes**

Issuing Department	Contract type	Contract awarded to	Initial Contract Amount/NTE*	Prior Change Orders	Change Orders this Quarter	# of Change Orders this Quarter	Total Contract Value to Date	% of NTE*	Notes (Current Quarter Change Orders)
Asset Management	Abbev Ridge renovations	Allied	\$19,745,000	\$4,404,945	\$1,049,278	3	\$25,199,223	28%	Retaining walls, rot repairs, asbestos abatement, floor & elec. Upgrades
Asset Management	Abbev Ridge weatherization	Superior	\$262,458	\$256,010	\$114,449	1	\$692,917	141%	Removal of attic insulation not covered in PSE grant.
Asset Management	Woodland North seismic retrofits	Accord	\$185,205	\$273,225	\$17,758	1	\$476,188	157%	Added fire wall assembly as requested by City.
Asset Management	Woodland North building envelope	Pioneer	\$1,583,306	\$288,888	\$21,325	1	\$1,893,519	20%	Installation of new deck accesses and storage closet doors
Asset Management	Riverstone fire restoration	BCN	\$114,300	\$4,575	\$9,250	1	\$128,125	12%	Repairs made to unit below the fire damaged one.
Asset Management	Bellevue Manor interior renovations	CDK	\$2,035,193	\$2,031,980	\$105,902	3	\$4,173,075	105%	Additional lighting, sidewalks, curbs; asbestos abatement.
Asset Management	Asphalt replacement-multiple sites	Lakeridge	\$555,425	\$0	\$185,287	1	\$740,712	33%	Increased areas to be paved due to excellent pricing per square foot.
Capital Construction	UV air treatment, multiple sites	Morgan	\$562,308	\$73,501	\$46,718	3	\$682,527	21%	Added sites and hardware.
HOPE VI	Greenbridge division 8 infrastructure	Road Construction	\$2,624,000	\$730,094	\$10,810	1	\$3,364,904	28%	Upgrades to the irrigation systems.
<b>Total</b>			<b>\$27,667,195</b>	<b>\$8,063,218</b>	<b>\$1,560,777</b>	<b>15</b>	<b>\$37,291,190</b>		

**Contracts with contract extensions or other foreseen change orders**

Issuing Department	Contract type	Contract awarded to	NTE*	Prior Contract Value	Contract Extensions this Quarter	# of Contract Extensions this Quarter	Current Contract Value	% of NTE*	Notes (Current Quarter Change Orders)
Resident Services	Workforce development programs	Hopelink	\$425,000	\$140,188	\$18,322	1	\$244,585	58%	Adding funds and extending contract to 12/21.
<b>Total</b>			<b>\$425,000</b>	<b>\$140,188</b>	<b>\$18,322</b>	<b>1</b>	<b>\$244,585</b>		

\*NTE = Not To Exceed

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**To:** Board of Commissioners

**From:** Craig Violante, Deputy Executive Director

**Date:** November 1, 2021

**Re:** **Calendar Year 2022 Budget Context**

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### **Executive Summary**

At the November Board meeting staff will be discussing the broad outlines of the Calendar Year 2022 KCHA budget. Staff and leadership are scheduled to complete budget meetings and make final recommendations by mid-December. The final budget will be presented for Board consideration at the December meeting.

As the world-wide pandemic has ebbed and flowed, so has KCHA's ability to move key initiatives forward. Most are proceeding, albeit at a slower pace than during pre-pandemic times.

Core initiatives directly support current and future program participants, are impactful on the entire region, and build upon prior accomplishments. KCHA remains focused on expanding the number of households served by actively pursuing all new incremental Housing Choice Voucher funding opportunities, enhancing the success rate of voucher holders in finding suitable housing, and the acquiring or developing additional units of multifamily housing. The budget also reflects a continued commitment to "social impact" efforts by focusing on homeless, education and geographic mobility programs, as well as upgrades and reinvestment in our existing housing stock

Supporting initiatives better position KCHA to deliver on its core mission to "*Transform Lives Through Housing*". The 2022 budget includes significant investments in technology upgrades, overall compensation and performance management systems, continued racial equity, diversity, and inclusion efforts, and employee engagement and training.

KCHA's financial outlook remains positive. Significant working capital and reserves, a well-maintained housing portfolio and a strong management team all contributed to the recent AA rating affirmation by Standard and Poor's. The 2022 budget reflects

prudent investments in assuring that the agency will remain well-positioned to continue its role as the leading provider of affordable housing in the northwest.

