



# **MEETING OF THE BOARD OF COMMISSIONERS**

## **HYBRID MEETING**

**Monday, July 18, 2022**

### **Zoom Webinar Meeting:**

**Please click the link below to join the webinar:**

**[https://kcha-  
org.zoom.us/j/84934784057?pwd=YksocXR3cmV  
Ld2lla2tReVY1Qm8yQTo9](https://kcha-org.zoom.us/j/84934784057?pwd=YksocXR3cmVLd2lla2tReVY1Qm8yQTo9)**

**PASSCODE: 949917**  
**Meeting ID: 849 3478 4057**

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

**King County Housing Authority  
600 Andover Park West – West Wing  
Tukwila, WA 98188**



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

July 18, 2022 - 8:30 a.m.

King County Housing Authority - West Wing Conference Room  
600 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 – June 21, 2022

**V. Approval of Agenda**

**VI. Consent Agenda**

A. Voucher Certification Reports for May 2022

**2**

B. **Resolution No. 5725** - Authorization to Submit Funding  
Applications for Rehab & Redevelopment of Kirkland Heights Apartments

**3**

## **VII. Resolutions for Discussion**

- A. Resolution No. 5726 –** **4**  
Authorizing Higher Payment Standards for the Housing Choice Voucher Program
- B. Resolution No. 5727 –** **5**  
Changes to the Public Housing Admissions and Continued Occupancy Policy (ACOP) and the Tenant-based and Project-Based Administrative Plans (Ad Plans) relating to Family Eligibility

## **VIII. Briefings & Reports**

- A. 2022 Mid-Year Financial Forecast** **6**
- B. First Quarter Financials** **7**
- C. Second Quarter CY 2022 Procurement Report** **8**
- D. KCHA Reopening Plans** **9**

## **IX. Executive Director Report**

## **X. KCHA in the News**

## **XI. Commissioner Comments**

## **XII. Adjournment**

Members of the public who wish to give public comment: We are now accepting public comment during the meeting or written comments. Please send your requests for public comment to the Board Coordinator via email to [kamir@kcha.org](mailto:kamir@kcha.org) prior to the meeting date. If you have questions, please call 206-574-1206.

# T A B N U M B E R

1



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

**Tuesday, June 21, 2022**

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**I. CALL TO ORDER**

The monthly meeting of the King County Housing Authority Board of Commissioners was held as a special hybrid meeting on Tuesday, June 21, 2022. There being a quorum, the hybrid meeting was called to order by Chair Barnes at 8:30 a.m.

**II. ROLL CALL**

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

**III. PUBLIC COMMENT**

A. Resident Cindy Ference gave public comment.

B. Resident Tashena Sullivan gave public comment.

**IV. APPROVAL OF MINUTES**

A. Board Meeting Minutes – May 16, 2022

B. Board Meeting Minutes – May 26, 2022

On motion by Commissioner Susan Palmer, and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the May 16, 2022 and May 26, 2022 Meeting Minutes.

**V. APPROVAL OF AGENDA**

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner John Welch, the Board unanimously approved the June 21, 2022 virtual Board of Commissioners' meeting agenda.

**VI. CONSENT AGENDA**

A. Voucher Certification Report for April 2022

B. **Resolution 5724** – Relating to Application of the Authority's Policies; Determining that an Employee Meets the Criteria for Application of the Housing Authority's

Indemnification and Defense Policy; and, Authorizing Such Defense and Indemnification.

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Susan Palmer, the Board unanimously approved the June 21, 2022 hybrid Board of Commissioners' meeting consent agenda.

## **VII. BRIEFINGS & REPORTS**

### **A. First Quarter 2022 Executive Dashboard**

Andrew Calkins, Director of Policy and Intergovernmental Affairs summarized the dashboard.

Questions of Commissioners were answered.

### **B. Asset Management/Development Department Briefing**

Wen Xu, Director of Asset Management  
Aran Church, Senior Asset Manager (Bond & HOP)  
Mary Gonzalez-Hansen, Asset Manager (HOP)  
Dave Allan, Senior Asset Manager (Tax Credit)  
Darrell Westlake, Capital Construction Program Manager (Capital Improvements)

Asset Management Divisions

- Bond and Home Ownership
- Tax Credit
- Capital Improvements

The team introduced themselves and explained how their programs work through a detailed power point presentation.

Questions of Commissioners were answered.

### **C. Resident Services Departmental Briefing**

Shawli Hathaway, Interim Director for Resident Services and Elizabeth Westburg, Interim Assistant Director for Resident Services presented the overview and update of the department.

#### D. Emergency Housing Voucher Program Update

Kristy Johnson, Senior Director for Policy, Research and Social Impact Initiatives gave a power point updating the Board on the Program.

- American Rescue Plan Act of 2021 was signed into law on March 11, 2021
- \$5 Billion allocated to fund the Emergency Housing Voucher (EHV) Program
- 70,000 EHV's – United States
  - 2,443 EHV's - Washington State
    - 1,314 EHV's – King County
      - 762 King County Housing Authority (15<sup>th</sup> largest EHV award in US)
      - 498 Seattle Housing Authority
      - 54 Renton Housing Authority

#### EHV Eligibility

- Experiencing homelessness
- Fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking or human trafficking
- Recently homeless and for whom providing rental assistance will prevent the family's homelessness or having high risk of housing instability
- At risk of homelessness

#### E. Office of EDI Update

Scarleth Lever Ortiz, Senior Director of Equity, Diversity and Inclusion and Ji Soo Kim, EDI Program Manager gave a summary of the June Highlights from the Office of EDI.

### VIII. EXECUTIVE DIRECTOR REPORT

On the HUD Budget/Legislative Matters, Interim Executive Director Dan Watson reported that there's been little movement on a HUD Appropriations bill and none is expected prior to the fall election.

Mr. Watson also spoke to the need for additional security measures at its properties and facilities. KCHA is responding to rising crime, gun violence, and resident behavioral health concerns. There was a murder at Birch Creek where neither the victim nor the perpetrator are residents but it underscored the need to take additional security measures to protect residents and staff. Some of the measures being considered are:

- Property Management Security Patrols – In early 2022, Property Management implemented a pilot program to utilize outside security firms to provide limited patrols of

properties with increased incidents of crime. More patrols may be added on an as-needed basis.

- Workplace Violence Prevention Training – In June, trainings were held for field staff on prevention and de-escalation of violence that may occur in the workplace. Practical advice was provided in dealing with a variety of potential threats. This training has had good reviews and will be extended to all staff in late summer and fall.
- KCHA Security Master Plan – KCHA has retained an outside security consulting firm, Tactical Training Academy (TTA) to assess KCHA's needs and create a KCHA wide Security Master Plan. Over the next 6 months TTA will provide:
  - Onsite Assessment of 38 physical workplace locations
  - Assessment of current safety and security policies, plans and procedures including a review of incidents
  - Recommended changes and enhancements for workplace sites including improved hardware/software systems such as cameras, detection, and alerting systems
  - Model policies and procedures that align with best practices for implementing an in-house security management system
  - A cost and implementation schedule

#### **IX. KCHA IN THE NEWS**

None.

#### **X. COMMISSIONER COMMENTS**

None.

#### **XI. ADJOURNMENT**

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

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

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

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**ROBIN WALLS**  
Secretary

# T A B N U M B E R

2



**To:** Board of Commissioners

**From:** Ai Ly, Associate Director of Finance

**Date:** June 28, 2022

**Re:** **VOUCHER CERTIFICATION FOR MAY 2022**

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.

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Ai Ly  
Associate Director of Finance  
June 28, 2022

Bank Wires / ACH Withdrawals		22,907,649.11
	<i>Subtotal</i>	<b>22,907,649.11</b>
Accounts Payable Vouchers		
Key Bank Checks - #340141-340578		4,641,269.61
Tenant Accounting Checks - #11663-11675		89,730.01
	<i>Subtotal</i>	<b>4,730,999.62</b>
Payroll Vouchers		
Checks - #93004-93007 & 93032-93054 & 93059-93077		75,961.92
Direct Deposit		1,867,416.16
	<i>Subtotal</i>	<b>1,943,378.08</b>
Section 8 Program Vouchers		
Checks - #638325-638825 & 639283-639284		341,897.44
ACH - #545339-548001		18,434,637.83
	<i>Subtotal</i>	<b>18,776,535.27</b>
Purchase Card / ACH Withdrawal		374,221.16
	<i>Subtotal</i>	<b>374,221.16</b>
	<b>GRAND TOTAL</b>	<b>\$ 48,732,783.24</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	
Bellepark	05/04/2022	\$ 16,593.92	A/P & Payroll	
Hampton Greens	05/04/2022	\$ 28,831.41	A/P & Payroll	
Kendall Ridge	05/04/2022	\$ 19,943.22	A/P & Payroll	
Landmark	05/04/2022	\$ 22,423.41	A/P & Payroll	
Riverstone	05/04/2022	\$ 27,489.61	A/P & Payroll	
SALMON CREEK	05/04/2022	\$ 10,410.82	Monthly Bank Fees	
SALMON CREEK	05/04/2022	\$ 1,868.40	Monthly Bank Fees	
Woodside East	05/04/2022	\$ 22,069.53	A/P & Payroll	
ALPINE RIDGE	05/05/2022	\$ 3,629.86	A/P	
Aspen Ridge	05/05/2022	\$ 608.69	A/P	
Auburn Square	05/05/2022	\$ 5,155.17	A/P	
Carriage	05/05/2022	\$ 346.85	A/P	
Carrington	05/05/2022	\$ 1,341.11	A/P	
CASCADIAN	05/05/2022	\$ 44,393.04	A/P	
Colonial Gardens	05/05/2022	\$ 1,911.50	A/P	
FAIRWOOD	05/05/2022	\$ 7,137.10	A/P	
HERITAGE PARK	05/05/2022	\$ 6,655.15	A/P	
LAURELWOOD	05/05/2022	\$ 23,100.73	A/P	
Meadows	05/05/2022	\$ 9,274.67	A/P	
Newporter	05/05/2022	\$ 3,572.71	A/P	
OVERLAKE	05/05/2022	\$ 12,770.21	A/P	
Parkwood	05/05/2022	\$ 1,770.55	A/P	
Pinewood Village	05/05/2022	\$ 7,092.36	A/P	
RAINIER VIEW I	05/05/2022	\$ 8,052.72	A/P & debt Service	
RAINIER VIEW II	05/05/2022	\$ 6,584.31	A/P & debt Service	
Salish Place	05/05/2022	\$ 10,505.32	A/P	
SI VIEW	05/05/2022	\$ 8,006.71	A/P & debt Service	
SI VIEW	05/05/2022	\$ 3,358.88	A/P & debt Service	

SOUTHWOOD SQUARE	05/05/2022	\$ 10,750.98	A/P	
Timberwood	05/05/2022	\$ 12,359.27	A/P	
Vashon Terrace	05/05/2022	\$ 1,929.49	A/P & debt Service	
Walnut Park	05/05/2022	\$ 2,368.47	A/P	
WINDSOR HEIGHTS	05/05/2022	\$ 23,845.81	A/P	
Woodridge Park	05/05/2022	\$ 4,465.75	A/P	
Cottonwood	05/06/2022	\$ 21,769.39	A/P & Payroll	
Cove East	05/06/2022	\$ 72,895.09	A/P & Payroll	
Juanita View	05/06/2022	\$ 19,948.13	A/P & Payroll	
Kirkland Heights	05/06/2022	\$ 53,293.58	A/P & Payroll	
NIA	05/06/2022	\$ 55,643.38	A/P & Payroll	
SALMON CREEK	05/06/2022	\$ 38,009.97	A/P & Payroll	
SEOLA CROSSING	05/06/2022	\$ 60,319.21	A/P & Payroll	
SEOLA CROSSING	05/06/2022	\$ 25,069.14	A/P & Payroll	
Tall Cedars	05/06/2022	\$ 21,303.15	A/P & Payroll	
Argyle	05/11/2022	\$ 46,323.20	A/P & Payroll	
Ballinger	05/11/2022	\$ 7,133.69	EPRAP Correction	
Ballinger	05/11/2022	\$ 95,478.87	A/P & Payroll	
Bellepark	05/11/2022	\$ 10,271.36	A/P	
Emerson	05/11/2022	\$ 81,850.05	A/P & Payroll	
GILMAN SQUARE	05/11/2022	\$ 27,521.21	A/P & Payroll	
Hampton Greens	05/11/2022	\$ 23,605.43	A/P	
Kendall Ridge	05/11/2022	\$ 58,588.39	A/P	
Landmark	05/11/2022	\$ 2,938.55	A/P	
Meadowbrook	05/11/2022	\$ 36,209.85	A/P & Payroll	
Riverstone	05/11/2022	\$ 17,558.02	A/P	
SEOLA CROSSING	05/11/2022	\$ 19,301.00	EPRAP Correction	
SEOLA CROSSING	05/11/2022	\$ 12,870.00	EPRAP Correction	
Surrey Downs	05/11/2022	\$ 27,173.94	A/P & Payroll	
Villages at South Station	05/11/2022	\$ 47,945.12	A/P & Payroll	
ALPINE RIDGE	05/12/2022	\$ 10,547.85	A/P & Payroll	
ARBOR HEIGHTS	05/12/2022	\$ 22,328.04	A/P & Payroll	
Aspen Ridge	05/12/2022	\$ 7,374.15	A/P & Payroll	
Auburn Square	05/12/2022	\$ 16,720.10	A/P & Payroll	
Carriage	05/12/2022	\$ 20,845.25	A/P & Payroll	
Carrington	05/12/2022	\$ 16,730.56	A/P & Payroll	
CASCADIAN	05/12/2022	\$ 28,975.78	A/P & Payroll	
Colonial Gardens	05/12/2022	\$ 8,182.32	A/P & Payroll	
FAIRWOOD	05/12/2022	\$ 22,902.94	A/P & Payroll	
HERITAGE PARK	05/12/2022	\$ 11,098.57	A/P & Payroll	



Kirkland Heights	05/12/2022	\$ 14,773.88	A/P & Payroll	
LAURELWOOD	05/12/2022	\$ 16,039.05	A/P & Payroll	
Meadows	05/12/2022	\$ 6,895.22	A/P & Payroll	
Newporter	05/12/2022	\$ 23,272.92	A/P & Payroll	
OVERLAKE	05/12/2022	\$ 62,446.81	A/P & Payroll	
Parkwood	05/12/2022	\$ 20,937.26	A/P & Payroll	
Pinewood Village	05/12/2022	\$ 12,124.51	A/P & Payroll	
Salish Place	05/12/2022	\$ 15,265.84	A/P & Payroll	
Sandpiper East	05/12/2022	\$ 26,403.26	A/P & Payroll	
SOUTHWOOD SQUARE	05/12/2022	\$ 27,920.89	A/P & Payroll	
Tall Cedars	05/12/2022	\$ 448.65	A/P & Payroll	
Timberwood	05/12/2022	\$ 23,914.65	A/P & Payroll	
Walnut Park	05/12/2022	\$ 76,648.24	A/P & Payroll	
WINDSOR HEIGHTS	05/12/2022	\$ 63,032.82	A/P & Payroll	
Woodridge Park	05/12/2022	\$ 28,271.26	A/P & Payroll	
Bellepark	05/18/2022	\$ 46,404.82	A/P & Payroll	
Hampton Greens	05/18/2022	\$ 24,370.15	A/P & Payroll	
Kendall Ridge	05/18/2022	\$ 24,856.65	A/P & Payroll	
Landmark	05/18/2022	\$ 21,849.13	A/P & Payroll	
Riverstone	05/18/2022	\$ 45,858.66	A/P & Payroll	
Woodside East	05/18/2022	\$ 43,260.49	A/P & Payroll	
ALPINE RIDGE	05/19/2022	\$ 1,952.69	A/P	
ARBOR HEIGHTS	05/19/2022	\$ 21,456.21	A/P	
Aspen Ridge	05/19/2022	\$ 14,497.14	A/P	
Auburn Square	05/19/2022	\$ 12,212.57	A/P	
Carriage	05/19/2022	\$ 5,026.14	A/P	
CASCADIAN	05/19/2022	\$ 23,459.76	A/P	
Colonial Gardens	05/19/2022	\$ 8,444.35	A/P	
FAIRWOOD	05/19/2022	\$ 10,582.20	A/P	
LAURELWOOD	05/19/2022	\$ 3,229.62	A/P	
Meadows	05/19/2022	\$ 6,625.36	A/P	
Newporter	05/19/2022	\$ 4,311.29	A/P	
OVERLAKE	05/19/2022	\$ 30,852.04	A/P	
Parkwood	05/19/2022	\$ 13,924.11	A/P	
Pinewood Village	05/19/2022	\$ 3,560.39	A/P	
RAINIER VIEW I	05/19/2022	\$ 14,391.82	A/P	
RAINIER VIEW II	05/19/2022	\$ 12,931.13	A/P	
Sandpiper East	05/19/2022	\$ 3,804.68	A/P	
SI VIEW	05/19/2022	\$ 11,053.45	A/P	
SOUTHWOOD SQUARE	05/19/2022	\$ 1,594.68	A/P	

Tall Cedars	05/19/2022	\$ 3,859.29	A/P	
Timberwood	05/19/2022	\$ 15,901.56	A/P	
Vashon Terrace	05/19/2022	\$ 5,198.71	A/P	
Walnut Park	05/19/2022	\$ 9,448.41	A/P	
WINDSOR HEIGHTS	05/19/2022	\$ 23,194.11	A/P	
Woodridge Park	05/19/2022	\$ 15,659.48	A/P	
Cottonwood	05/23/2022	\$ 16,944.73	A/P & Payroll & OCR	
Cove East	05/23/2022	\$ 16,399.84	A/P & Payroll & OCR	
Juanita View	05/23/2022	\$ 22,883.55	A/P & Payroll & OCR	
Kirkland Heights	05/23/2022	\$ 58,325.17	A/P & Payroll & OCR	
NIA	05/23/2022	\$ 22,914.53	A/P & Payroll & OCR	
SALMON CREEK	05/23/2022	\$ 44,994.03	A/P & Payroll & OCR	
SEOLA CROSSING	05/23/2022	\$ 51,134.89	A/P & Payroll & OCR	
SEOLA CROSSING	05/23/2022	\$ 32,459.06	A/P & Payroll & OCR	
Argyle	05/25/2022	\$ 34,149.91	A/P & Payroll	
Ballinger	05/25/2022	\$ 20,550.00	EPRAP Correction	
Ballinger	05/25/2022	\$ 14,830.00	EPRAP Correction	
Ballinger	05/25/2022	\$ 119,185.73	A/P & Payroll	
Bellepark	05/25/2022	\$ 10,472.00	A/P	
Carrington	05/25/2022	\$ 4,276.19	A/P	
Carrington	05/25/2022	\$ 1,444.73	A/P	
Emerson	05/25/2022	\$ 72,759.58	A/P & Payroll	
GILMAN SQUARE	05/25/2022	\$ 31,722.95	A/P & Payroll	
Hampton Greens	05/25/2022	\$ 21,647.03	A/P	
HERITAGE PARK	05/25/2022	\$ 15,576.73	A/P	
Kendall Ridge	05/25/2022	\$ 14,318.74	A/P	
Landmark	05/25/2022	\$ 78,187.62	A/P	
Meadowbrook	05/25/2022	\$ 20,444.64	A/P & Payroll	
NIA	05/25/2022	\$ 75,148.80	A/P	
Riverstone	05/25/2022	\$ 24,539.67	A/P	
Salish Place	05/25/2022	\$ 11,421.11	A/P	
Salish Place	05/25/2022	\$ 1,968.75	A/P	
SEOLA CROSSING	05/25/2022	\$ 11,117.00	A/P	
Surrey Downs	05/25/2022	\$ 22,147.29	A/P & Payroll	
Villages at South Station	05/25/2022	\$ 30,294.01	A/P & Payroll	
Woodside East	05/25/2022	\$ 71,098.39	A/P & Payroll & OCR & Management fee	
ALPINE RIDGE	05/26/2022	\$ 9,014.39	A/P & Payroll & OCR & Management fee	
ARBOR HEIGHTS	05/26/2022	\$ 12,716.80	A/P & Payroll & OCR & Management fee	
Aspen Ridge	05/26/2022	\$ 35,044.53	A/P & Payroll & OCR & Management fee	
Auburn Square	05/26/2022	\$ 20,585.23	A/P & Payroll & OCR & Management fee	

Carriage	05/26/2022	\$ 47,585.43	A/P & Payroll & OCR & Management fee	
Carrington	05/26/2022	\$ 16,527.39	A/P & Payroll & OCR & Management fee	
CASCADIAN	05/26/2022	\$ 29,853.22	A/P & Payroll & OCR & Management fee	
Colonial Gardens	05/26/2022	\$ 19,661.82	A/P & Payroll & OCR & Management fee	
FAIRWOOD	05/26/2022	\$ 17,851.69	A/P & Payroll & OCR & Management fee	
HERITAGE PARK	05/26/2022	\$ 20,734.98	A/P & Payroll & OCR & Management fee	
LAURELWOOD	05/26/2022	\$ 20,980.85	A/P & Payroll & OCR & Management fee	
Meadows	05/26/2022	\$ 23,462.55	A/P & Payroll & OCR & Management fee	
Newporter	05/26/2022	\$ 56,661.09	A/P & Payroll & OCR & Management fee	
OVERLAKE	05/26/2022	\$ 47,544.72	A/P & Payroll & OCR & Management fee	
Parkwood	05/26/2022	\$ 19,586.77	A/P & Payroll & OCR & Management fee	
Pinewood Village	05/26/2022	\$ 15,108.33	A/P & Payroll & OCR & Management fee	
RAINIER VIEW I	05/26/2022	\$ 5,121.46	A/P	
RAINIER VIEW II	05/26/2022	\$ 1,236.98	A/P	
Salish Place	05/26/2022	\$ 54,529.34	A/P & Payroll & OCR & Management fee	
Sandpiper East	05/26/2022	\$ 29,304.67	A/P & Payroll & OCR & Management fee	
SI VIEW	05/26/2022	\$ 1,381.03	A/P	
SOUTHWOOD SQUARE	05/26/2022	\$ 17,021.80	A/P & Payroll & OCR & Management fee	
Timberwood	05/26/2022	\$ 79,065.68	A/P & Payroll & OCR & Management fee	
Vashon Terrace	05/26/2022	\$ 1,374.93	A/P	
Walnut Park	05/26/2022	\$ 22,560.66	A/P & Payroll & OCR & Management fee	
WINDSOR HEIGHTS	05/26/2022	\$ 39,632.87	A/P & Payroll & OCR & Management fee	
Woodridge Park	05/26/2022	\$ 40,027.44	A/P & Payroll & OCR & Management fee	
<b>TOTAL</b>	<b>171 Wire</b>	<b>\$ 3,999,042.68</b>		

# T A B N U M B E R

3



**To:** Board of Commissioners

**From:** Dan Landes, Director of Development

**Date** July 13, 2022

**Re:** **Resolution No. 5725** – A Resolution of the Housing Authority authorizing the submission of funding applications to finance a portion of the rehabilitation and redevelopment of Kirkland Heights.

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Resolution 5725 authorizes the Housing Authority to submit applications for funding to the Washington State Department of Commerce, and A Regional Coalition for Housing to finance a portion of the rehabilitation and redevelopment of Kirkland Heights.

The public funders require authorization from an organization's governing board as a condition of submitting funding applications for grants and low interest loans. The Housing Authority is intending to submit two such applications this fall and a resolution from the board authorizing KCHA to make these applications is a required part of their respective submission packages.

The applications are to assist with a portion of the funding for the following projects:

- The redevelopment of Kirkland Heights, where all 180 existing units will be rehabilitated and approximately 96 new multifamily affordable housing units will be added (estimated application amount is \$2,600,000 to the Department of Commerce and \$1,500,000 to A Regional Coalition for Housing).

Staff recommends passage of Resolution No. 5725

**HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5725**

**(Capital Funding Applications)**

**A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to submit applications for funding to the Washington State Department of Commerce and A Regional Coalition for Housing to finance a portion of the rehabilitation and redevelopment of Kirkland Heights.**

**ADOPTED July 18, 2022**

**HOUSING AUTHORITY OF THE COUNTY OF KING**

**RESOLUTION NO. 5725**

**(Capital Funding Applications)**

**A RESOLUTION of the Housing Authority of the County of King authorizing the Executive Director to submit applications for funding to the Washington State Department of Commerce and A Regional Coalition for Housing to finance a portion of rehabilitation and redevelopment of Kirkland Heights.**

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**WHEREAS**, RCW 35.82.070(5) provides that a housing authority may, among other things and if certain conditions are met, “lease or rent any dwellings . . . buildings, structures or facilities embraced in any housing project”; and

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

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

**WHEREAS**, RCW 35.82.070(2) provides that a housing authority has the power to “acquire, lease and operate housing projects” and to “provide for the construction, reconstruction, improvement, alteration or repair of any housing project or any part thereof”; and

**WHEREAS**, the Washington State Department of Commerce (“COMMERCE”) published a Notice of Funding Availability on June 15, 2022 soliciting applications for capital funding through its Housing Trust Fund (“HTF”); and

**WHEREAS**, A Regional Coalition for Housing (“ARCH”) opened a competitive application round on June 24, 2022 soliciting applications for \$4,500,000 in capital funding through its Eastside Housing Trust Fund (“EHTF”); and

**WHEREAS**, in 2019, the Authority acquired certain real property known as Kirkland Heights Apartments located at 13310 NE 133<sup>rd</sup> St, Washington, currently containing 180 units, which include 179 low income housing units and one leasing office; and

**WHEREAS**, the rehabilitation and redevelopment of Kirkland Heights are activities that are eligible for these above-mentioned fundings;

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

**Section 1:** The Authority is authorized and directed to submit an application to COMMERCE seeking funding from the HTF for the rehabilitation and redevelopment of Kirkland Heights, and should this application successfully receive an award of such funds, the Executive Director is authorized to execute any agreements necessary to secure such funds, including but not limited to covenants, contracts, loan agreements, notes, deeds of trust, regulatory agreements and such other documents as may be deemed reasonably necessary by the Executive Director.

**Section 2.** The Authority is authorized and directed to submit an application to ARCH seeking funding from the EHTF for the rehabilitation and redevelopment of Kirkland Heights, and should this application successfully receive an award of such funds, the Executive Director is authorized to execute any agreements necessary to secure such funds, including but not limited to covenants, contracts, loan agreements, notes, deeds of trust, regulatory agreements and such other documents as may be deemed reasonably necessary by the Executive Director.

**Section 3. Effective Date.** This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED AT THE MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 18<sup>th</sup> DAY OF JULY, 2022.**

**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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**ROBIN WALLS**  
Executive Director and Secretary-Treasurer



## CERTIFICATE

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

1. That the attached Resolution No. 5725 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners (the “Board”) of the Authority, as adopted at a meeting of the Authority held on July 18, 2022, and duly recorded in the minute books of the Authority.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 18<sup>th</sup> day of July, 2022.

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**ROBIN WALLS**

Secretary-Treasurer and Executive Director of the  
Authority

# T A B N U M B E R



**To:** Board of Commissioners

**From:** Tyler Shannon, Research & Data Analyst

**Date:** July 18, 2022

**Re:** **Resolution No. 5726** - Authorizing Higher Payment Standards for the Housing Choice Voucher Program

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### **Executive Summary**

Every night, KCHA supports over 10,800 households across the county through the tenant-based Housing Choice Voucher Program (HCV or Section 8). The payment standard determines the maximum subsidy amount KCHA will provide to a participating household and is a central component of the HCV program. Our system of multi-tiered payment standards ensures that KCHA provides a sufficient subsidy so that households can secure and maintain safe and affordable housing in all regions of the county while controlling program costs. Staff last reviewed payment standard amounts in December 2021. This review resulted in increased payment standards in all Tiers for studios, one-bedroom, and two-bedroom units. At the July 2022 Board of Commissioners meeting staff will present a proposal to again increase payment standards in all Tiers. The proposed payment standards, combined with previous adjustments and an expected market rent escalation of 10%, are expected to increase annualized housing assistance payments (HAP) for tenant-based vouchers funded through the Moving to Work block grant by \$17.8 million annually at full implementation. The proposed increases outlined below are responsible for \$8.1 million of this cost.

### **Budgetary Impact**

Increasing payment standards involves a substantial investment of KCHA's resources. In addition to increasing the costs associated with current households and existing rent levels, higher payment standards also raise the ceiling on the amount of HAP costs that KCHA may incur as a result of future rent increases. Assuming voucher-level rent increases of 10% across the program through 2023, annualized Block Grant HAP costs will increase by approximately \$9.8 million, even with no adjustment to current payment standards. With the adoption of the proposed payment standards, annualized HAP costs will increase by an additional \$8.1 million, for a total increase in annualized HAP costs of \$17.8 million.

### **Background & Methodology**

Payment standards set the maximum amount that a housing authority will provide to a voucher holder, based on household size and market costs, to assist with rent and utilities. While most housing authorities typically have a single payment standard set at a level between 90% and 110%

of the area's HUD-determined Fair Market Rent, since 1999 KCHA has maintained multiple payment standards. In 2016, the Board expanded the two-tiered system of payment standards (which involved a regular standard and an "exception area" standard that covered East King County) to create a ZIP code-based, multi-tiered structure with five payment standard levels. Since implementation, the Board has approved additional increases in payment standards, and in November 2017 approved the creation of a new (sixth) tier.

The creation of multiple payment standard tiers reflects the reality that King County is not a single housing market and that housing costs vary dramatically from one sub-market to another. The HUD Fair Market Rent is set at the estimated 40<sup>th</sup> percentile of rents for the entire region. KCHA's approach essentially establishes a Fair Market Rent at the 40<sup>th</sup> percentile for each ZIP code in the county, which are then grouped into six tiers.

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

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

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

While the COVID-19 pandemic drastically impacted the rental market in King County over the course of 2020 and into 2021, this is no longer the case. Rents have increased back to pre-pandemic levels or higher in virtually all areas of the county.

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

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

After multiple years of rapid growth in the King County rental market, the onset of the COVID-19 pandemic led to dramatic changes in the market. In 2020, rents in our highest tiers dropped for the first time since the Great Recession. However, these trends were temporary. Previous issues related to COVID-19, including the moratoriums on rent increases and evictions, are either no longer applicable, or no longer affecting the rental market to a significant degree. Through the course of 2021, CoStar data shows that rents are increasing in all of our tiers, and virtually all areas of King County are seeing rents above pre-pandemic levels, with several cities experiencing record-high rent growth.

Rents are rising particularly fast in our higher tiers, most of which overlap with "high opportunity" neighborhoods. Since July, 2021, 40<sup>th</sup> percentile rents for two bedroom units have increased by

15% in Tier 5, and by 18% in Tier 6. One bedroom units in Tier 5 increased by 19%, with one bedroom units in Tier 6 increasing 22%. A significant portion of these increases happened within the last six months. Since December of 2021, 40<sup>th</sup> percentile estimates for one bedroom units have gone up in by almost 9% in Tier 5, and 12% in Tier 6. Rents are also increasing in our lower and middle Tiers. Tier 3 saw one bedrooms increase by 11% and two bedrooms increase by 12% over the last year. Looking forward, CoStar has projected that rents will continue to rapidly increase in all tiers through the remainder of 2022.

Additionally, vacancies are also at the lowest rate they have ever been in the last decade, particularly in South King County where the majority of KCHA households live. In KCHA's jurisdiction, overall vacancy is at 4.4%, and in South King County vacancy is at 3.2%, further pressuring rents upward and reducing the ability to find housing in the region.

***Effectiveness of the Payment Standards for KCHA Voucher Holders***

When market rents exceed allowable subsidy levels provided under the payment standard, the participating HCV household must pay the overage directly out of pocket. Therefore, the failure of the payment standards to reflect rising housing costs directly increases the amount paid by program participants and can also hamper the ability of some households, particularly households coming directly from homelessness with extremely limited incomes, to secure new housing.

KCHA's multi-tiered approach to setting payment standards based on location has broadened geographic choice for families. Currently over 30% of KCHA's federally subsidized families with children (including project-based vouchers and public housing), are living in high opportunity neighborhoods. The success of the Creating Moves to Opportunity (CMTO) pilot, now being replicated nationally, has rested on this approach.

Staff analyzed individual ZIP codes to ensure they are properly placed in a tier with similar 40<sup>th</sup> percentile rents. Data from our review of market rents, staff and landlord feedback, and existing voucher holder rents suggest a need to move one ZIP code in Kirkland from Tier 5 to Tier 6. This change will be discussed at greater depth at the July board meeting.

The latest shopping success reports (the percentage of newly issued voucher holders leasing up within 240 days of issuance) have shown consistently lowered success rates. Shopping success has been at or below 70% for the last eight months, below our goal of 80%. The most recent cohort of voucher holders averaged success rates of 68% in 240 days. 120 day success rates are also declining, with the latest report showing only 37% finding a unit in 120 days.

Shopping success for households seeking larger bedroom sizes has dropped more dramatically. From 2018 to 2020, households seeking three-bedroom and four-bedroom units had consistently higher success rates than those seeking smaller units, with 88% finding a four-bedroom unit and 86% finding a three-bedroom unit within 240 days in 2020. However, over the course of 2021, four-bedroom voucher holders had the lowest 240 day success rate, at 59%, while three bedroom unit success dropped to 65%, both below the one and two-bedroom success rates. This aligns with on-the-ground reports from HCV staff, who report that households are having difficulty finding units within the current payment standard, particularly larger bedroom sizes.

The end of the rent increase moratorium on June 30th, 2021 continues to impact KCHA households. Since January of 2022, KCHA has approved almost 2,600 rent increases for voucher households living in non-KCHA owned units. The median increase for these units is approximately 9%, or around \$140. Households in units that are already at the maximum payment standard amount will pay the entire cost of any increases to rent out of pocket. Without changes to the payment standards, shelter burdens are expected to increase considerably as rents go up – from the current rate of 11.6% of households to 26% of households.

In December 2021, KCHA increased standards for studios, one-bedrooms, and two-bedrooms only due to the focus on improving shopping success for Emergency Housing Voucher holders, most of whom were searching for smaller bedroom sizes. This change reduced shelter burden for households already leased in these smaller units. However, the percentage of HCV households that are shelter burdened in larger bedroom sizes is now two to three times higher than it is for households in one and two-bedrooms.

In summary, with the rental market continuing to get more expensive with fewer available units, persistently low shopping success, and significant rent increases for HCV households, along with higher shelter burden, we recommend an increase to the current payment standards.

### **Recommended Payment Standard Adjustments**

KCHA is recommending an increase in payment standard amounts in all tiers for all bedroom sizes. The standards for three-bedroom units and larger are seeing higher increases this review due to our decision not to increase their standards at the annual review in December 2021. The new proposed amounts bring the standards for all bedroom sizes back into alignment. This recommendation will ensure that new households will be more successful in leasing units, current households will face lower shelter burdens, and geographic mobility will be maintained should they decide to move.

**Payment Standard Amounts:** The proposed payment standard amounts are calculated based on the ZIP code weighted average of the 40<sup>th</sup> percentile rent estimates within each tier. The increases are then adjusted to account for budgetary considerations, expected rent increases, and overall impact on shelter burden.

KCHA will again conduct a payment standards analysis beginning in October 2022, with any potential adjustments effective January 1st, 2023.

**Proposed Payment Standards to be Effective August 1, 2022**

		<b>Studios</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR*</b>
<b>Tier 1</b>	<i>Current</i>	\$1,240 +\$120	\$1,300 +\$130	\$1,640 +\$80	\$2,050 +\$190	\$2,670 +\$260
	<b>Proposed</b>	\$1,360	\$1,430	\$1,720	\$2,240	\$2,930
<b>Tier 2</b>	<i>Current</i>	\$1,330 +\$120	\$1,390 +\$130	\$1,670 +\$150	\$2,100 +\$270	\$2,830 +\$270
	<b>Proposed</b>	\$1,450	\$1,520	\$1,820	\$2,370	\$3,100
<b>Tier 3</b>	<i>Current</i>	\$1,460 +\$90	\$1,530 +\$100	\$1,810 +\$150	\$2,170 +\$380	\$2,860 +\$480
	<b>Proposed</b>	\$1,550	\$1,630	\$1,960	\$2,550	\$3,340
<b>Tier 4</b>	<i>Current</i>	\$1,590 +\$70	\$1,670 +\$70	\$1,890 +\$240	\$2,380 +\$390	\$3,100 +\$530
	<b>Proposed</b>	\$1,660	\$1,740	\$2,130	\$2,770	\$3,630
<b>Tier 5</b>	<i>Current</i>	\$1,820 +\$200	\$1,910 +\$210	\$2,160 +\$320	\$2,560 +\$670	\$3,330 +\$890
	<b>Proposed</b>	\$2,020	\$2,120	\$2,480	\$3,230	\$4,220
<b>Tier 6</b>	<i>Current</i>	\$1,960 +\$230	\$2,060 +\$240	\$2,400 +\$340	\$2,880 +\$690	\$3,760 +\$900
	<b>Proposed</b>	\$2,190	\$2,300	\$2,740	\$3,570	\$4,660

\* Five and six bedroom payment standards are determined by applying a factor of 1.15 and 1.30 to the four-bedroom payment standard.

KCHA will continue to monitor rental costs, shelter burden, and shopping success trends over the next six months in advance of our annual review. KCHA is proposing to implement new payment standards for new households on August 1st, and then on a rolling basis at existing households' next interim or annual reexamination.

Approval of Resolution 5726 is recommended.