Approximately half of KCHA's operating revenues come directly from HUD and are subject to Congressional appropriations. As is typical at this point in the year, Congress has not adopted a budget and is currently operating under a Continuing Resolution. The House has prepared and approved its version of the Department's budget, and the Senate Appropriations Committee recently unveiled its FY 2022 numbers.

The House version of the HUD bill proposes a \$1.87 billion increase in Housing Choice Voucher renewal funding while the Senate version reflects a \$1.44 billion increase. Either should be sufficient to fully fund all vouchers currently in use at a close to 100% pro-ration. Public Housing operating funding is essentially flat-lined in the House version but includes a bump of \$1.8 billion on the Senate side. The Public Housing capital grant includes an increase of \$776 million by the House and \$852 million by the Senate.

As final 2022 Federal funding levels remain uncertain, KCHA's revenue budget contains conservative estimated proration factors for the HCV and Public Housing programs of 99% and 92%, respectively. 2021 saw an actual HCV prorate of 100%, while through November the Public Housing program is being funded with a 95.86% prorate.

The other outstanding revenue question involves the Renewal Funding Inflation Factor (RFIF) for KCHA's Housing Choice Voucher Program. KCHA has reserved the right to appeal HUD's current calculation of Fair Market Rents for the region (discussed in more detail below) and a final decision on the inflation factor will not be known until next year. Here also, KCHA has incorporated conservative assumptions regarding revenue increases into the budget.

The final RFIF and, most likely, final federal appropriation numbers, will not be available prior to the approval of KCHA's budget in December. If revenue assumptions included in the final budget overstate actual 2022 HUD funding, the Authority will take steps to reduce costs in programs funded from KCHA's MTW block grant.

The latest iteration of the Build Back Better spending bill includes substantial funding for HUD programs, notably a significant infusion of capital funds for the public housing inventory and substantial funding for new incremental housing choice vouchers, but Congressional adoption remains uncertain. KCHA is already laying the groundwork to move quickly in the event that these funds are appropriated and any additional funding received will be included in the 2022 mid-year financial re-forecast.

On the non-Federal side, the bond and tax credit properties continue to perform well, with low vacancy rates and strong cost controls, although pandemic-related rent delinquencies have continued to climb.

Overall 2022 tenant rental revenue in the Workforce Housing portfolio is expected to increase by approximately 2%. As is usual for budgeting purposes, a 2% rental concession allowance has been included to address a possible rental market downturn and increased vacancies.

Although not final, current projections are showing positive 2022 cash flow of \$6.4 million from the bond portfolio, and \$5.9 million from the tax credit properties. Approximately 50% of the tax credit cash flow will be used for debt and other required payments.

Pandemic-related past-due rent balances continue to be an issue for both federally-subsidized properties and the workforce housing portfolio. Rent arrears at federally-subsidized properties totaled approximately \$700,000 at the end of September. \$350,000 has been received from the County as part of the American Rescue Plan Act (ARPA) but has not been applied to individual accounts yet. Current projections indicate up to \$250,000 may need to be written-off.

Delinquencies for the bond program were nearly \$2.8 million or 30.7% of scheduled rents, a jump of 181% over the same period one year ago. As a comparison, past due rents totaled only \$295,000 at the end of 2019.

For the tax credit portfolio, excluding KCHA managed properties, rent delinquencies reached \$625,000 or 53% of scheduled rents, an increase of 185% over September 2020. Past due rents were \$129,000 at December 2019.

To date, \$4.3 million of tenant assistance funds have been received in the bond and tax credit portfolios through King County's Eviction Prevention and Rental Assistance program (EPRAP) for past-due balances. Current projections indicate that approximately 60% of the delinquent amounts will eventually be paid from ARPA.

### **Background – HUD Funding Overview**

KCHA's largest source of Federal funds is the Housing Choice Voucher (HCV) Block Grant, also referred to as the MTW Block Grant. This funding stream directly supports the 8,410 vouchers within the Block Grant by supplying the financial resources for KCHA to make monthly Housing Assistance Payments (HAP) to landlords on behalf of the tenants participating in the program and to pay for the costs of administering the program. Block Grant funding for 2022 is currently estimated at \$177.3 million, while the annual HAP costs associated with the 8,410 vouchers are projected to be \$129.8 million. An additional \$9.8 million is earmarked for administrative support.

To the extent that program funding from HUD exceeds the combined HAP administrative costs, the remaining cash flow (MTW Block Grant Working Capital) is used to support a broad array of other mission-related activities. One of these is deliberate “over-leasing” in the Housing Choice Voucher program. The HCV program is budgeted to provide vouchers to approximately 400 families above the 8,410 household HUD baseline in 2022. The number of households above baseline being served is being reduced through turnover to a target of 300, which is the number that we currently project can be sustained over the long term.

The Resident Services, Homeless Housing, and Social Impact departments are also largely funded from MTW Block Grant Working Capital, and the Public Housing program taps into the block grant for operating support.

Annually, block grant funding for MTW Housing Authorities is adjusted by HUD using the Renewal Funding Inflation Factor (RFIF) which is based on a combination of local and national market trends. In years when this inflation factor simply does not reflect local market conditions, KCHA has sponsored a local rent survey and successfully challenged HUD’s assigned inflation factor. For 2020 and 2021, KCHA received inflation adjustments of 8.674% and 4.289%, respectively.

HUD recently published the 2022 Fair Market Rents (FMRs) for the Seattle-Bellevue Metropolitan Area. The FMR standard for two-bedroom rental units is a key element in the RFIF calculation for each market. The 2022 FMRs for our region are 1.8% higher than 2021, but 7.6% lower than two years ago. KCHA has engaged Washington State University to perform a local survey for 2021, and this process is currently underway. Results will be known soon. If the decision is made to challenge HUD’s FMR calculation by submitting the results of the local survey, this must be done before the end of the year. Management believes that the survey will confirm an increase in local FMR levels, and a 5% RFIF, which would increase projected block grant funding eligibility by \$8.4 million, has been included in the budget projections. Currently, each percentage point adjusts funding eligibility level by \$1.7 million. KCHA’s actual RFIF will not be known until approximately March 2022.

Another factor that will not be known until around March 2022 is the level of program pro-ration. The 2021 pro-ration for the block grant was 100%. Based on preliminary proposed Congressional funding levels, it is believed that 2022 funding should approach 100%, but 99% has been assumed in the budget. Should there be a shortfall due to a lower-than expected RFIF or a high appropriations-driven pro-rate, KCHA has reserves that can be tapped, including \$27.5 million of undrawn Capital Grant Funds and \$19.7 million in receipts from the sale of former public housing land at Greenbridge and Seola Gardens.

While these reserves can be used to bridge the funding gap in the event of a major and significantly sustained funding shortfall, it is likely that KCHA would need to take other steps over the long term to assure support of core services, such as freezing the wait list for general vouchers, reducing the value of each voucher across the board,

deferring increases in payment standards, reducing capital expenditures on the public housing inventory or scaling back education or homelessness initiatives. The Board will be kept closely apprised as the federal funding situation evolves. Significant shortfalls are not expected in 2022.

### **Housing Choice Vouchers**

Currently KCHA has contract authority for 11,866 vouchers. 8,410 of these vouchers are funded through the MTW block grant (including some targeted to specific populations by KCHA policy), and the balance are known as “special purpose vouchers” (SPVs) with separately dedicated funding streams. SPVs are targeted towards specific populations by HUD requirements. The largest tranche of SPVs are 1,150 VASH vouchers used to house homeless veterans. The second largest SPV program is the Mainstream Program, which targets disabled individuals. In 2021, KCHA received the largest single award of vouchers in its history with the 762 Emergency Housing Vouchers (EHV) allocation. Most recently, 66 new Family Unification Vouchers were received as part of the Foster Youth to Independence (FYI) program.

In 2022 the HCV department will continue to emphasize voucher issuance and lease-up, particularly of Special Purpose Vouchers. As of October 1<sup>st</sup>, there were 8,885 leased block grant vouchers against a baseline of 8,410, reflecting over-leasing of 475 households. Excluding the 762 new Emergency Housing Vouchers, which are just beginning to lease-up, there were 1,998 leased SPVs on October 1<sup>st</sup> versus a baseline of 2,593 vouchers. The largest contributor to delays in SPV leasing is slow referrals from outside agencies. VASH vouchers require referrals from the Veterans Administration and is currently 400 vouchers under-leased, 67% of the total leasing deficit. A new national approach allowing direct referral of homeless veterans from community-based service providers is being piloted in King County between KCHA, the VA and the King County Veterans Program. Early results show promise in braking the VA referral log-jam.

On average, KCHA leased 105 units beyond its combined block-grant and special purpose voucher baseline in 2021. This total does not include the additional 179 households being assisted through sponsor-based rental subsidies or other forms of non-conventional housing assistance. KCHA’s status as an MTW housing authority allows it to help these additional families.