**APPENDIX A: 2022 Mid-Year Multi-Tiered Payment Standards**

**Proposed Payment Standards Amounts Effective August 1, 2022**

	<b>Studios</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>
<b>Tier 1</b>	\$1,360	\$1,430	\$1,720	\$2,240	\$2,930
<b>Tier 2</b>	\$1,450	\$1,520	\$1,820	\$2,370	\$3,100
<b>Tier 3</b>	\$1,550	\$1,630	\$1,960	\$2,550	\$3,340
<b>Tier 4</b>	\$1,660	\$1,740	\$2,130	\$2,770	\$3,630
<b>Tier 5</b>	\$2,020	\$2,120	\$2,480	\$3,230	\$4,220
<b>Tier 6</b>	\$2,190	\$2,300	\$2,740	\$3,570	\$4,660



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

**RESOLUTION No. 5726**

**AUTHORIZING HIGHER PAYMENT STANDARDS FOR THE  
HOUSING CHOICE VOUCHER PROGRAM**

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**WHEREAS**, the Housing Choice Voucher payment standards are the maximum subsidy levels used to calculate the housing assistance a household will receive under the Housing Choice Voucher program; and

**WHEREAS**, the Housing Authority's Board of Commissioners authorized implementation of a multi-tiered payment standard system with five tiers by passing Resolution No. 5531 dated the 16th of February 2016; and

**WHEREAS**, the Housing Authority has committed to reviewing the multi-tiered payment standards system and the configuration of ZIP codes therein at least once a year; and

**WHEREAS**, the Housing Authority last made adjustments to the grouping of ZIP codes in December 2019 and last increased payment standards in December 2021; and

**WHEREAS**, it has been determined that an additional increase in payment standards is necessary to keep pace with regional rental market trends and limit shelter burden; and

**WHEREAS**, the Housing Authority has sufficient resources to fund higher payment standards in 2022; and,

**WHEREAS**, increased payment standard amounts will Affirmatively Further Fair Housing objectives in the Seattle Metropolitan region;

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

The Payment Standards for the Housing Authority's Housing Choice Voucher program are hereby adjusted in accordance with the proposed recommendations, set forth at the July 18<sup>th</sup> Board of Commissioners meeting and attached hereto, and effective immediately.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 18<sup>th</sup> DAY OF JULY, 2022.**

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

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

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**ROBIN WALLS**  
Executive Director and Secretary-Treasurer

### **Proposed Payment Standards Amounts Effective August 1, 2022**

	<b>Studios</b>	<b>1 BR</b>	<b>2 BR</b>	<b>3 BR</b>	<b>4 BR</b>
<b>Tier 1</b>	\$1,240	\$1,300	\$1,640	\$2,050	\$2,670
<b>Tier 2</b>	\$1,330	\$1,390	\$1,670	\$2,100	\$2,830
<b>Tier 3</b>	\$1,460	\$1,530	\$1,810	\$2,170	\$2,860
<b>Tier 4</b>	\$1,590	\$1,670	\$1,890	\$2,380	\$3,100
<b>Tier 5</b>	\$1,820	\$1,910	\$2,160	\$2,560	\$3,330
<b>Tier 6</b>	\$1,960	\$2,060	\$2,400	\$2,880	\$3,760

## **Packet Contents**

- 1. Process & Parameters for the Analysis**
- 2. Internal Rent Indicators**
- 3. Rental Market Indicators**
- 4. Proposed Direction for 2022 Mid-Year Payment Standards**
- 5. Block Grant PUC Projection**

# 1. Mid-Year Review of Payment Standards Process

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KCHA began planning biannual reviews of payment standards in 2018. The purpose of the mid-year review is to check the effectiveness of existing payment standards and ensure that they are not lagging the market to such a degree that voucher holders cannot lease up throughout the remainder of the year. In the past, the mid-year review has not included: 1) Eliminating or adding payment standard tiers, and 2) Moving ZIP codes between tiers.

In the last six months since we did our annual review, King County has continued to see dramatic increases in the rental market. We believe that the existing payment standards implemented in January 2022 are not keeping pace with the current rental market. Additionally, we are recommending moving one zip code in Kirkland (98034) from Tier 5 to Tier 6, to match the surrounding areas and the higher rents in that zip code. Staff, households and landlords have consistently requested we move this zip code to Tier 6 as well. As was the case in the annual review, the rental market in higher tiers is continuing to rise rapidly, and meeting the 40th percentile in that rental market would require a major increase to payment standards.

We will be proposing increases to the payment standard for all bedroom sizes. At the annual review, we only increased the payment standard for studios, one-bedrooms, and two-bedrooms, as we were specifically trying to address the difficulty Emergency Housing Voucher households were having in the rental market, most of which were in smaller bedroom sizes. Currently, our larger bedroom sizes are significantly lagging the rental market and our households in those units are facing much higher rates of shelter burden, so we are increasing those bedroom sizes to match the new proposal.

## Process for the Annual Payment Standards Review

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**Timeline:** The majority of the analysis took place in May and June, with anticipated Board approval of any changes at the July 2022 Board meeting. While the mid-year review has normally been presented at the June Board meeting, with rents and costs rising continuing to outpace our payment standards, we are taking the additional month to determine the long term viability of trying to keep pace with the King County rental market. We anticipate any changes to thus be implemented beginning August 1st.

**Staff Meetings:** We met individually with a number of HCV staff to determine what is happening in their particular region. This feedback was invaluable to the analysis, providing key insights into the housing search process and the rental market. This smaller meeting format for obtaining guidance and feedback will continue be used for future reviews.

**Data Sources:** We analyzed a variety of data sources to understand current rent trends, 40<sup>th</sup> percentile rents by ZIP code and tier, and how the rental market looks to someone using a voucher. These include the following:

- **CoStar:** In late 2019, KCHA secured a contract with CoStar, the leading provider of data on apartment rental rates in our area and around the country. This company uses a variety of means to obtain rents for rental properties. We are confident in their rent levels for properties with 20 or more units. We have used this sample to estimate 40<sup>th</sup> percentile rents and build out our recommendation.

- **Voucher Holder Rents & Shelter Burden Trends:** We look at rents paid by currently leased voucher holders and rents for households who have recently moved. We also pay close attention to shelter burden trends by tier and bedroom size. Shelter burden is defined as households spending more than 40% of their income on rent.
- **Shopping Success:** We also monitor shopping success rates (the percentage of households leasing within 120 and 240 days).
- **Rent Increases:** We closely analyzed approved rent increase requests from January 1st, 2022 onward to look for trends by ZIP code, tier, and unit size.

**COVID-19 Considerations:** Previous issues related to the continuing COVID-19 pandemic, including the moratoriums on rent increases and evictions, are either no longer applicable, or no longer affecting the rental market to a significant degree. Rents have increased back to pre-pandemic levels and higher in virtually all areas of the county.

## 2. Internal Rent Indicators

### A. Tenant-Based Households by Tier & Unit Bedroom Size

*As of June 1, 2022.*

	<b>0BR</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>	<b>5BR</b>	<b>6BR</b>	<b>Total</b>	<b>%</b>
<b>Tier 1</b>	2	272	231	65	23	2	0	<b>595</b>	<b>5%</b>
<b>Tier 2</b>	22	1,172	1,100	516	252	53	5	<b>3,120</b>	<b>28%</b>
<b>Tier 3</b>	46	1,090	1,284	880	360	75	12	<b>3,747</b>	<b>34%</b>
<b>Tier 4</b>	21	321	276	190	84	14	3	<b>909</b>	<b>8%</b>
<b>Tier 5</b>	7	254	238	140	51	25	6	<b>721</b>	<b>7%</b>
<b>Tier 6</b>	50	665	739	359	49	21	5	<b>1,888</b>	<b>17%</b>
<b>Total</b>	<b>148</b>	<b>3,774</b>	<b>3,868</b>	<b>2,150</b>	<b>819</b>	<b>190</b>	<b>31</b>	<b>10,980</b>	<b>100%</b>

### B. Tenant-Based Median Gross Rents

*As of June 1, 2022, excluding households in KCHA-owned units.*

#### Median Gross Rent of Tenant-Based Voucher Holders by Tier & Unit Bedroom Size

	<b>0BR</b>	<b>1BR</b>	<b>2BR</b>	<b>3BR</b>	<b>4BR</b>
<b>Tier 1</b>	\$958	\$1,278	\$1,571	\$1,860	\$2,071
<b>Tier 2</b>	\$1,236	\$1,292	\$1,544	\$1,990	\$2,396
<b>Tier 3</b>	\$1,190	\$1,345	\$1,654	\$2,090	\$2,724
<b>Tier 4</b>	\$1,243	\$1,459	\$1,822	\$2,346	\$2,920
<b>Tier 5</b>	\$1,602	\$1,723	\$1,989	\$2,595	\$3,168
<b>Tier 6</b>	\$1,792	\$1,848	\$2,211	\$2,838	\$3,223

### Difference of median rent from payment standard

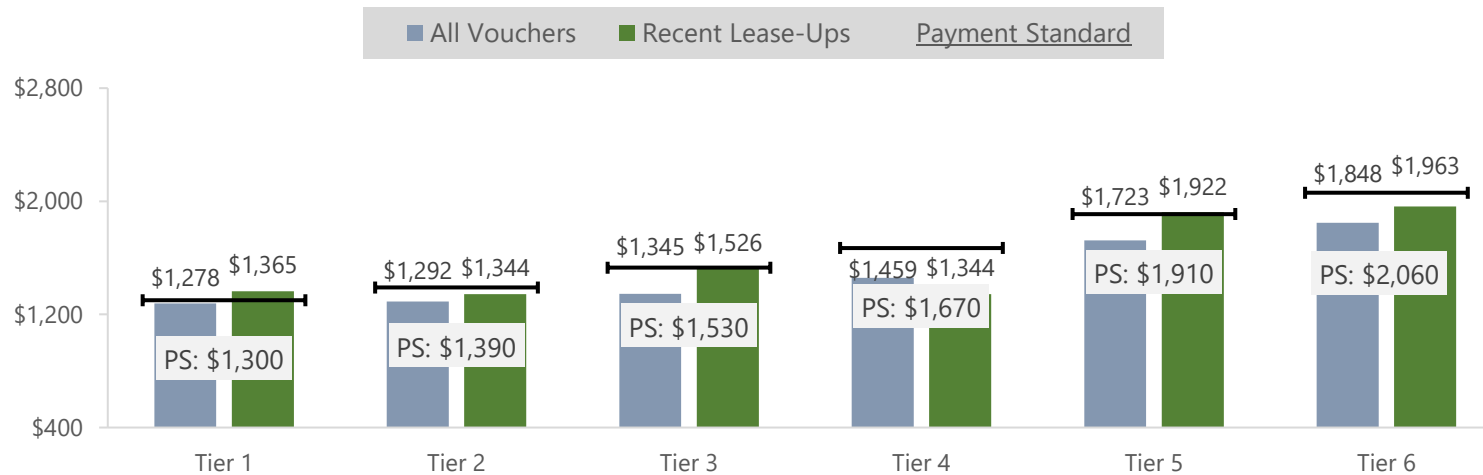
	0BR	1BR	2BR	BR	4BR
<b>Tier 1</b>	-\$283	-\$22	-\$69	-\$191	-\$599
<b>Tier 2</b>	-\$95	-\$98	-\$126	-\$110	-\$434
<b>Tier 3</b>	-\$270	-\$186	-\$156	-\$80	-\$137
<b>Tier 4</b>	-\$347	-\$211	-\$69	-\$34	-\$180
<b>Tier 5</b>	-\$218	-\$187	-\$171	\$35	-\$162
<b>Tier 6</b>	-\$168	-\$212	-\$190	-\$43	-\$537

Most voucher holders remain leased below the payment standards

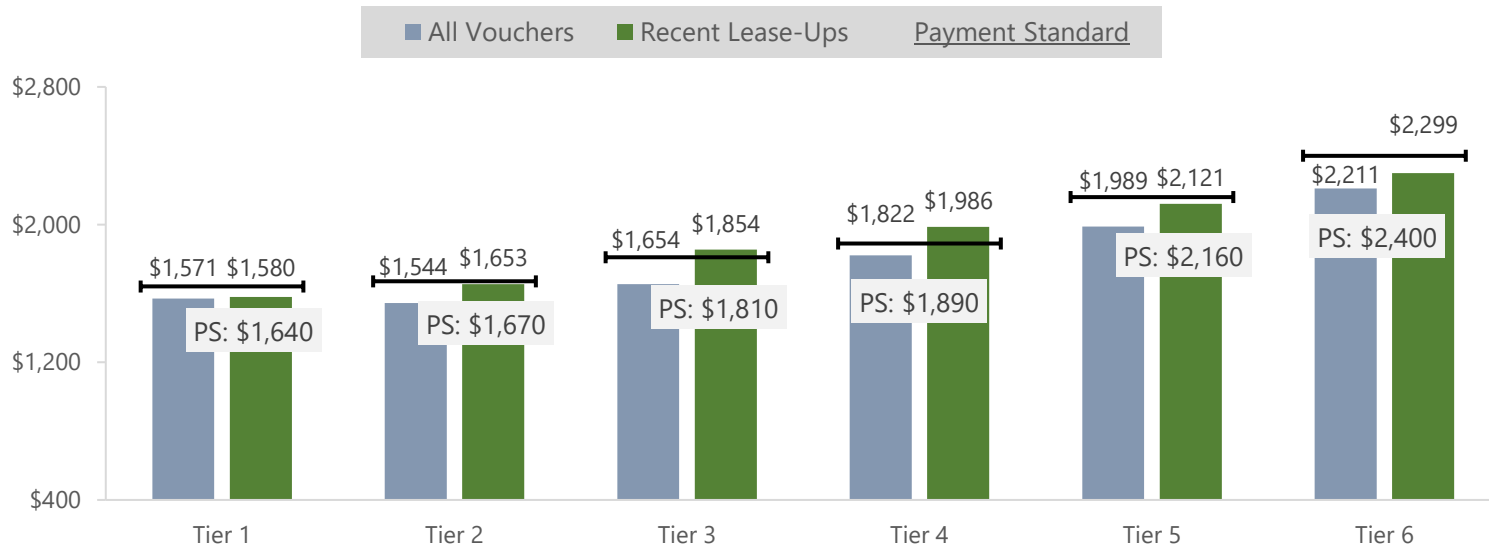
## C. **1 Bedroom Internal Rent Indicators** (As of June 2022)

*\*Recent lease-up figures include only those that took place in 2022*

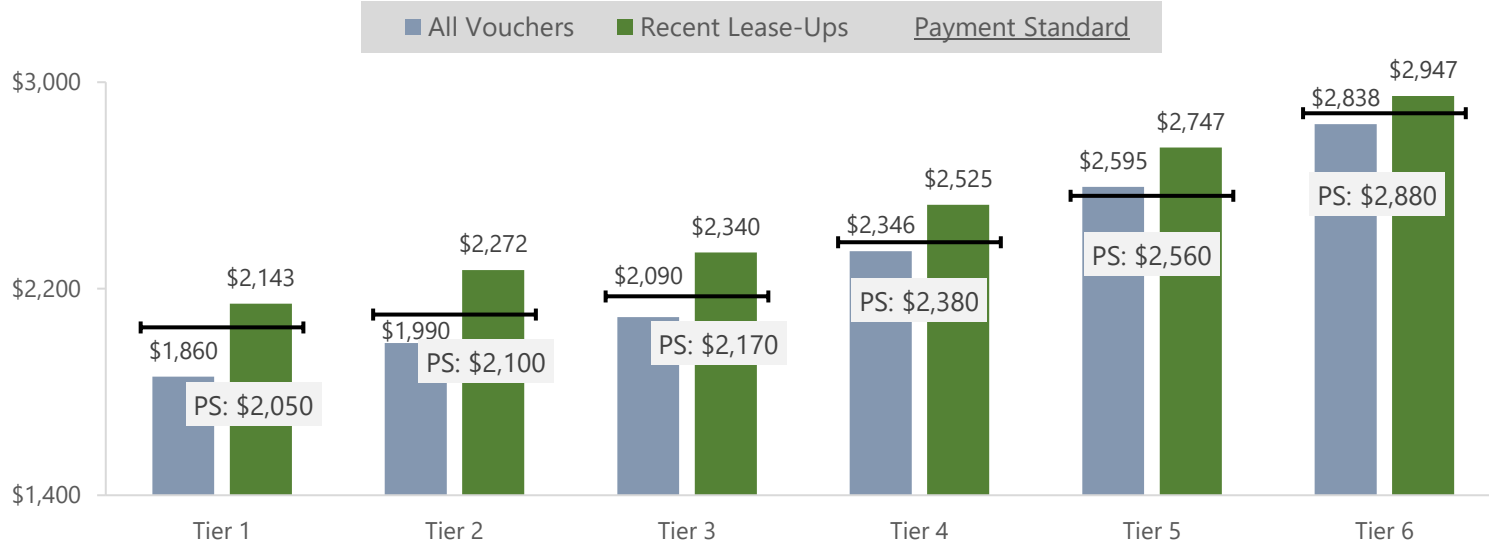
### 1 Bedroom Rent Trends



## D. 2 Bedroom Internal Rent Indicators (As of December 2021)



## E. 3 Bedroom Internal Rent Indicators (As of December 2021)

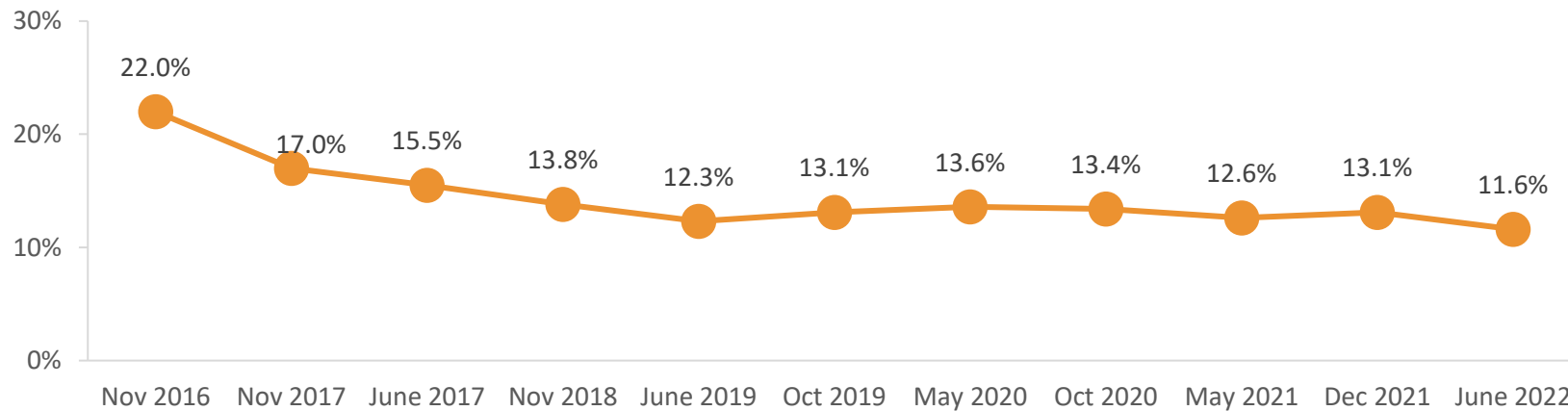




## F. Shelter Burden

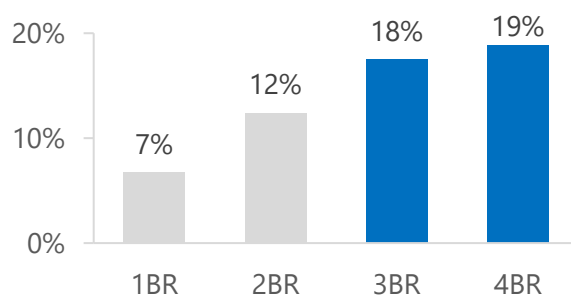
Overall shelter burden has declined. Without changes to the payment standards, however, shelter burdens are expected to increase considerably as rents go up – from the current rate of 11.6% of households to 26% of households. In December 2021, KCHA increased standards for studios, one-bedrooms, and two-bedrooms only due to the focus on improving shopping success for Emergency Housing Voucher holders, most of whom were searching for smaller bedroom sizes. This change also reduced shelter burden for households already leased in these smaller units. The impact of that decision, however, means that the percentage of HCV households that are shelter burdened in larger bedroom sizes is now two to three times higher than it is for households in one and two-bedrooms. If rents increase at the expected rate of 10%, almost 40% of households in three bedroom and four bedroom units would become shelter burdened.