In 2021, the average landlord HAP payment through September has increased by approximately \$35 per month when compared to the same period a year ago, an increase of 3.0%. This relatively modest increase is reflective of the state-wide rent increase moratorium that was in effect throughout most of that period. Since the end of the moratorium, the number of interim rent increase requests has risen dramatically. Over the past two months there have been 622 such requests, compared to 526 in the previous seven months combined. The 2022 budget includes an

assumption of a 7% jump in average per unit per month costs (also called per unit cost, or PUC) across all voucher types. Excluding the new EHV, this estimated 7% jump above projected average PUC costs at December 31<sup>st</sup> will add \$6.1 million to the HCV program run rate, with \$4.9 million of this in the block grant. The total 2022 HAP budget is estimated to be \$10.5 million above projected 2021 total HAP spending.

The draft 2021 budget forecasts an aggregated 100% utilization of contracted vouchers by the end of 2022, including the Emergency Housing Vouchers. Projected block grant over-leasing is expected to fully offset utilization shortfalls in the VASH program. KCHA's Housing Choice Voucher program remains well-positioned to meet the needs of current and future program participants.

KCHA authorized seven FTEs for the HCV and Homeless Housing Initiatives departments in mid-year 2021 in response to the award of the 762 EHV vouchers. These additional staffing expenses are being covered by additional administrative fees received in tandem with these vouchers. If significant funding for new incremental vouchers is received under either the Build Back Better Act or the FY 2022 Appropriations Bill, additional staff will need to be hired. We anticipate that additional investment in resources that will assist households in leasing up these vouchers in the region's tight rental market will also be necessary.

### **Internally-managed Housing Units – 3,788 units**

The Property Management division manages three distinct types of properties:

- Public Housing-2,231 units
- Project-based Section 8-1,294 units
- Local, non-subsidized properties-263 units

The Public Housing program is designed to be cash-neutral. Rent charged to tenants is capped at roughly 30% of their income, and the subsidy received from HUD is meant to cover the gap between these tenant revenues and the actual cost of operating the properties. The amount of subsidy received is generally not sufficient to cover this gap, partially due to Congressional underfunding and partially due to a formula that does not accurately calculate the true costs of running public housing. As a result, the MTW program routinely supports operations with cash transfers to each property. In the 2022 budget, this aggregated transfer is preliminarily pegged at \$4.0 million, down from \$4.3 million in the 2021 budget. The amount of this transfer is influenced by many factors, one of which is the Operating Fund Subsidy pro-rate. In 2021, the pro-rate has been approximately 96% against the 2021 budget of 90%. To be conservative, the 2022 budget is assuming a 92% pro-rate. Should 2022 funding levels match what has been seen in 2021, actual 2022 subsidy receipts will be approximately \$500,000 higher than included in the budget.

As with all of our affordable programs, vacancy is very low. The Department expects to see some increases in rental income paid by residents due to the 5.9% SSI adjustment to be awarded in January 2022.

In contrast to Public Housing, the Project-based Section 8 portfolio can generate positive cash flow. Including operations of Spiritwood, which is a tax credit property but is managed internally, the 2022 budget is currently reflecting net cash flow from these properties of approximately \$3.4 million. This cash is transferred to the Central Office Cost Center to help fund general overhead operations.

The Housing Management Department is proposing to continue both its Unit Upgrade and Small Projects programs. Initial plans call for 131 units to be upgraded at an average cost of \$29,100, although the Unit Upgrade Crews may need to be redeployed on an as-needed basis to help address the backlog of in-unit maintenance, particularly if there are labor shortages within the site-based maintenance staff. Funding for the Unit Upgrade program comes from a variety of sources, with the largest source being the MTW working capital fund. The Small Projects group will also undertake up to \$2.4 million in contracted projects. This successful model brings an economy of scale to the procurement and management of projects which are too complex for site staff to undertake and too small for the Capital Construction department.

The COVID-19 pandemic has had a negative impact on KCHA's ability to maintain properties at pre-pandemic levels. There is a significant backlog of in-unit inspections and resulting maintenance work due to health/safety concerns over the last 16 months. Staff burnout and turnover—coupled with a serious regional labor shortage—have compounded this challenge. The Property Management department is in need of additional staff to be well-positioned as it enters the pandemic's recovery phase. In response to current and future needs, the budget includes eight new regular positions:

- Four floating Assistant Property Managers, one of each region
- Three Landscaper/Cleaners
- One Management Analyst focusing on department training.

The budget also includes eight “surge” long-term temporary Site-based Maintenance Mechanic positions, two for each region to catch up on deferred in unit work. It is anticipated that these positions will be eliminated over the course of the next two to three years via attrition.

### **Asset Management – 8,773 units**

As with the subsidized portfolio, vacancy rates for workforce housing remain very low. Physical occupancy as of September 2021 was 98.0%. Historically these properties see much higher turnover than public housing as tenants move for jobs or other reasons. The highest turnover rates occur in the newly acquired properties as the rents of those properties are initially at the market rate. Over time these properties become more affordable because the rents do not rise at the same rate as surrounding market

rents and, therefore, turnover rates decline. Except for the newly acquired properties, most of these properties' rental costs are now below market by double digit percentages and unlike private sector owners, the Authority's rent increases are designed to cover increased expenses but not match market rent increases.

The Asset Management budget includes projections for routine capital work throughout the portfolio and wrapping up the major rehabilitation of Abbey Ridge. The 180 unit Kirkland Heights property, acquired from the Aerospace Mechanics Union in 2018, will begin design and destructive testing during 2022 with an estimated budget of \$4.5 million.

The Department is estimating that owned and externally-managed properties (excluding tax credit properties) will deliver an estimated \$6.4 million in Net Cash Flow (NCF) to the Authority in 2022, of which \$3.4 million will be used to extinguish debt or used for other dedicated purposes. NCF includes \$1.8 million paid by the properties for their share of KCHA overhead, but excludes amounts kept by the properties for needed capital work not covered by existing replacement reserves.

Cash flow generated in the Low Income Housing Tax Credit portfolio during one calendar year is distributed to KCHA the following year. Accordingly, cash generated in 2021 will be distributed in 2022. Excluding \$1.7 million from the Spiritwood property included in the Property Management Project-based Section 8 analysis above, the current estimate for the March 2022 payment is \$4.2 million, with approximately \$2.4 million potentially needed to make scheduled debt service payments. These numbers all factor in the past due tenant balances discussed above.

**Construction and Development Activity**

<b>Managing Department</b>	<b>Description</b>	
Capital Construction	Construction Projects Managed by Capital Construction Department	\$12,706,614
Property Management	Unit Upgrades and Other Small Capital Projects	7,061,763
Development	Development Activity at Kirkland Heights, Issaquah Trailhead and Other Sites	13,234,697
Asset Management	Various Capital Projects Across Portfolio	21,402,895
Asset Management/Exec	Acquisitions	70,000,000
		\$124,405,969

Significant components of the above summary include:

- Capital Construction- Public Housing Improvements -\$6.8 million
- Capital Construction- MKCRF Improvements-\$3.9 million
- Property Management-Unit Upgrades-\$3.8 million
- Property Management-Other Small Projects-\$3.6 million
- Issaquah Trailhead Acquisition and Development-\$8.0 million
- Kirkland Heights Development-\$4.6 million
- Fee property managers-small projects across whole portfolio-\$18.7 million
- Mobile Home Park Upgrades-\$1.5 million

There is also a \$70 million placeholder for acquisitions which are always opportunistic and carry a degree of uncertainty. The budget assumes any such acquisition will be funded with debt.

Funding sources have been identified for all budgeted projects, including capital grant and MTW working capital for the HUD-funded inventory, property cash flow and replacement reserves for the asset-managed properties, and other development resources. In the event that a significant infusion of additional capital funding is received through the Building Back Better Act it is anticipated that the list of public housing capital improvements will be significantly enlarged and additional staff may need to be hired in support of increased construction activity.

**PERSONAL SERVICE COSTS**

Salaries and benefits are the second largest operating expense at KCHA, trailing only HCV Housing Assistance Payments. 2022 will see the largest increase in baseline salary costs in many years, offset partially by a decrease in pension expenses. This overall estimated 4.0% bump is driven by the following factors:

1. Cost of Living Adjustments. The 2021 COLA for non-represented KCHA staff approved by the Board in October was 5.5%, the highest increase since 1991.