**11/1/2016 – 05/1/2022.** Tenant-based households paying more than 40% of income to rent, excluding households in larger bedroom sizes<sup>1</sup> and in KCHA properties.



## G. Shelter Burden by Tier & Bedroom Size

Tenant-based households paying more than 40% of income to rent, excluding households in larger bedroom sizes and in KCHA properties.



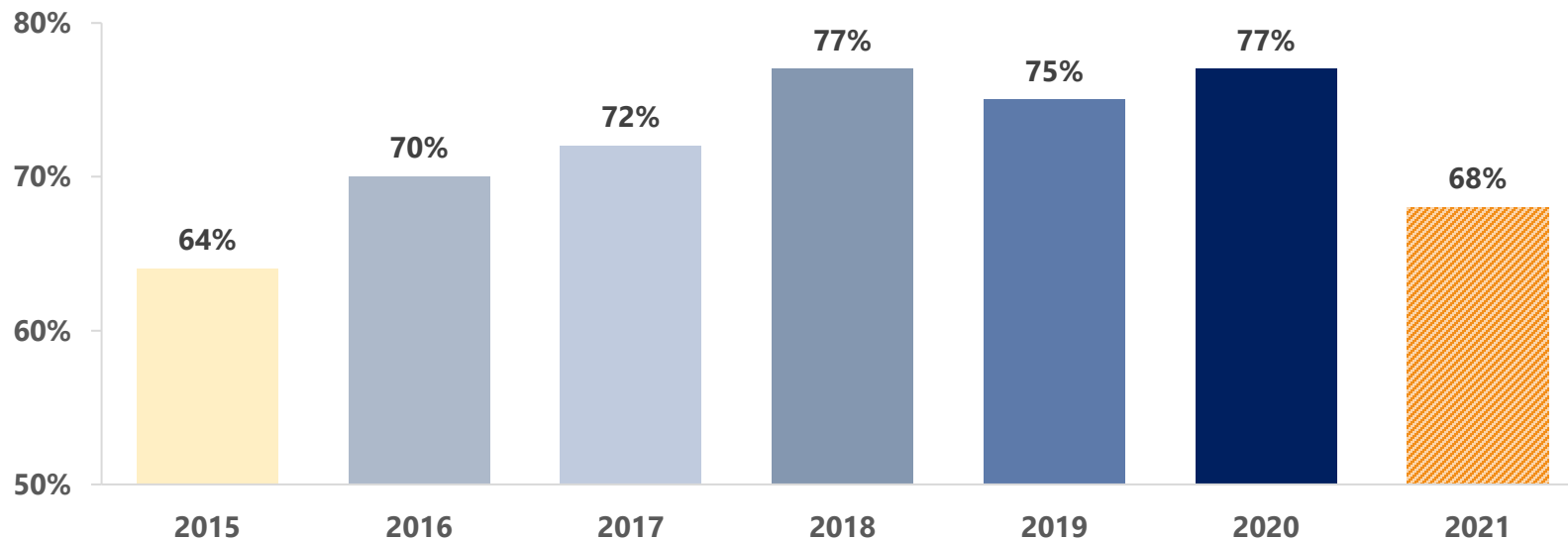
	1BR	2BR	3BR	4BR	Overall
<b>Tier 1</b>	9%	9%	6%	0%	<b>8%</b>
<b>Tier 2</b>	8%	11%	14%	12%	<b>10%</b>
<b>Tier 3</b>	5%	12%	18%	26%	<b>13%</b>
<b>Tier 4</b>	3%	14%	22%	17%	<b>11%</b>
<b>Tier 5</b>	8%	13%	26%	19%	<b>14%</b>
<b>Tier 6</b>	7%	13%	15%	16%	<b>13%</b>
<b>All</b>	<b>7%</b>	<b>12%</b>	<b>18%</b>	<b>19%</b>	<b>11.6%</b>

<sup>1</sup> For shelter burden figures, we exclude households renting units with more bedrooms than our occupancy standards will subsidize. For instance, a family that qualifies for a two-bedroom voucher may choose to lease a three-bedroom unit, thus increasing their shelter burden to pay for the unsubsidized bedroom.

## H. Shopping Success

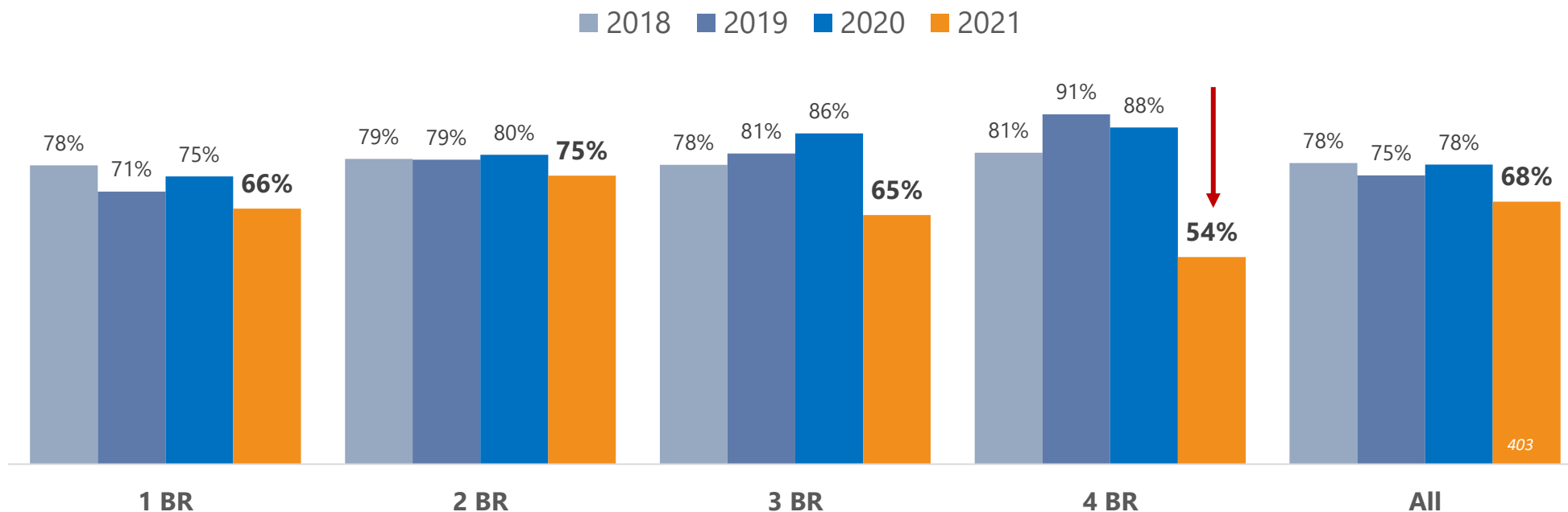
While shopping success has consistently been strong over the last three years, current shopping success rates (the percentage of newly issued voucher holders leasing up within 240 days of issuance) have shown steep declines, with the most recent cohort of vouchers averaging success rates of 68%, significantly lower than in prior years. The latest shopping success reports (the percentage of newly issued voucher holders leasing up within 240 days of issuance) have shown consistently lowered success rates. Shopping success has been at or below 70% for the last eight months, below our goal of 80%. The most recent cohort of voucher holders averaged success rates of 68% in 240 days. 120 day success rates are also declining, with the latest report showing only 37% finding a unit in 120 days. This aligns with on-the-ground reports from HCV staff, who report that households are having difficulty finding units within the current payment standard.

*The percentage of households leasing within 240 days of voucher issuance.*



## I. Shopping Success by Bedroom Size

Shopping success for households seeking larger bedroom sizes has dropped dramatically. From 2018 to 2020, households seeking three-bedroom and four-bedroom units had consistently higher success rates than those seeking smaller units. However, over the course of 2021, four-bedroom voucher holders had the lowest 240 day success rate, at 59%, while three bedroom unit success dropped to 65%, both below the one and two-bedroom success rates. This aligns with on-the-ground reports from HCV staff, who report that households are having difficulty finding units within the current payment standard, particularly larger bedroom sizes.



## J. Rent Increase Requests

On June 30th, 2021, the moratorium on rent increases ended. Since the annual payment standard review in December, 2021, a significant number of rent increase requests have been submitted approved. Since January 1st, 2022 we have approved almost 2,600 rent increases for voucher households living in non-KCHA owned units. The median increase for these units was approximately 9%, up from 7% in December, and significantly higher than we've seen in previous reviews. The median rent increase amount rose to \$140 in 2022.

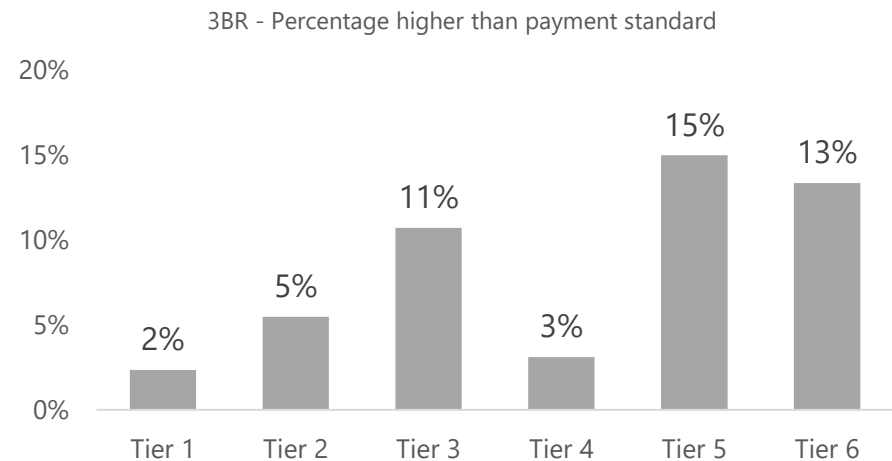
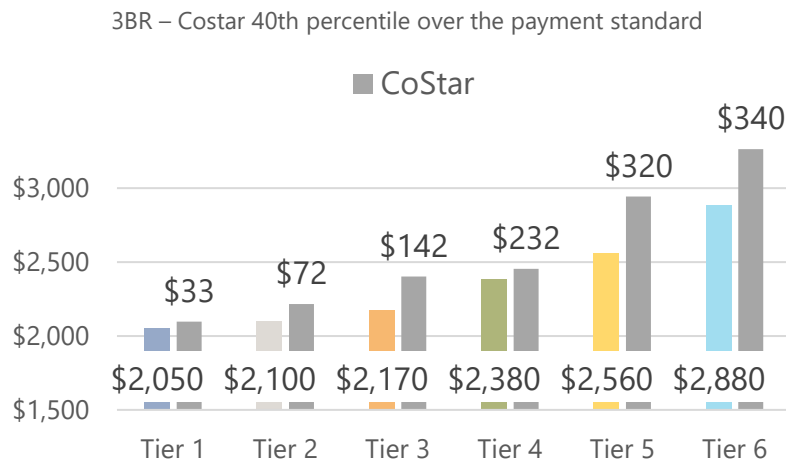
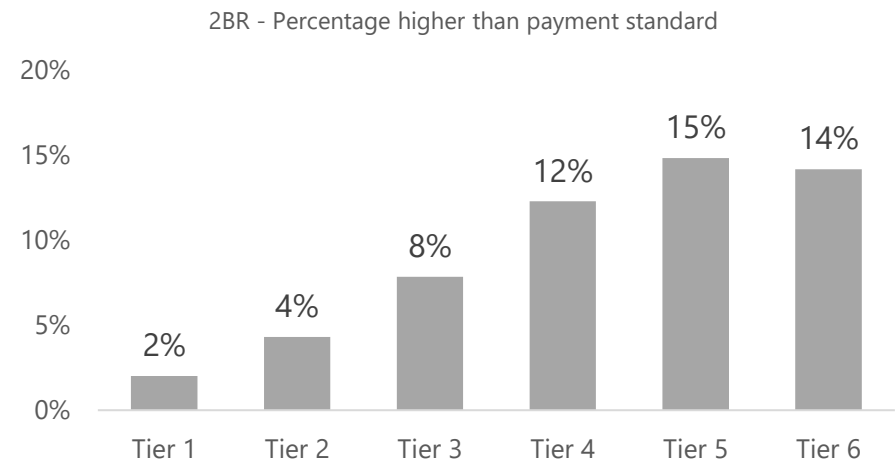
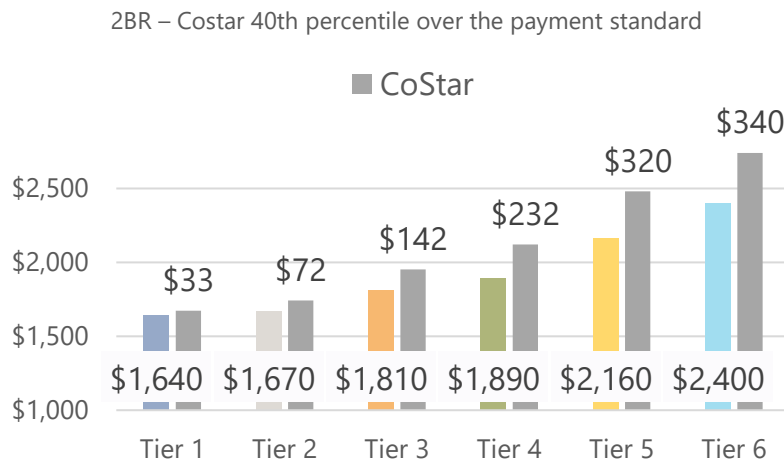
	Households	Median Rent Increase Amount	Median Rent Increase Percentage
<b>Tier 1</b>	119	\$110	8%
<b>Tier 2</b>	759	\$100	8%
<b>Tier 3</b>	796	\$150	10%
<b>Tier 4</b>	222	\$153	10%
<b>Tier 5</b>	217	\$167	9%
<b>Tier 6</b>	475	\$190	10%
<b>Total</b>	<b>2,588</b>	<b>\$140</b>	<b>9%</b>

### 3. Rental Market Indicators

#### A. CoStar Findings – Market Rents

CoStar became the primary source of rental data for KCHA in the fall of 2019, and we now have almost three years of historical data to review. Over the last year and a half, rents increased considerably in the region, and CoStar's 40<sup>th</sup> percentile rent estimates have drastically outpaced our payment standards, despite increases to the standards in August of 2021 and again in December 2021. CoStar reports that rents are now higher than pre-pandemic peaks in most areas of the county. Vacancies are also at the lowest rate they have ever been in the last decade, particularly in South King County where the majority of KCHA households live.

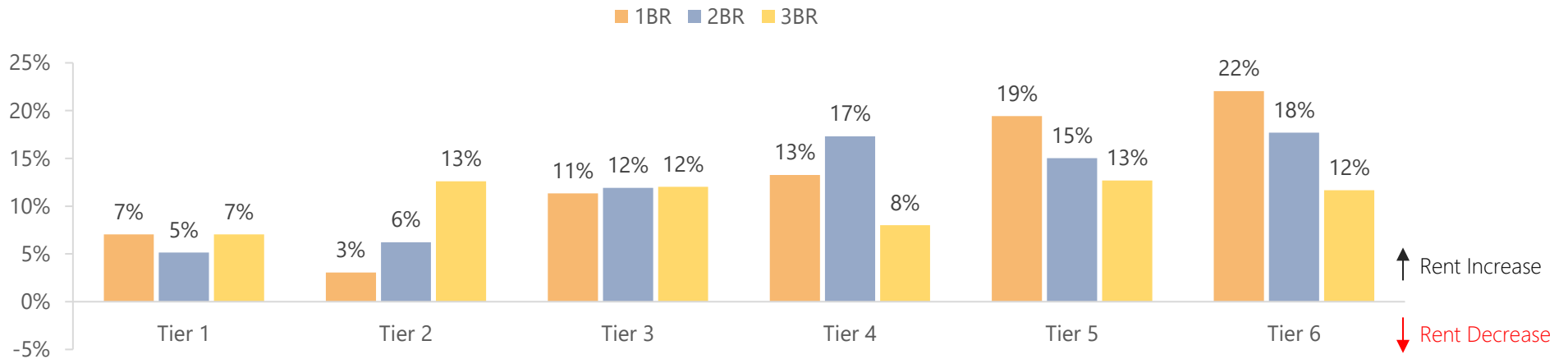
#### June 2022 40<sup>th</sup> Percentile Rents (CoStar) compared to current Payment Standard



## Twelve Month Change in 40<sup>th</sup> Percentile Rents (CoStar)

*\*Note: these values are approximations, not precise calculations for determining exact payment standard amounts.*

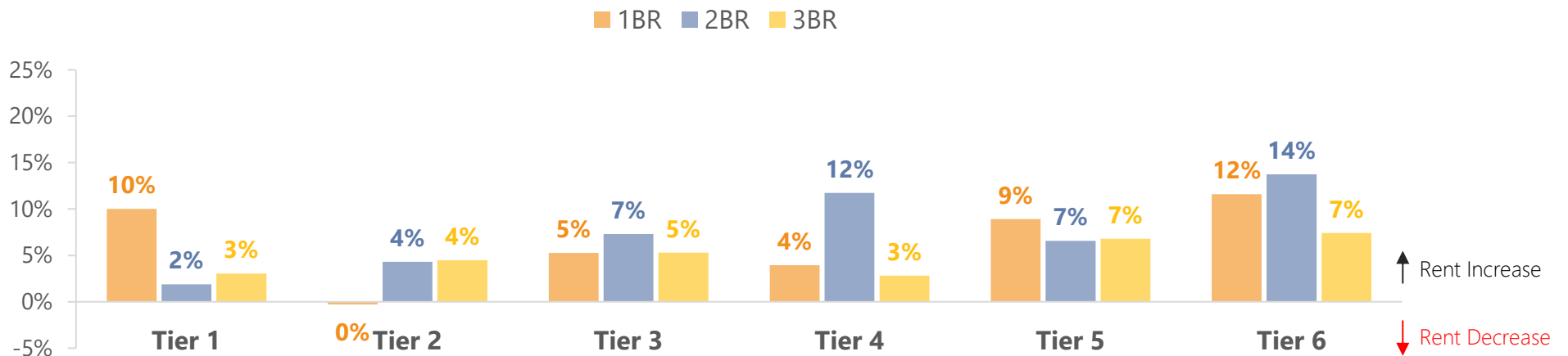
One year change in 40th percentile



## Six Month Change in 40<sup>th</sup> Percentile Rents (CoStar)

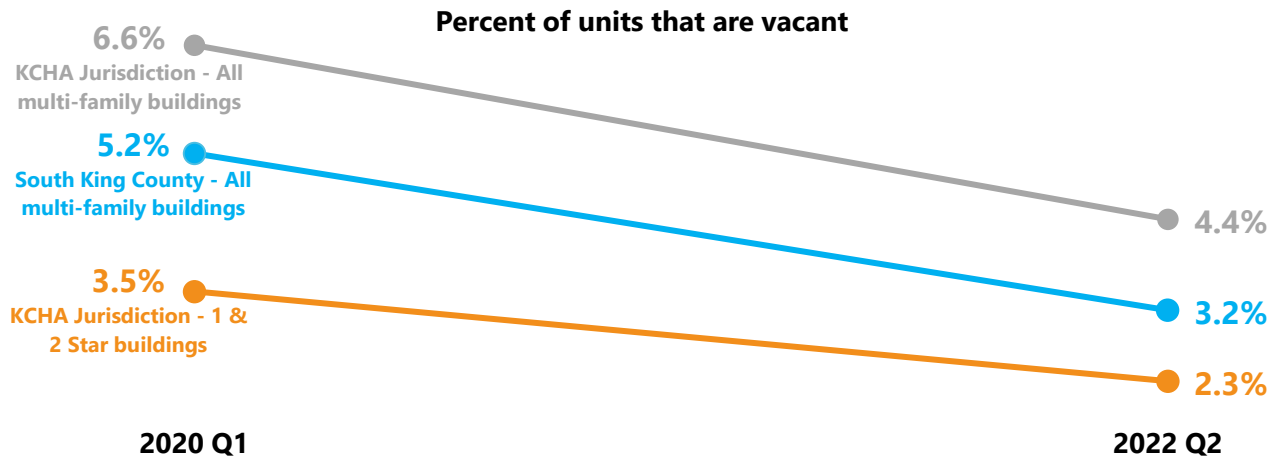
*\*Note: these values are approximations, not precise calculations for determining exact payment standard amounts.*