- The 2022 budget currently assumes that all employees will receive this COLA adjustment, adding \$1.9 million to base payroll costs. The budget also assumes a 2.5% COLA increase in November 2022.
2. Medical Premiums. After significant increases in 2017, PEBB rate increases have been moderate. Plan increases for 2022 vary, but no plan increased by more than 5.1%, with most plans increasing by around 3.5%. In 2021 several employees moved into less-costly plans, but the 2022 census won't be known until December when open-enrollment ends. The estimated average cost per employee for 2022 is \$14,269, up slightly from the recalculated 2021 average of \$14,043. The 2022 plan designs have no significant changes in cost allocations.
  3. Over the past 10 years, the cost of participating in the state Public Employees Retirement System (PERS) pension system has risen dramatically, peaking in 2020 at 12.97% of payroll costs. Effective July 2021, rates declined by 2.72 percentage points to 10.25%. No additional changes are forecast by the state through 2022. This rate reduction will lower KCHA's annual pension contributions by approximately \$980,000
  4. KCHA continues to fund a 2% of eligible payroll merit pool. Employees not at the top of their range who achieve an "exceeds standards" rating are eligible for a merit increase. Biennially, employees who are at the top of their pay band and have been rated "outstanding" for two consecutive are eligible to receive a 2% incentive payment which is not added to base pay.

Although KCHA proactively manages L&I claims, our experience rating continues to climb, rising from 1.28 this year to 1.60 in 2022. The experience rating is driven by actual payments made during a three year rolling "look back" period. The 2022 rating uses costs from 2018 to 2020 and includes a large spike in 2020 from significant time loss charges. It is estimated that L&I expenses will increase in 2022 by approximately \$195,000. On the bright side, 2021 has been an exceptionally good year with claims down dramatically. If this trend continues through the remainder of the year, our experience rating will improve and related costs decline in 2023.

## **OTHER SIGNIFICANT IMPACTS**

The most important asset KCHA has is its dedicated staff that works tirelessly to house the region's most vulnerable population. In 2019 the agency began an initiative to restructure the KCHA performance management and job classification/compensation system. Phase I of this work is nearing completion with implementation planned for late this year or early 2022. The focus in Phase II, commencing next year, will be to focus on internal pay equity and job performance management.

The newly-formed Office of Equity, Diversity and Inclusion (EDI) will take the lead on shaping and leading organization-wide strategies to imbed EDI into every aspect of KCHA's work. Key 2022 initiatives include leading efforts to conduct both internally-focused and externally-focused equity reviews of agency policies and practices,

coordinating KCHA's Committee activities, developing and maintaining meaningful relationships with community leaders and partners, and enhancing the agency's Section 3 and Affirmatively Furthering Fair Housing programs. In addition, KCHA will begin observing Juneteenth next year as a paid holiday for all employees.

Two major technology initiatives are slated for next year. The most impactful is the plan to replace the Housing Management Software which supports both the Housing Choice Voucher program and the Property Management department. This will be a multiyear effort, and a \$4 million reserve has been established in support of this project, with an estimated 2022 spend of up to \$2 million. The Human Resources department, in concert with the payroll group, will also be acquiring and implementing new software to better support these crucial support functions.

Insurance costs will be increasing significantly in 2022, with property insurance rising by approximately \$1.0 million or 29%. KCHA's recent loss history is driving most of the increase, but overall insurance industry conditions are also a factor, and will likely continue to be for the foreseeable future.

Additional personnel have been requested by various departments as part of this budget, however, final decisions on the full scope of new hires have not been made at this point. Additional approved FTEs will be discussed at the December meeting.

As this complex budget continues to come together, staff will be working on the year end cash projections for the major MTW and COCC fund groups as well as tracking developments on the Congressional appropriations front.

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# **KCHA IN THE NEWS**

**November 15, 2021**



# Amazon commits another \$24.8 million for local affordable homes

4 min    October 19, 2021

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Written by Amazon Staff

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**More than \$310 million in loans and grants have now been**



## 2,500 affordable units—with more investments to come.

Amazon is supporting two new acquisitions by Bellwether Housing, King County's largest nonprofit affordable housing provider, with more than \$24.8 million in low-rate loans that will preserve 213 affordable homes.

This investment comes from the [Amazon Housing Equity Fund](#), a \$2 billion commitment to create and preserve 20,000 affordable housing units in Washington state's Puget Sound region; in and around Arlington, Virginia; and in Nashville, Tennessee. All three areas are hometown communities where Amazon expects to have a growing presence in the coming years.



### Amazon's \$2 billion Housing Equity Fund announces new investments

Fund commits \$300 million to create 3,000 new affordable homes near public transit for families in the Puget Sound, Arlington, and Nashville regions.