6 Month change in 40th percentile



## B. CoStar Findings – Vacancy Rates

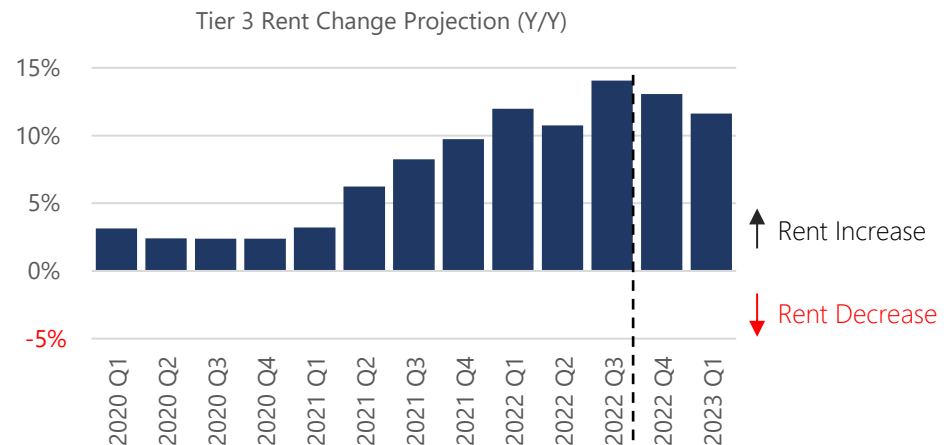
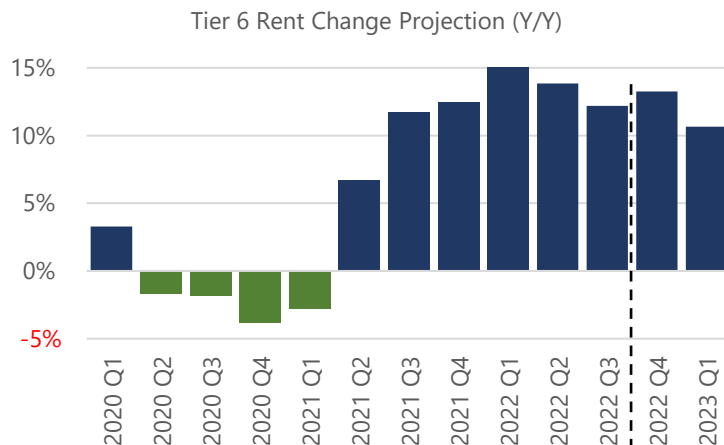
CoStar reports that Vacancy rates are at their lowest point in the last decade, and have declined significantly since the beginning of the pandemic. In South King County, where many KCHA households live, only 3% of units are vacant. CoStar also ranks multi-family buildings on a five star scale based on luxury level, and most buildings that fall below the 40th percentile are ranked 1 star or 2 star by CoStar. Vacancies in these buildings are even tighter, with lower income households competing with higher income households that could afford to live in more expensive units but are looking to move into lower cost housing.



## C. CoStar Findings – Rent Projections

CoStar predicts that rents will continue to increase through 2022 in all Tiers.

### Rent Outlook Projection (CoStar)



## 4. Proposed Direction for 2022 Annual Payment Standards Update

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### A. Proposed 2022 Tier Configuration

Staff analyzed individual ZIP codes to ensure they are properly placed in a tier with similar 40th percentile rents. Data from our review of market rents, staff and landlord feedback, and existing voucher holder rents suggest a need to move one ZIP code in Kirkland, 98034, from Tier 5 to Tier 6. This would essentially place all of Kirkland into one Tier, matching with market changes as well as staff and household expectations. This change will be discussed at greater depth at the July board meeting.

### B. Factors affecting Proposal

There were several considerations taken into account when developing this proposal.

- 1) **Market rates continue to outpace standards.** With CoStar reporting rents over the last year increasing at double digit rates in much of the county, our payment standards are lagging the rental market, despite a major increase in December, 2021.
- 2) **Shopping success is declining.** While shopping success remained high through the first year of the pandemic, it has dropped considerably over the last 12 months, particularly for larger bedroom sizes. This lines up with discussions with HCV staff who say that many households are struggling to find units that they can afford with the current standard.
- 3) **Shelter Burden remains low, but is expected to increase.** With landlords increasing rents at greater levels than seen in prior reviews, shelter burdens are expected to increase considerably. Starting July 1st, 2021, landlords were allowed to increase rents for the first time since the beginning of the pandemic, and seem to be making up for lost time. With almost 2,600 increases for KCHA households approved in 2022 at an average of 9% above current rent levels, shelter burden will be negatively impacted if no changes are made to the payment standards. Shelter burden is forecasted to increase from the current rate of 11.6% of households to 26% of household under the current standards.
- 4) **Long term viability of continuing to increase standards to keep up with the rental market.** As rents continue to skyrocket, we need to make sure we consider the long term financial implications to ensure that we can maintain this level of support for our households and maintain financial stability.

## C. Proposed Payment Standards

Tier	OBR	Δ	1BR	Δ	2BR	Δ	3BR	Δ	4BR	Δ
<b>Tier 1</b>	\$1,360	\$120	\$1,430	\$130	\$1,720	\$80	\$2,240	\$190	\$2,930	\$260
<b>Tier 2</b>	\$1,450	\$120	\$1,520	\$130	\$1,820	\$150	\$2,370	\$270	\$3,100	\$270
<b>Tier 3</b>	\$1,550	\$90	\$1,630	\$100	\$1,960	\$150	\$2,550	\$380	\$3,340	\$480
<b>Tier 4</b>	\$1,660	\$70	\$1,740	\$70	\$2,130	\$240	\$2,770	\$390	\$3,630	\$530
<b>Tier 5</b>	\$2,020	\$200	\$2,120	\$210	\$2,480	\$320	\$3,230	\$670	\$4,220	\$890
<b>Tier 6</b>	\$2,190	\$230	\$2,300	\$240	\$2,740	\$340	\$3,570	\$690	\$4,660	\$900

### *Comparison to Other Regional Standards and changes from prior standards*

	OBR	Δ	1BR	Δ	2BR	Δ	3BR	Δ	4BR	Δ
<b>2022 FMR King County</b>	\$1,674	\$86	\$1,739	\$88	\$2,044	\$104	\$2,796	\$142	\$3,285	\$167
<b>SHA (Market, updated 2022, prior update 2018)</b>	\$1,747	\$384	\$1,816	\$287	\$2,134	\$256	\$2,917	\$198	\$3,430	\$211
<b>SHA (Affordable, updated 2022)</b>	\$1,215	\$120	\$1,302	\$129	\$1,563	\$156	\$1,805	\$33	\$2,130	\$0
<b>RHA, EVHA (2019)</b>	\$1,465		\$1,567		\$1,890		\$2,694		\$3,172	
<b>THA (2021, 100% 2022 FMR, last updated 2020)</b>	\$1,056	\$65	\$1,162	\$87	\$1,484	\$76	\$2,108	\$77	\$2,540	\$68



## D. Impact on Shelter Burden

This proposal would significantly reduce shelter burden, dropping from 11.6% to 4% of households overall, assuming no increases to voucher holder rents. This would particularly impact households in larger bedroom sizes, with shelter burden in three and four bedroom units dropping from 16% to only 4% of households.

Percentage of tenant-based households that would be paying more than 40% of income to rent, excluding households in larger bedroom sizes and in KCHA properties.

	1BR	2BR	3BR	4BR	Overall
<b>Tier 1</b>	3%	3%	4%	0%	<b>3%</b>
<b>Tier 2</b>	3%	4%	6%	5%	<b>4%</b>
<b>Tier 3</b>	3%	4%	5%	5%	<b>4%</b>
<b>Tier 4</b>	3%	3%	1%	4%	<b>3%</b>
<b>Tier 5</b>	5%	3%	0%	4%	<b>4%</b>
<b>Tier 6</b>	6%	5%	4%	4%	<b>5%</b>
<b>All</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>3.9%</b>

433 households would no longer be shelter burdened compared to all households on the current standards. Not all households are on the current payment standard.

**Impact of Proposal on Shelter Burden with a 10% Rent Increase.** However, as happens each review, rents are expected to increase. With an expected 10% increase in rent for all tenant-based households, shelter burden on the proposed standard would remain low, at 9%, assuming all households were on the proposed standards. Without changes to the payment standard, the expected 10% rent increase would increase shelter burden dramatically, from the current level of 11.6% to 26% of all households. Almost 40% of households in larger bedroom sizes would become shelter burden without changes to the payment standard.

Percentage of tenant-based households that would paying more than 40% of income to rent, excluding households in larger bedroom sizes and in KCHA properties.

	1BR	2BR	3BR	4BR	Overall
<b>Tier 1</b>	3%	12%	10%	7%	<b>7%</b>
<b>Tier 2</b>	8%	10%	12%	13%	<b>10%</b>
<b>Tier 3</b>	8%	10%	10%	13%	<b>9%</b>
<b>Tier 4</b>	9%	9%	9%	4%	<b>8%</b>
<b>Tier 5</b>	6%	6%	0%	7%	<b>5%</b>
<b>Tier 6</b>	7%	7%	4%	8%	<b>7%</b>
<b>All</b>	<b>7%</b>	<b>9%</b>	<b>9%</b>	<b>12%</b>	<b>8.5%</b>

Without changes to the payment standard, Shelter burden would increase to 26% of households

## E. Block Grant PUC Projection

### Impact of Proposal on Annualized Block Grant HAP Costs

The proposed payment standard adjustments would increase annualized increase annualized housing assistance payments (HAP) for tenant-based vouchers funded through the Moving to Work block by \$17.8 million at full implementation, with assumed 10% rent increases. Assuming voucher-level rent increases of 10% across the program through 2023, annualized Block Grant HAP costs will increase by approximately \$9.8 million, even with no adjustment to current payment standards. With the adoption of the proposed payment standards, annualized HAP costs will increase by an additional \$8.1 million, for a total increase in annualized HAP costs of \$17.8 million. The major driver of HCV HAP costs over the next year is the expected rent increases on households leased in units currently below the payment standard. As these rents increase, KCHA pays the full cost of the increase that is below the payment standard.

### Change From Present Assuming Full Implementation of Payment Standards:

	<b>With 10% Rent Increases</b> <i>Full Payment Standards Implementation for TBVs</i>
<b>No Change</b>	<b>+ \$9.8M</b>
<b>Proposal</b>	<b>+ \$17.8M (+ 8.1M)</b>



# **2022 Mid-Year Payment Standards Review**

## Housing Choice Voucher Program

**Tyler Shannon**

Research & Data Analyst

**Craig Violante**

Acting Deputy Executive Director

# Agenda

**01**

Background

**02**

Market Analysis

**03**

Proposals

**04**

Block Grant Projections

**05**

Questions & Discussion

01

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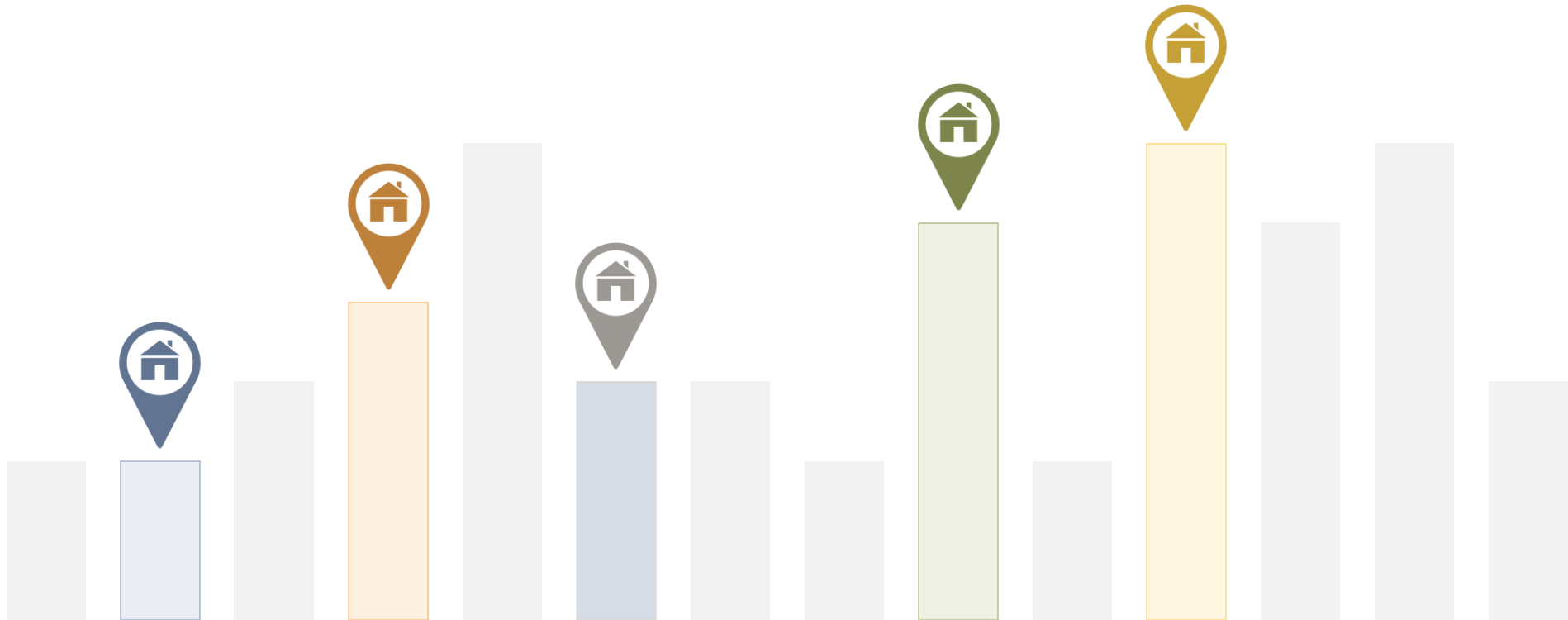
# Background

# Voucher Payment Standard

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

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

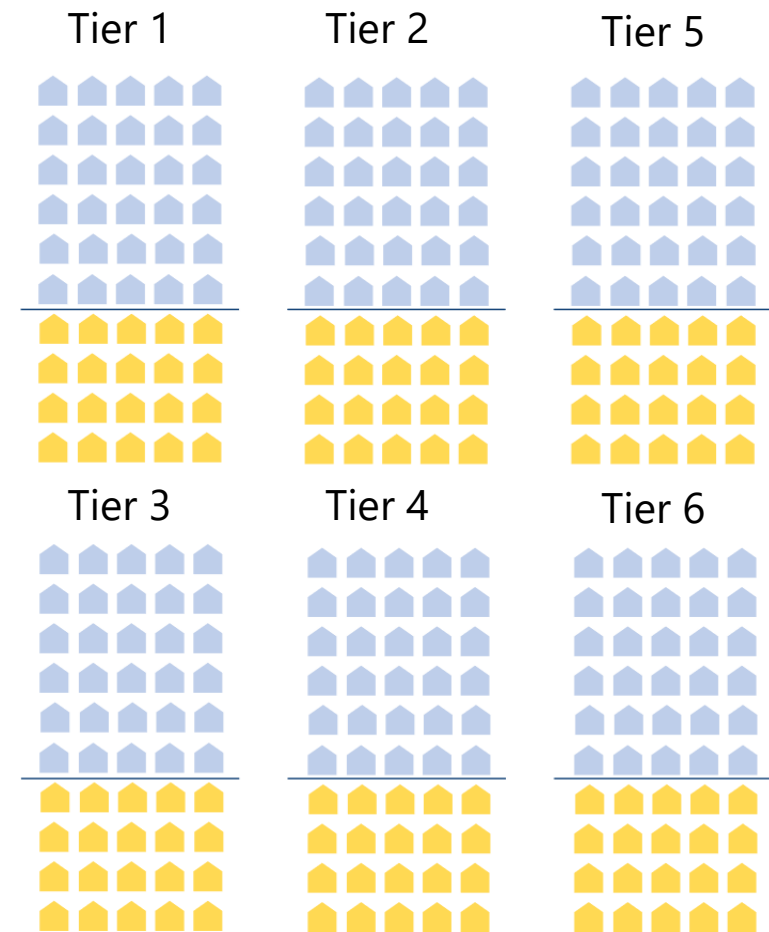
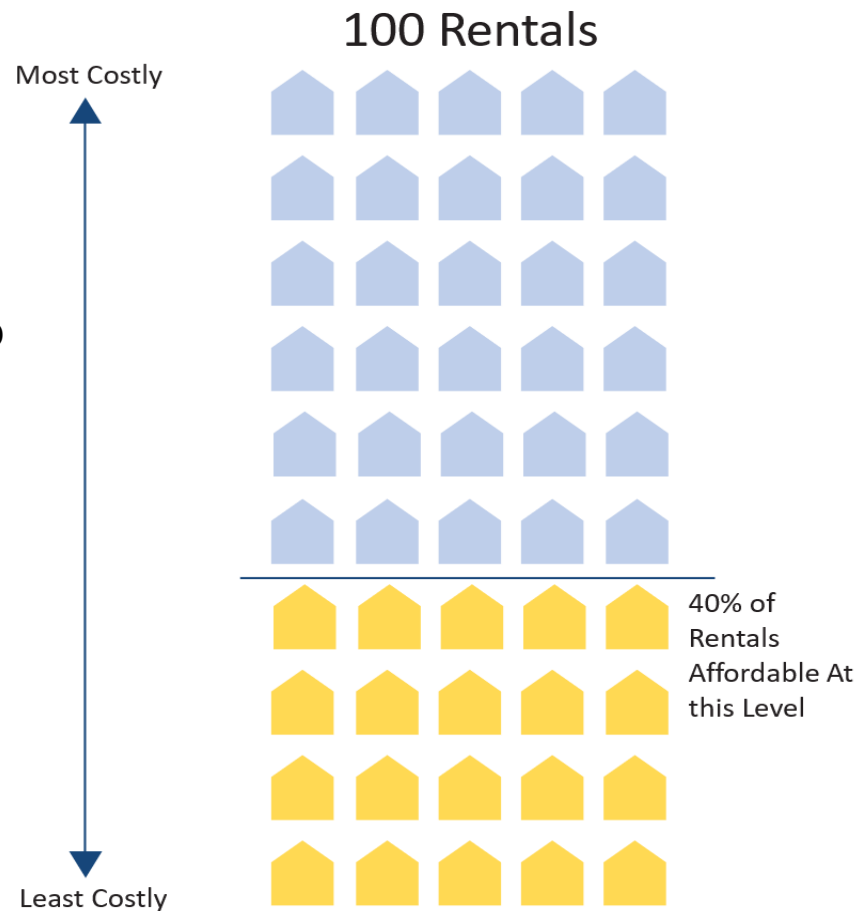
KCHA has used its MTW flexibility to create multiple payment standards that reflect different market conditions around the county.



# Multi-tiered Payment Standards

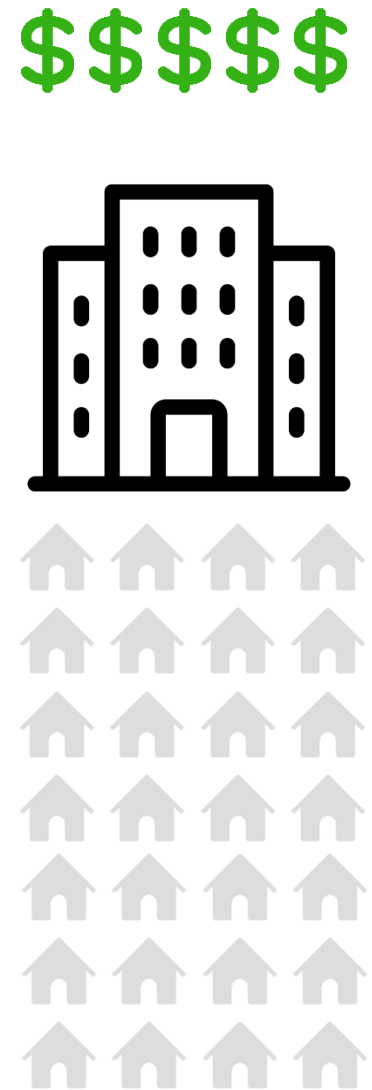
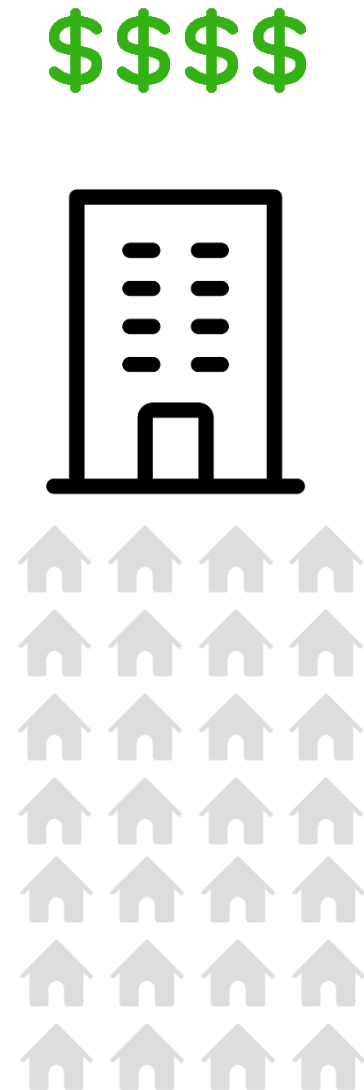
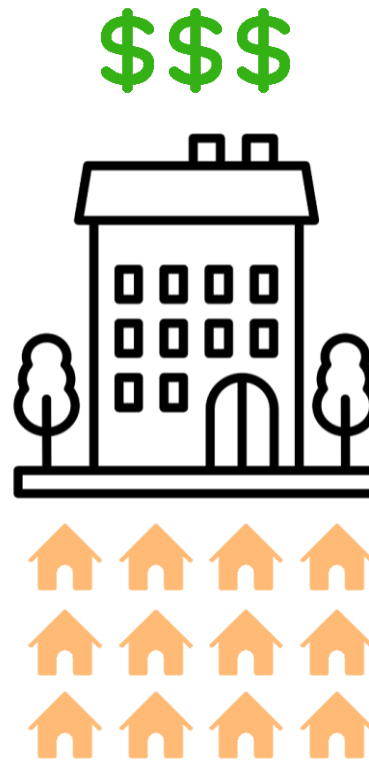
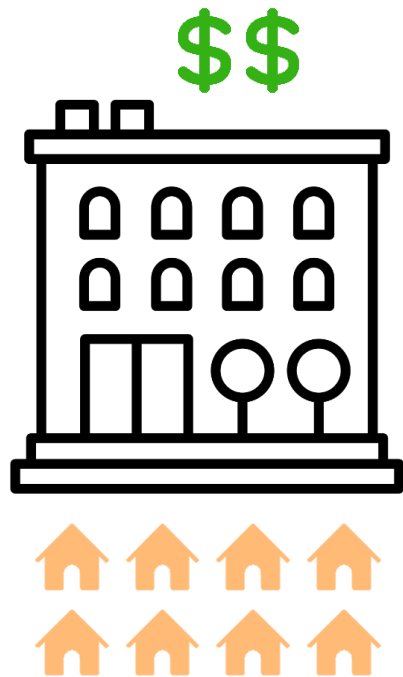
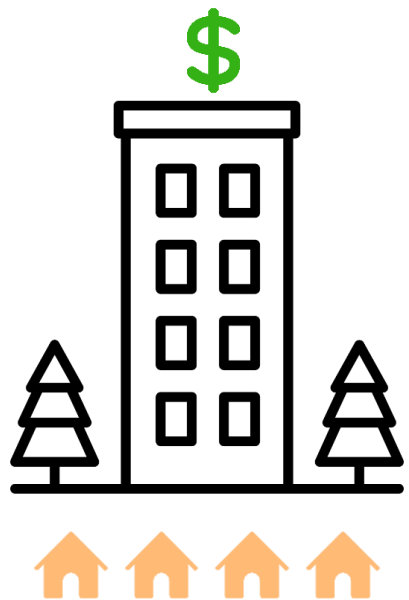
KCHA groups zip codes with similar rental markets into 6 different tiers

KCHA's goal is to set each tier's payment standard so that 40% of units in that tier are affordable.



# How do we determine the 40<sup>th</sup> percentile?

40th percentile means that 40% of all the rental units in a given market are below this amount



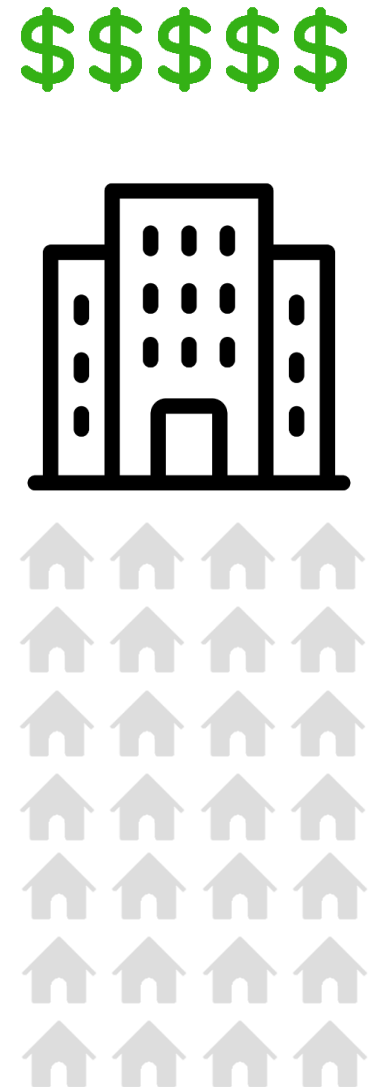
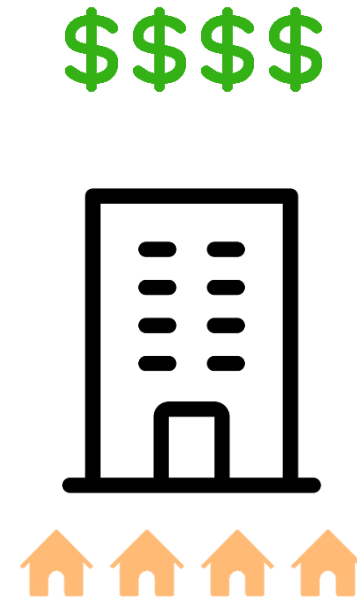
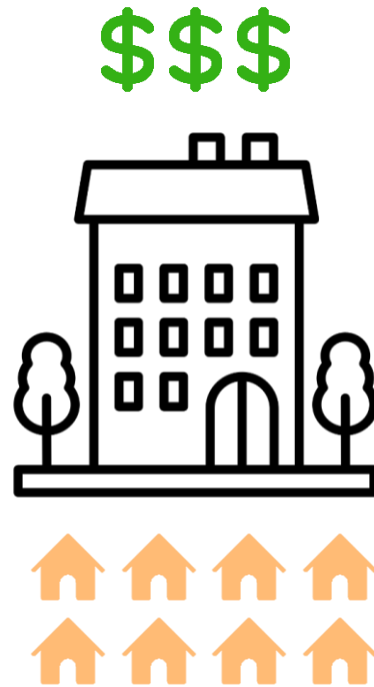
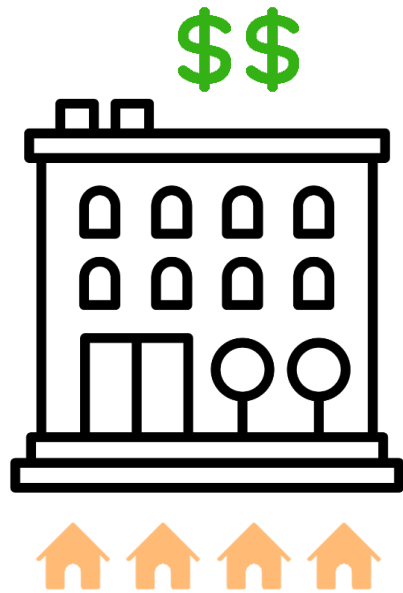
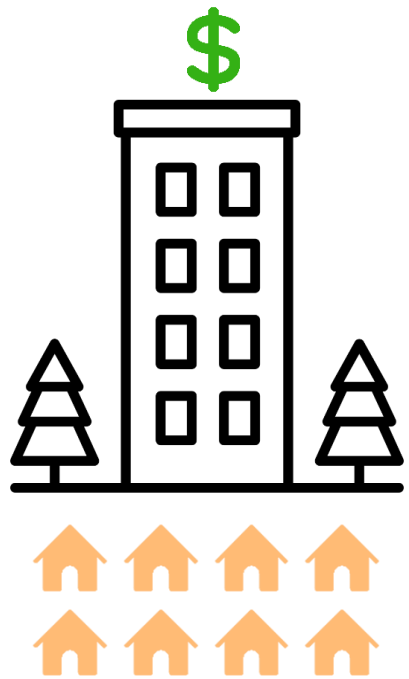
🏠 Below 40th Percentile

🏠 Above 40th Percentile



# We aim to set payment standards near the 40<sup>th</sup> Percentile

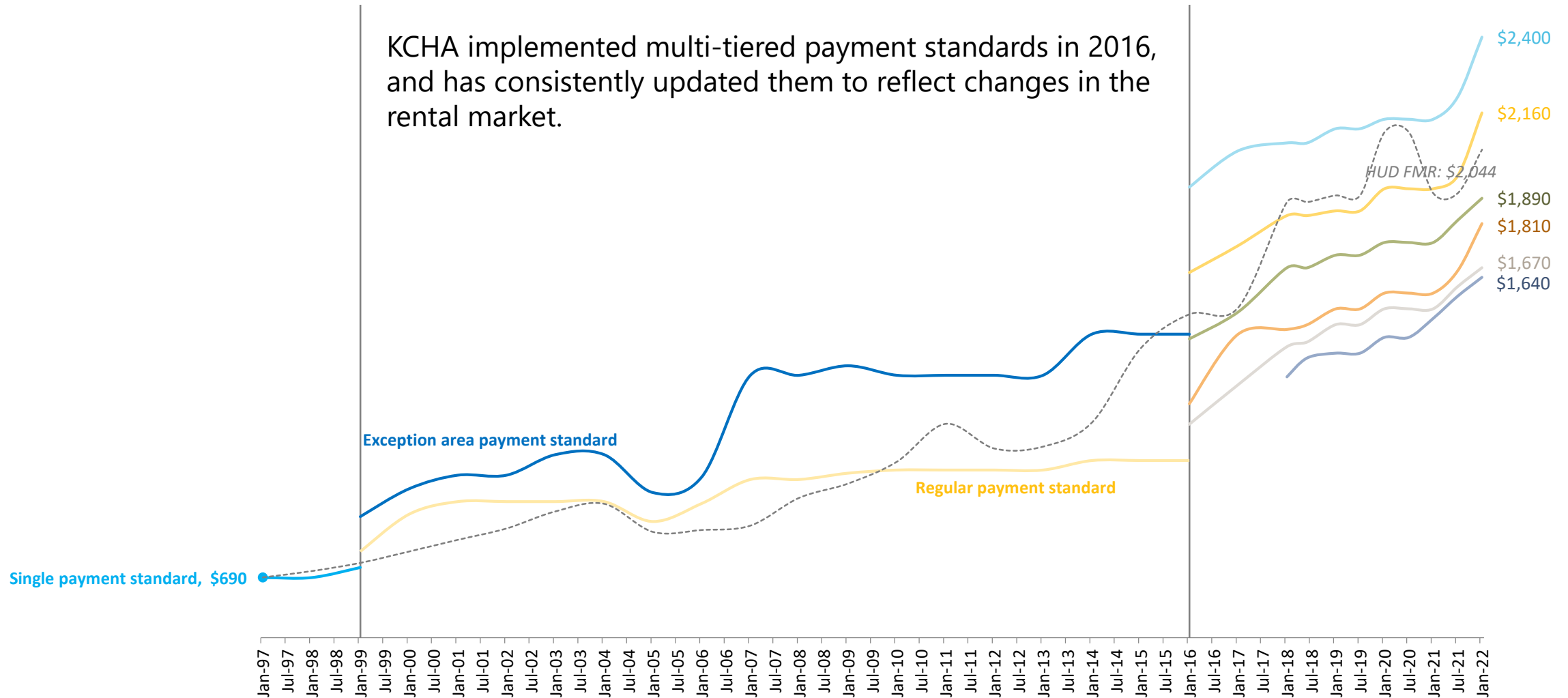
We look at the number of units priced below this amount, not the number of buildings



 Below 40th Percentile

 Above 40th Percentile

# Payment Standard changes over time



# Multi-Tiered Payment Standards Goals

Support  
Shopping  
Success



Limit  
Shelter  
Burden



Increase  
Geographic  
Choice



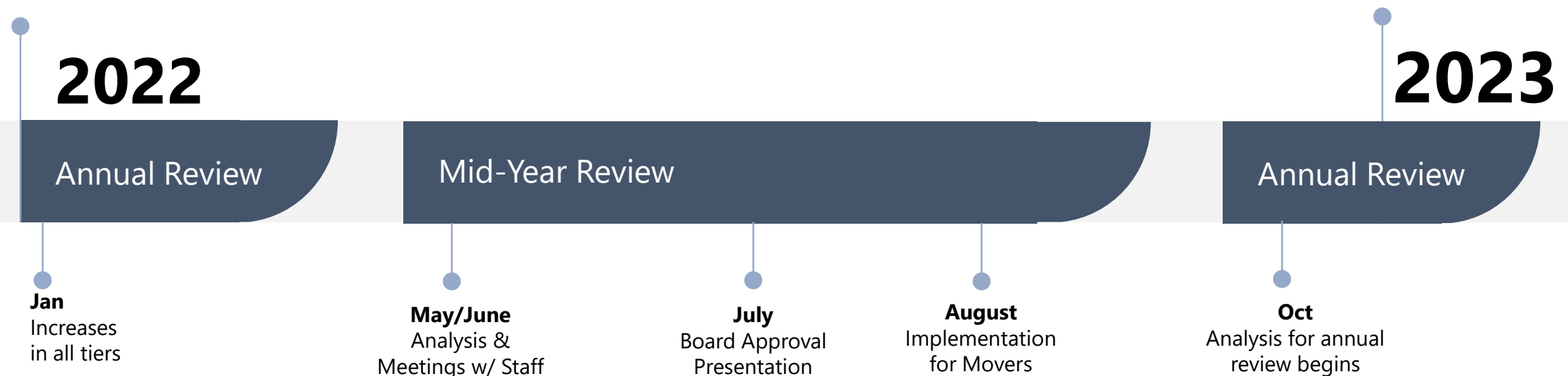
Support Cost  
Containment



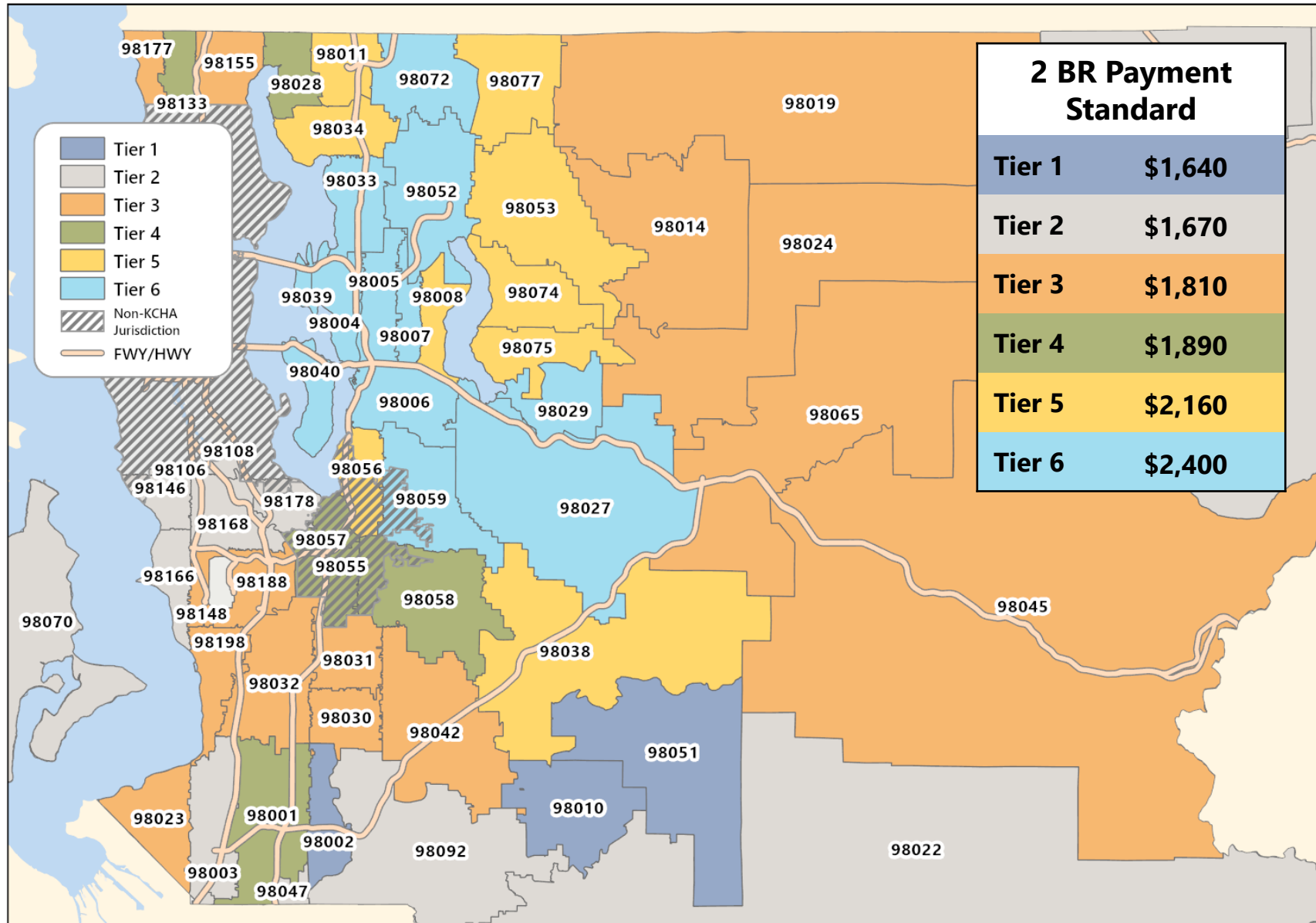
# Parameters for Mid-Year Analysis

For prior mid-year analyses, we only checked the effectiveness of existing payment standards to ensure that they are not lagging the market and did not consider changes to ZIP code groupings. This year, however we are recommending that one ZIP be moved to a higher tier.