Read more [>](#)

The new agreement with [Bellwether Housing](#) brings Amazon's total units created or preserved in the Puget Sound region to as many as 2,500, with more investments in



Our most recent investments include:

## Bellwether Housing

- **The BLVD, Kent** – 136 units within walking distance to a light rail station slated to open in 2024. The complex offers studio, one-, two-, and three-bedroom units with washers and dryers, air conditioning, walk-in closets, and balconies or patios.



Photo by Stephen T Naylor

- **The Marina Club Apartments, Des Moines** – 77 units located close to the Des Moines Marina with easy access to Kent Valley, Seattle, and the Port system. The apartments feature spacious living and dining rooms, updated kitchens, and



pool.

Both projects will be maintained as affordable to households earning at or below 60% to 80% of area median income for the next 99 years.

Bellwether Housing, like many nonprofit housing providers, struggles to raise the capital needed to acquire and preserve affordable homes before they are lost to developers that convert them to luxury housing.

“The Amazon Housing Equity Fund could not have come at a better time. Public funding sources are severely constrained,” said Bellwether Housing CEO Susan Boyd. “We anticipate that this fund will allow us to bring hundreds of more units into permanent affordability.”

“The Amazon Housing Equity Fund enables partners like Bellwether Housing and King County Housing Authority to move quickly and competitively to preserve affordability,” said Catherine Buell, director of the Amazon Housing Equity Fund. “We are so pleased to be a part of the solution in addressing housing shortages in our region by teaming up with partners to grow the housing stock for households making moderate- to low-incomes. We hope that our investments will help these families have greater peace of mind and be able to stay and thrive in the Puget Sound region.”

## **King County Housing Authority**

Earlier this year, the Amazon Housing Equity Fund provided \$185.5 million in low-interest loans and grants to the King County Housing Authority (KCHA) to preserve 1,000 affordable homes in the region. The funding initially helped KCHA acquire three



goal with the addition of four more apartment complexes, bringing the total number of units to 1,084 affordable rental homes that otherwise might have gone to a private developer. The buildings will remain affordable for at least 99 years.

“Amazon's support has immediately preserved nearly 1,300 existing affordable housing units—including more than 900 right here in Bellevue—with more to come to help grow more inclusive communities for families in east and south King County,” said Bellevue Mayor Lynne Robinson. “I'm excited to have the public, private, and nonprofit sectors teaming up to take on one of our region's toughest challenges.”

- **Hampton Greens, Bellevue** – 326 units located on 16 acres. Public transportation is less than a half-mile away. Spacious one- and two-bedroom apartments include washers and dryers, fireplaces, and private patios. The property also offers swimming pools, a dry sauna, a 24-hour access package locker room, a fitness center, a tennis court, a playground, an electric vehicle charging station, and a resident lounge.
- **Pinewood Village, Bellevue** – 108 units offering spacious studio, one-, and two-bedroom apartments. All units feature electric kitchen appliances as well as a dishwasher, a refrigerator, and a personal balcony or patio. Select units also include a fireplace, granite countertops, vaulted ceilings, and washers and dryers.
- **Illahee Apartments, Bellevue** – 36 units in a garden-style community conveniently located in the Bel-Red/Spring District corridor across the street



station. Units include balconies or patios, and there are on-site laundry facilities.

- **Sandpiper East Apartments, Bellevue** – 224 units located approximately a half-mile from the Bel-Red/130th Street Light Rail station, which is scheduled to open in 2023. The apartments are also a quick drive to restaurants, shopping centers, local parks, and several nearby lakes.
- **The Carrington Apartment Homes, Bellevue** – 108 units with easy access to public transportation and close to five parks, including Robinswood Community Park. The central campus of Bellevue College is a short walk away. The property is conveniently located near restaurants and a large shopping center at Eastgate Plaza.
- **Surrey Downs Apartments, Bellevue** – 122 units located on a public bus line and walking distance to restaurants and shopping. The apartments include updated kitchens with stainless steel appliances. The complex offers a walking trail and swimming pool.
- **The Argyle Apartments, Federal Way** – 160 units located on several Metro bus lines and less than a five-minute walk to the Federal Way Transit Center, which is also the planned location of the new light rail station scheduled to open in 2024. The property offers a clubhouse, a fitness center, a swimming pool, covered parking, and laundry facilities.

Additionally, the Amazon Housing Equity Fund also committed \$100 million to developers working with Sound Transit to accelerate the creation of up to 1,200 homes near active transit corridors. Transit-oriented development has a range of



associated environmental benefits, and it provides access to transportation and education for low- to moderate-income households.