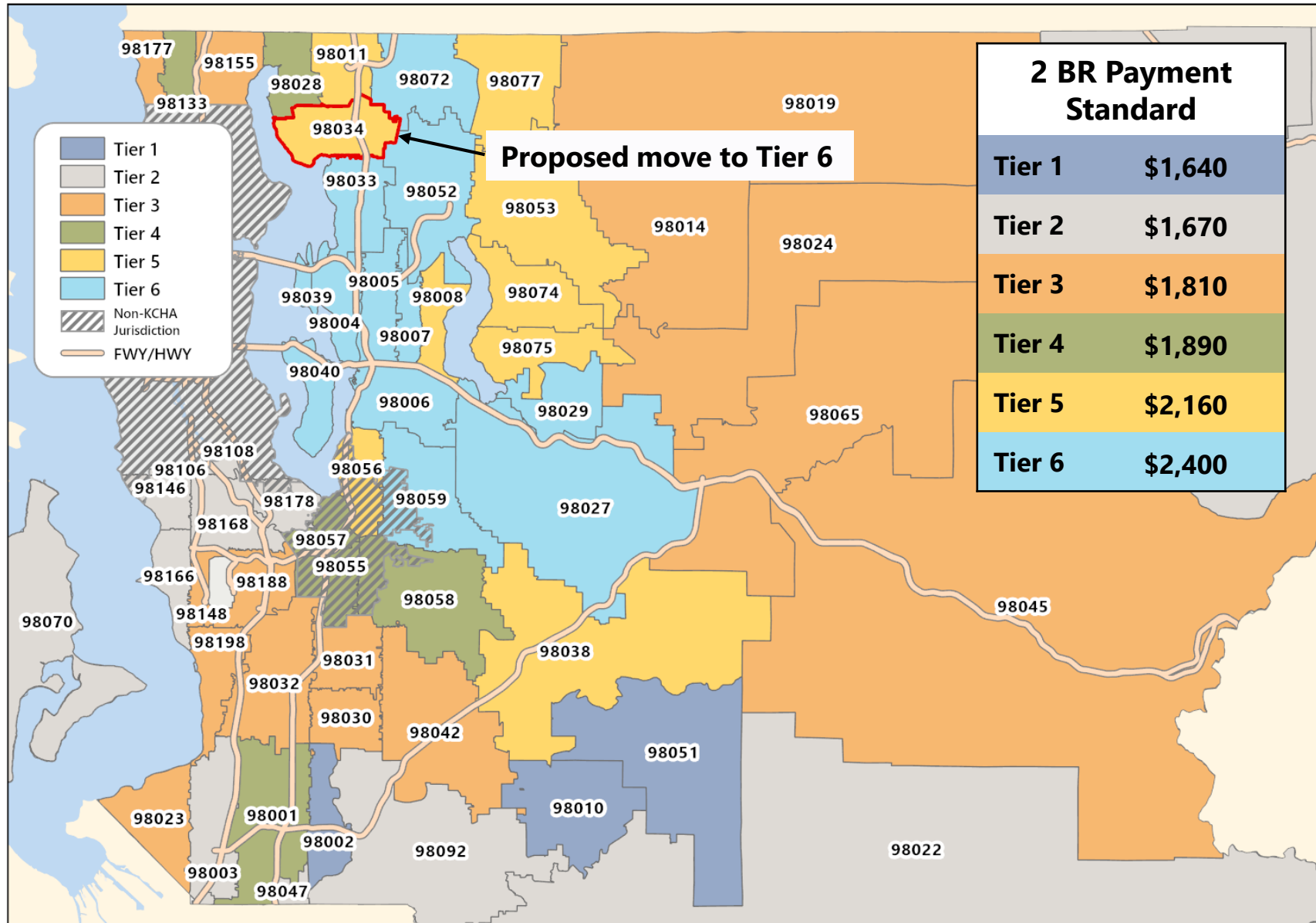
## Timeline

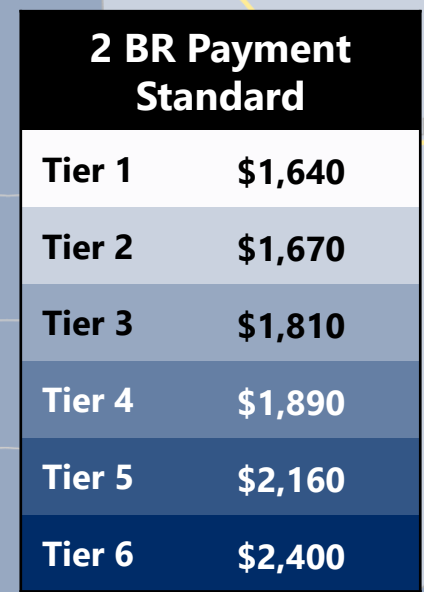


# KCHA 2022 Payment Standard Tiers



# KCHA 2022 Payment Standard Tiers





**02**

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# **Market Analysis**



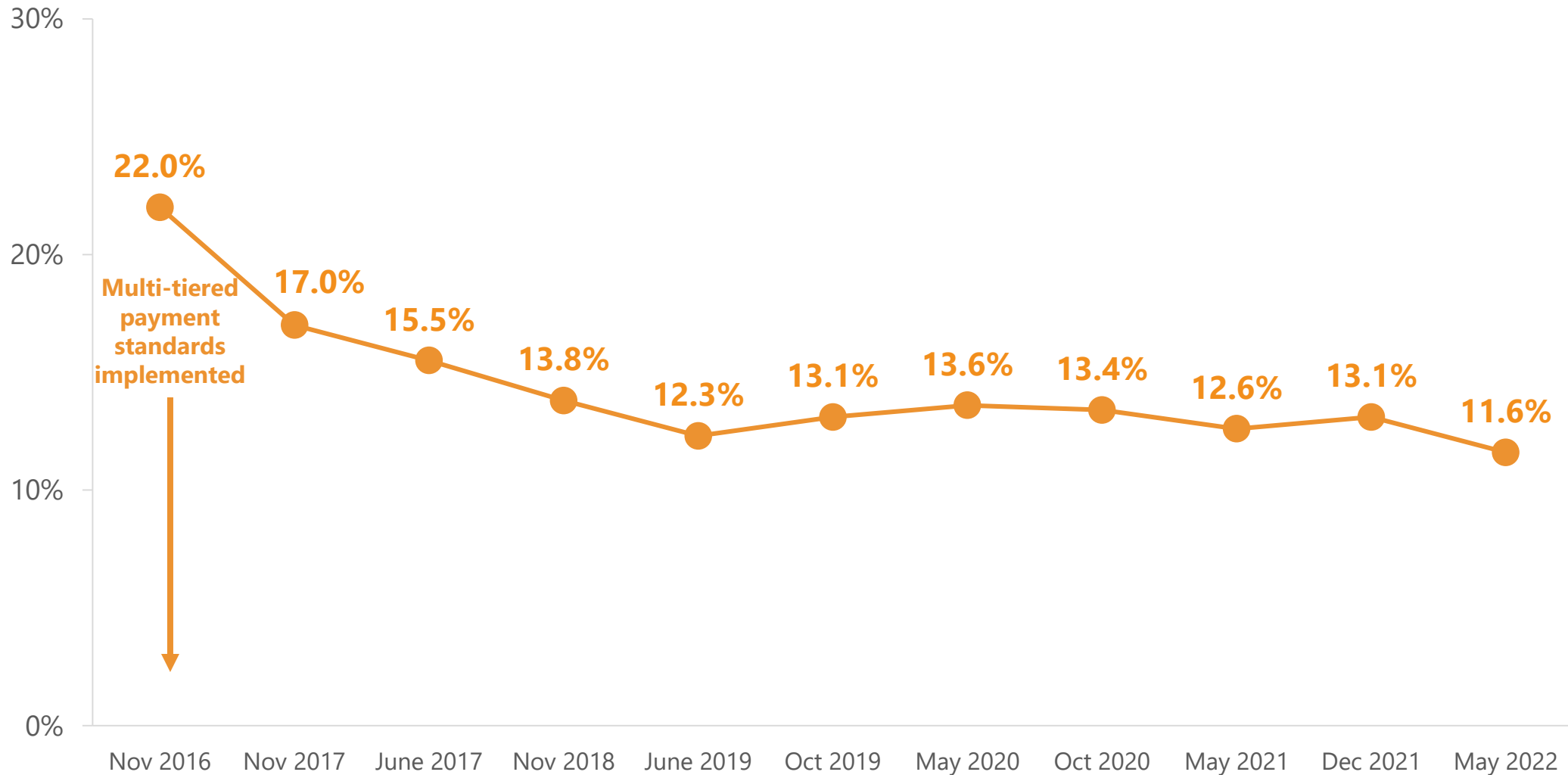
**02a**

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# **KCHA Households**

# Shelter burden again declining, however...

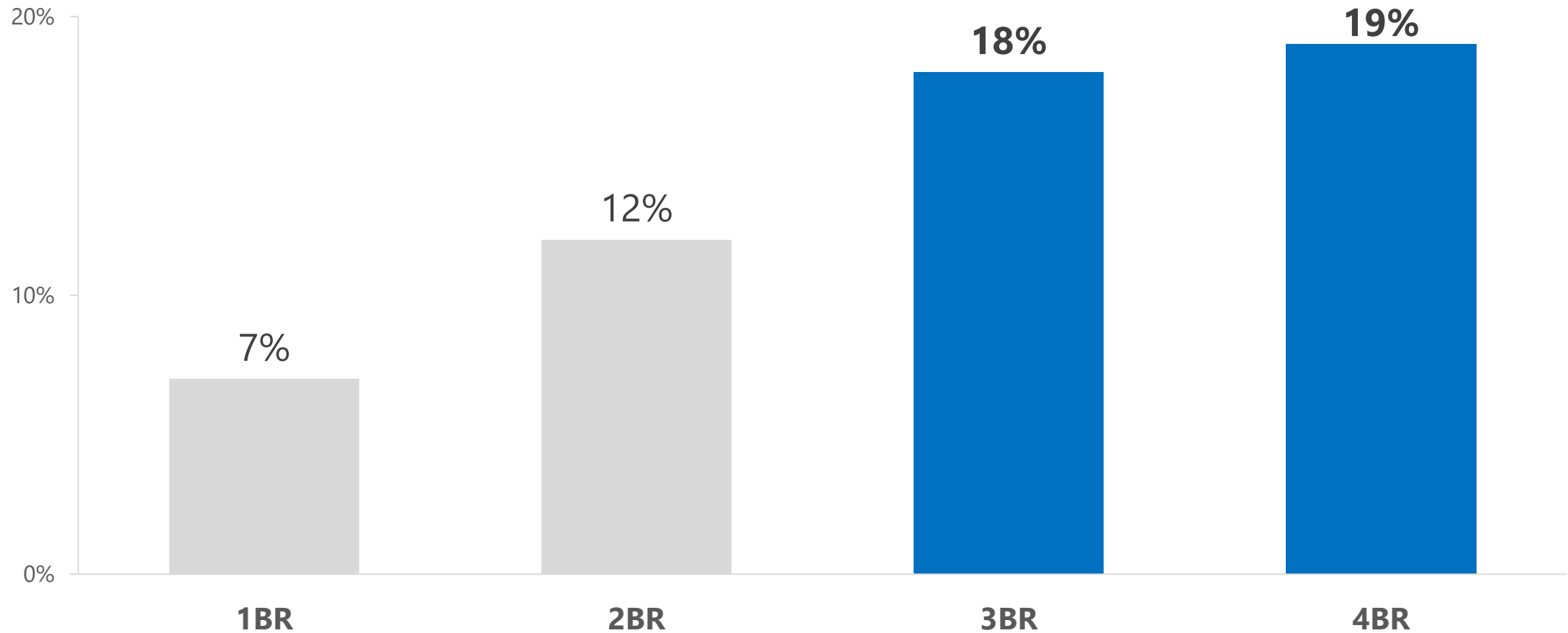
Percentage of tenant-based households spending more than 40% of income on rent, excluding those in units with more bedrooms than voucher subsidizes.\*



\*For shelter burden figures, we exclude households renting units with more bedrooms than our occupancy standards will subsidize. For instance, a family that qualifies for a two-bedroom voucher may choose to lease a three-bedroom unit, thus increasing their shelter burden to pay for the unsubsidized bedroom.

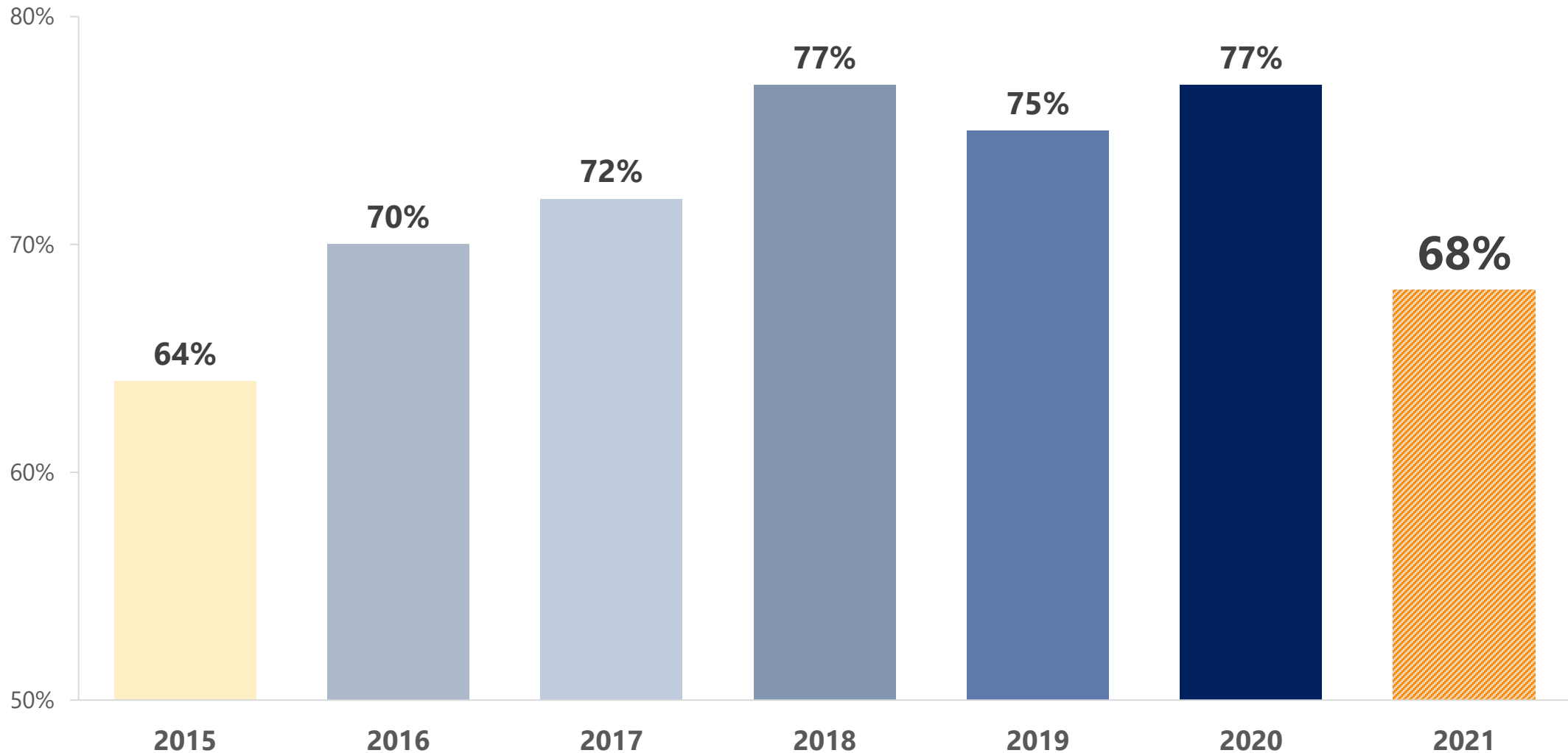
# Shelter burden much higher for larger bedroom sizes

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



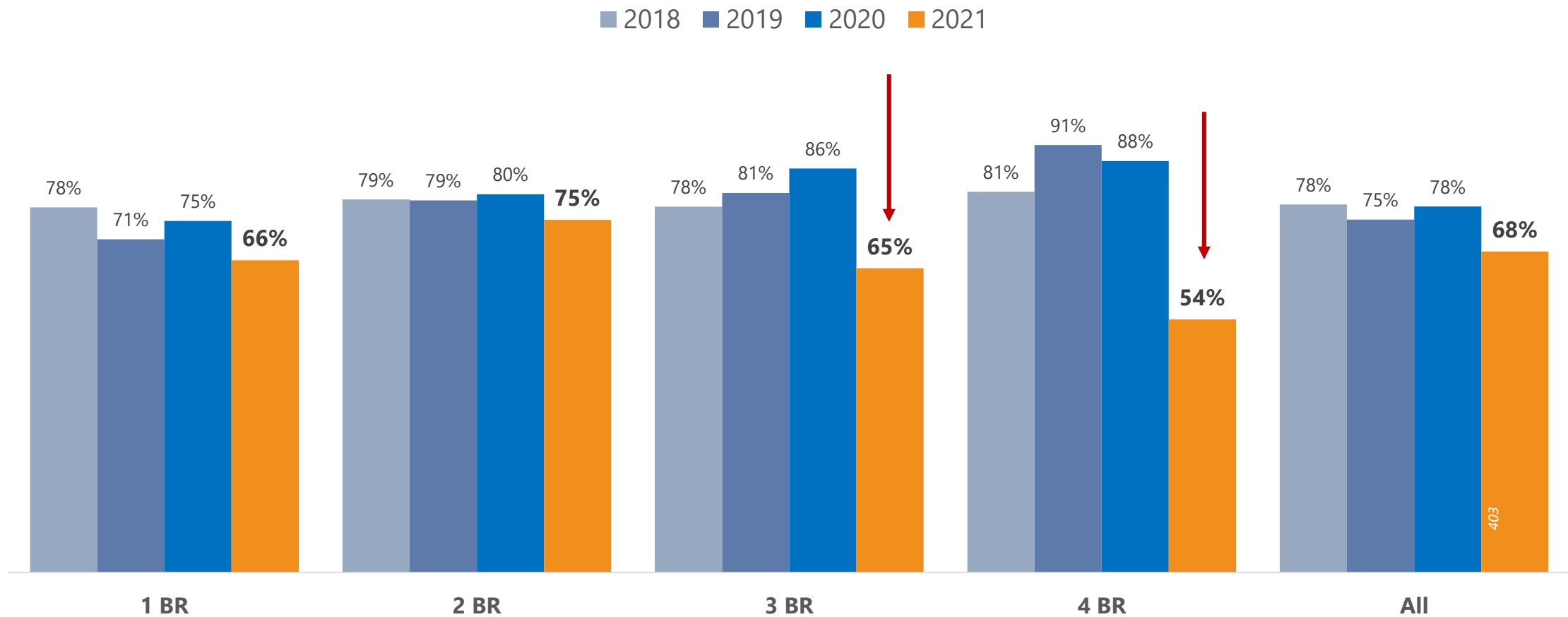
# Shopping success has been in decline for the last year

The percentage of households leasing within 240 days of voucher issuance.