Amazon believes that all people should have access to a home they can afford. Which is why we are using our reach and resources to support innovative housing affordability initiatives that will help families, especially in communities of color that are disproportionately impacted by the housing shortage in the U.S. We remain committed to helping families and individuals achieve the long-term housing stability that promotes economic mobility and builds and supports strong, inclusive communities.

Based on this article, how do you view Amazon?

Tap to respond

Very Positive

Positive

Neutral

Negative

Very Negative

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#### RELATED TAGS

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NEWS

# OLD U.S. BANK BUILDING IN SKYWAY SET TO BECOME HUD ENVISION CENTER

OCTOBER 8, 2021 | EDITOR

*by Elizabeth Turnbull*

A new HUD EnVision Center is set to open in the old U.S. Bank building in Skyway in 2023 — providing connections to economic, health, and other resources — after U.S. Bank donated the land and the building to the King County Housing Authority (KCHA).

The space, which will be known as the Skyway Resource Center and is located at 12610 76th Ave. S., will replace and expand on the existing mobile resource center the Renton Innovation Zone Partnership

(RIZP) launched roughly a year ago to provide resources during the pandemic.

“For too long, Skyway has not received sufficient public and private investment, and that has slowed the development of economic opportunities and the provision of needed community services,” Stephen Norman, KCHA’s executive director, wrote in a statement released by U.S. Bank. “We are excited to work with the Skyway community and King County to reverse this trend and assist in the development of a new community asset that will provide additional tools and resources to help residents to move ahead.”

The first step in a multipart process, U.S. Bank donated the land and the building to KCHA, which will oversee building improvements and will act as the fiscal agent for the property with the goal of fully transitioning the property to a local community organization within the next three years.

For the time being, RIZP is facilitating the community design side of the project and is working on finding and gaining support for tenants and organizations who will ultimately occupy the building. They are currently hoping the space will remain flexible for seasonal events like farmers markets and that it will house organizations requested by the community.

“Not only is this a huge win for our neighborhood and something tangible that our community will feel,” Ryan Quiglar, the RIZP executive director, said, “but this donation represents the beginning of a community-owned development the people of Skyway have wanted and advocated for over the years.”

In general, HUD EnVision Centers, part of the U.S. Department of Housing and Urban Development, provide resources through public and private partnerships. Overall, the goal is for recipients to become self-sufficient and to be on a path toward economic mobility.

The donation of the building for the center comes after U.S. Bank permanently closed their storefront in Skyway in November of last year, leaving the Skyway area with an ATM but no other bank and exacerbating economic difficulties in the area.



*After U.S. Bank permanently closed their storefront in November of last year, the Skyway area was left with an ATM but no other bank to provide financial resources and services. (Photo: Alex Garland)*

In 2019, over 30% of children under 18 years of age lived below the poverty line in Skyway-West Hill, nearly triple the rate of the county overall (12.3%, according to [King County data](#)). In addition, the median household income in Skyway-West Hill was \$65,900, over 20% less than the countywide median of \$83,570.

As an unincorporated area, meaning it is not a part of the nearby cities of Renton and Seattle, Skyway does not get help from the nearby city governments and must lean on the County to fill in this gap.

While the area remains without a bank, organizers intend for the new resource center to provide financial literacy help and home-buying direction in addition to mental health services, healthy food options, a farmers market, youth mentoring programs, and workforce development, among other things, according to Quigtar.

“With this permanent location, we have a different type of flexibility when offering services, because we have ... indoor and outdoor space,” Quigtar said. “... We’re really focused on meeting people where they are and supporting their upward mobility.”

Aside from the donation of the building, in August of this year, the U.S. Bank Foundation announced it would award the RIZP \$50,000 to fund a new immersion program for Title 1 elementary and middle school students in the Skyway-West Hill neighborhood.

The program is set to begin this fall with a series of 10 events which will expose the young people involved to various industries such as health care — a “Doctor for a Day” event, for example, will let

students interact with medical professionals and learn more about the field – STEM, construction/trades, transportation, arts, food/entertainment, government, and business.

RIZP will host a pop-up event to collect community design feedback on the Skyway Resource Center on Friday, Oct. 22, from 3 to 5 p.m. at King County Fire District 20, 12424 76th Ave. S. in Seattle. To participate, visit the community [design survey](#). Learn more about the center on the Skyway Resource Center [website](#).



*Elizabeth Turnbull is a journalist with reporting experience in the U.S. and the Middle East.*