# Shopping success declining significantly for larger bedroom sizes

The percentage of households leasing within 240 days of voucher issuance.

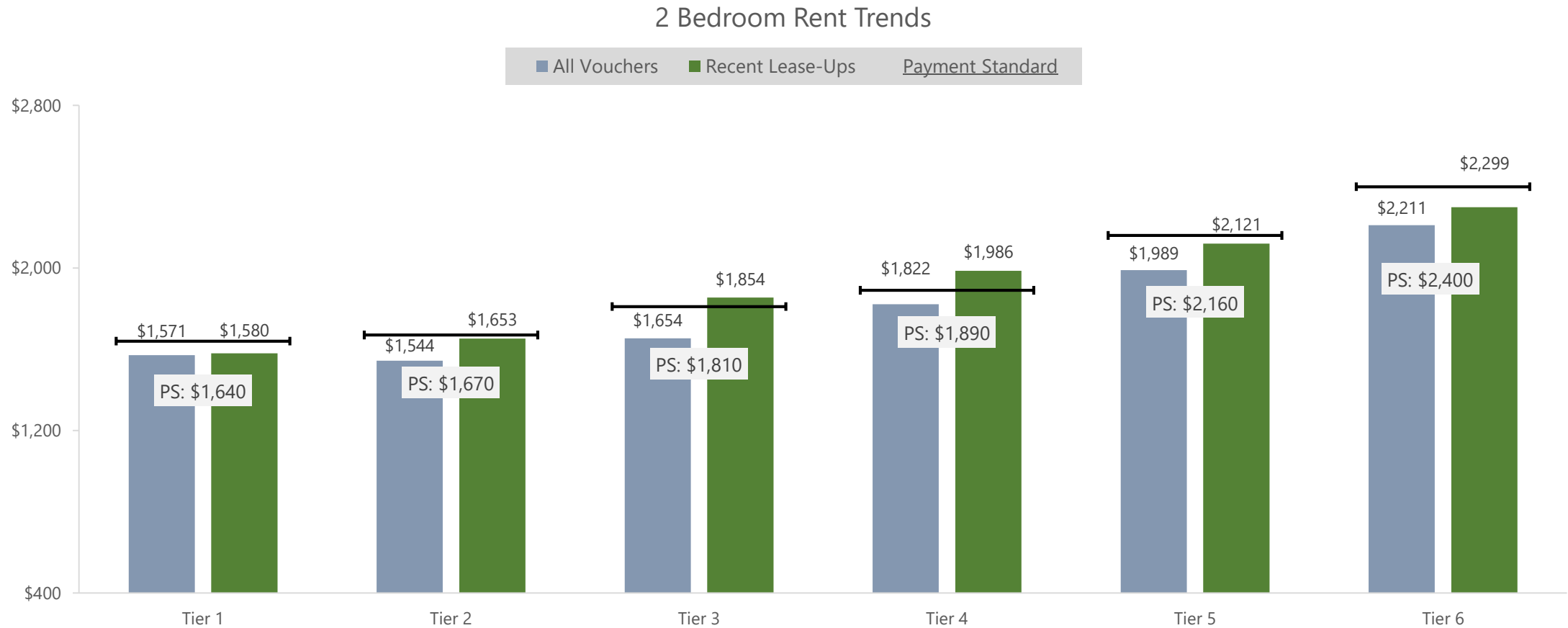


# Rent increases from landlords averaging 9%

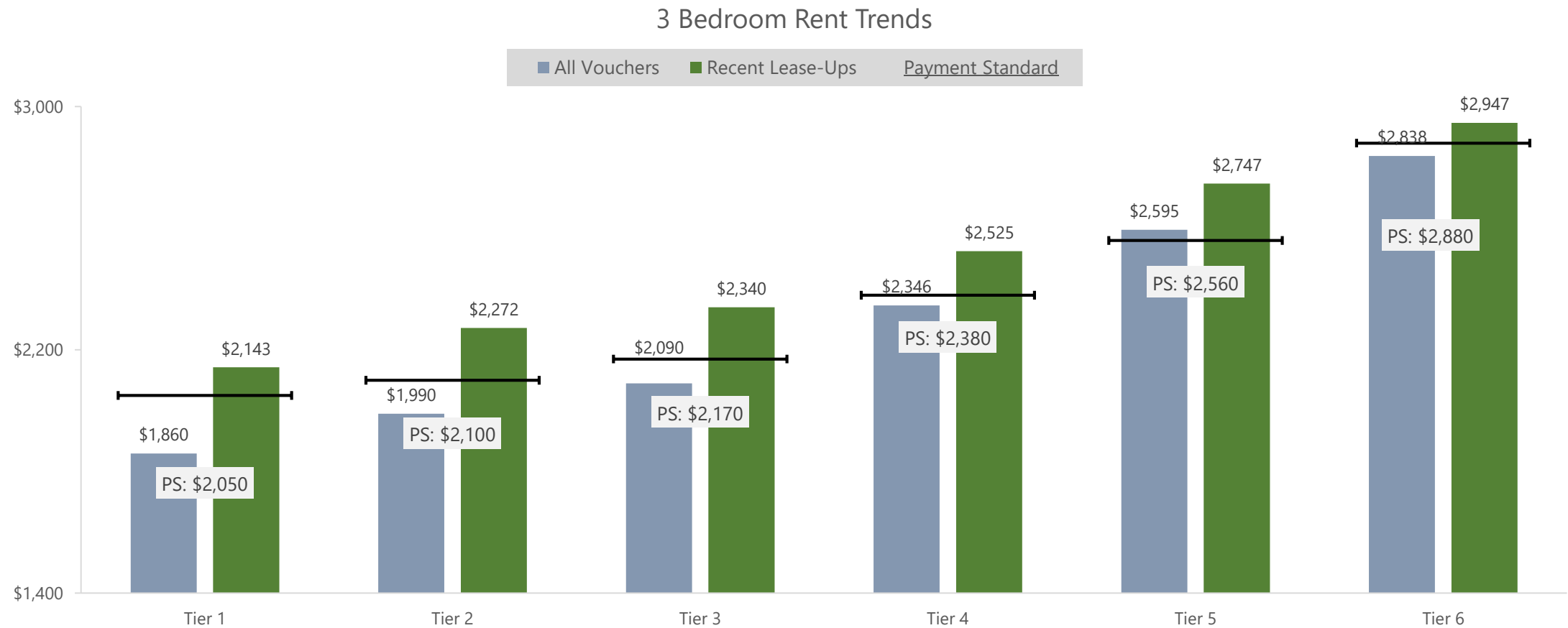
Non-KCHA owned units, rent increase requests approved from January 1st to June 1st

	Households	Median Rent Increase Amount	Median Rent Increase Percentage
Tier 1	119	\$110	8%
Tier 2	759	\$100	8%
Tier 3	796	\$150	10%
Tier 4	222	\$153	10%
Tier 5	217	\$167	9%
Tier 6	475	\$190	10%
Total	2,588	\$140	9%

# Recent movers for 2BR generally within payment standard



# Recent moves for 3BR significantly above payment standards





**2b**

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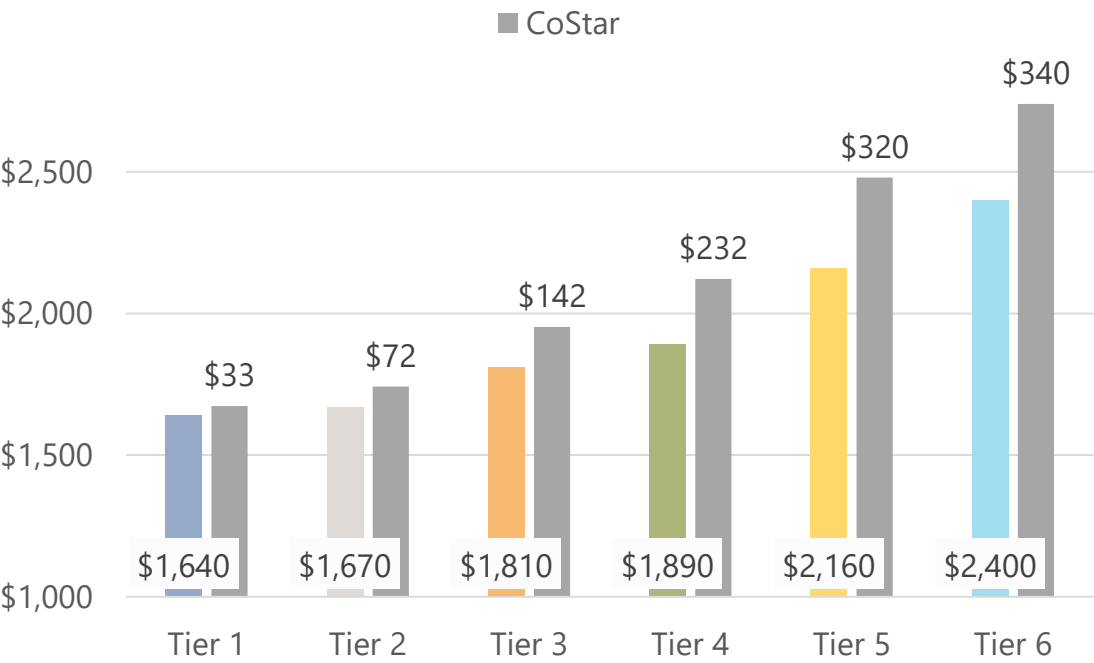
# **Rental Market: Present**

# 2BR: 40<sup>th</sup> Percentile Rents much higher than Payment Standard

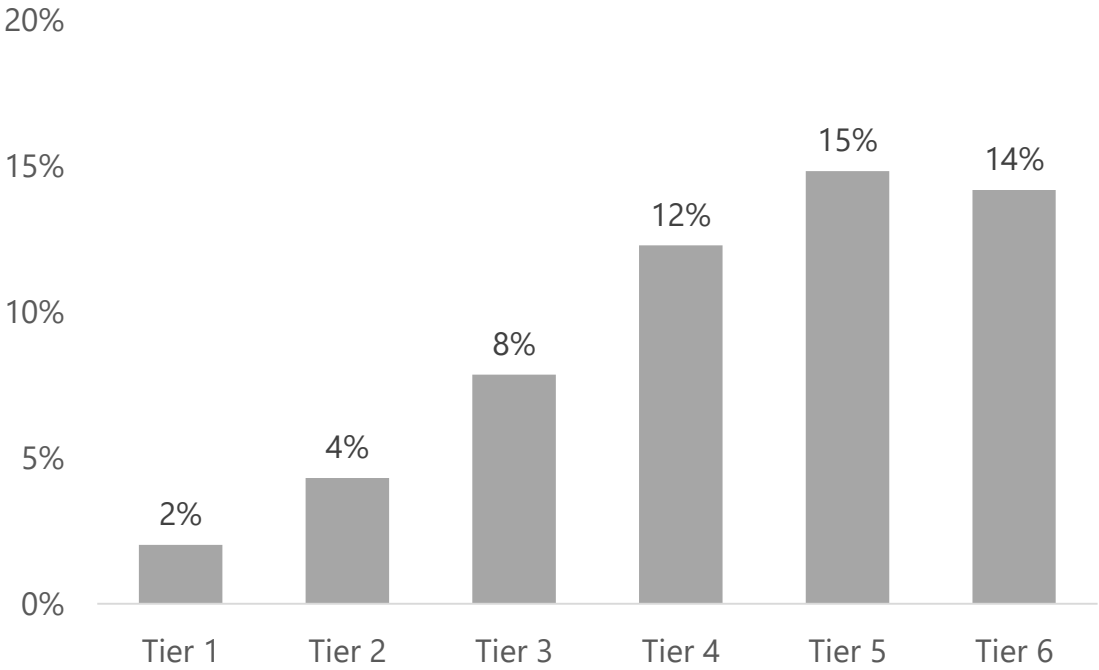
CoStar 40th percentile rents calculated using May 2022 data

## Two Bedroom Units

2BR – Costar 40th percentile over the payment standard



2BR - Percentage higher than payment standard

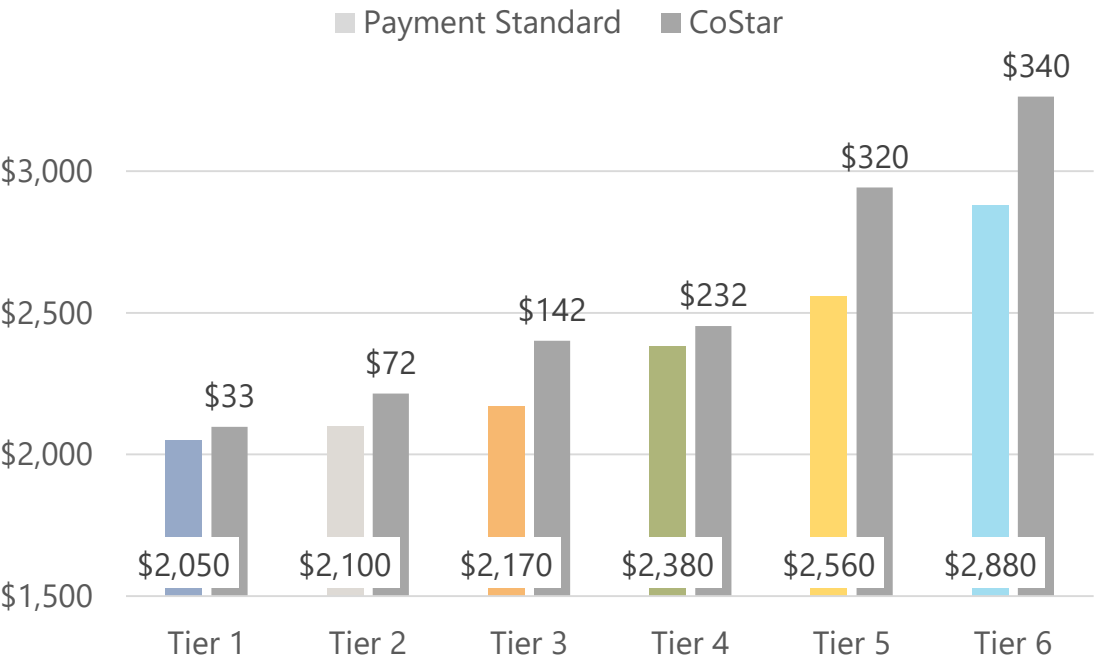


# 3BR: 40<sup>th</sup> Percentile Rents much higher than Payment Standard

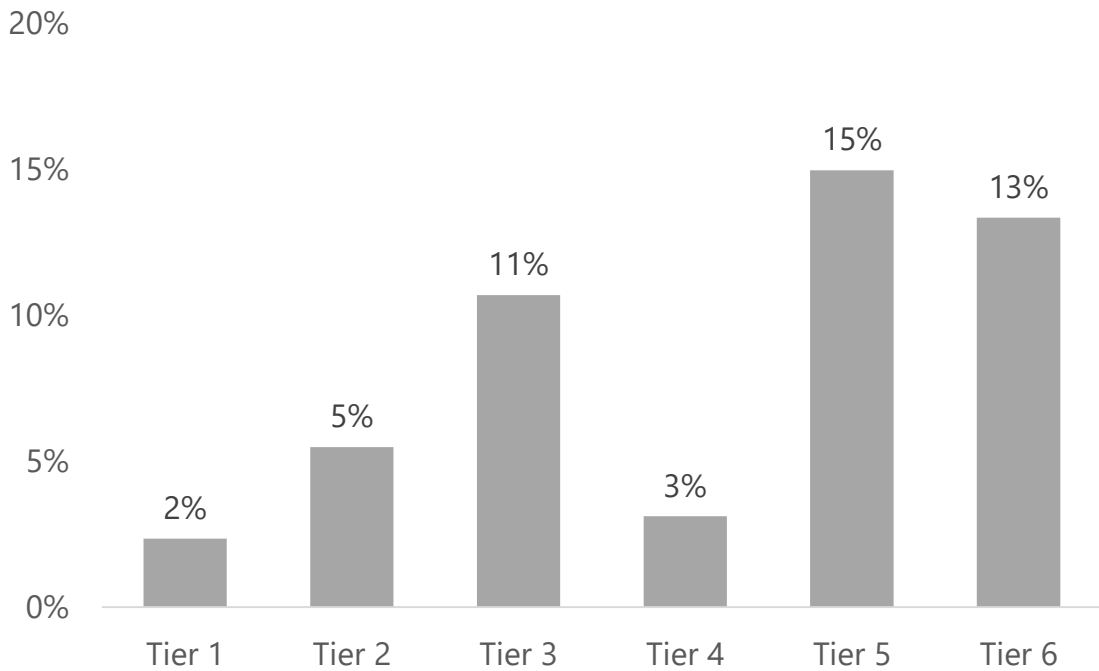
CoStar 40th percentile rents calculated using May 2022 data

## Three Bedroom Units

3BR – Costar 40th percentile over the payment standard



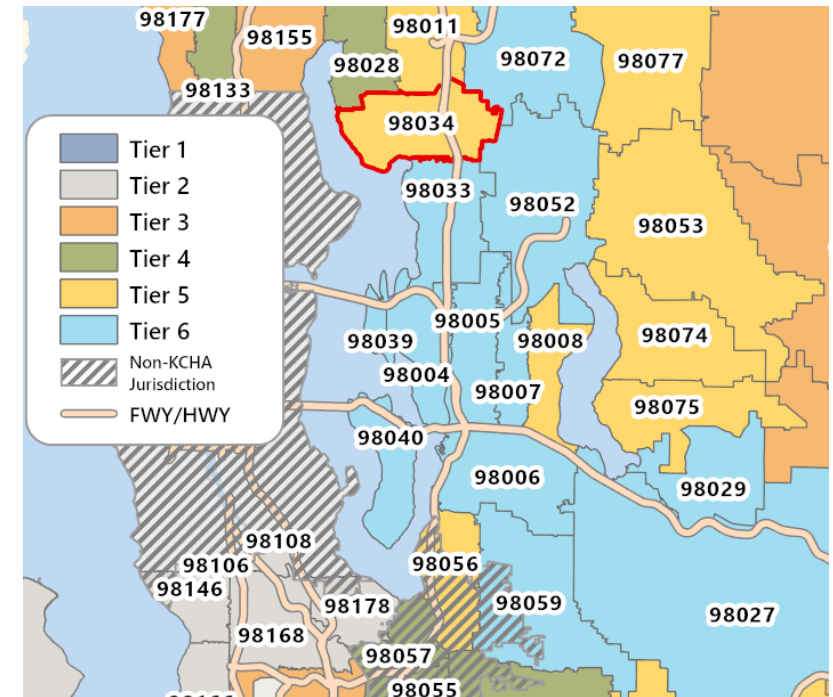
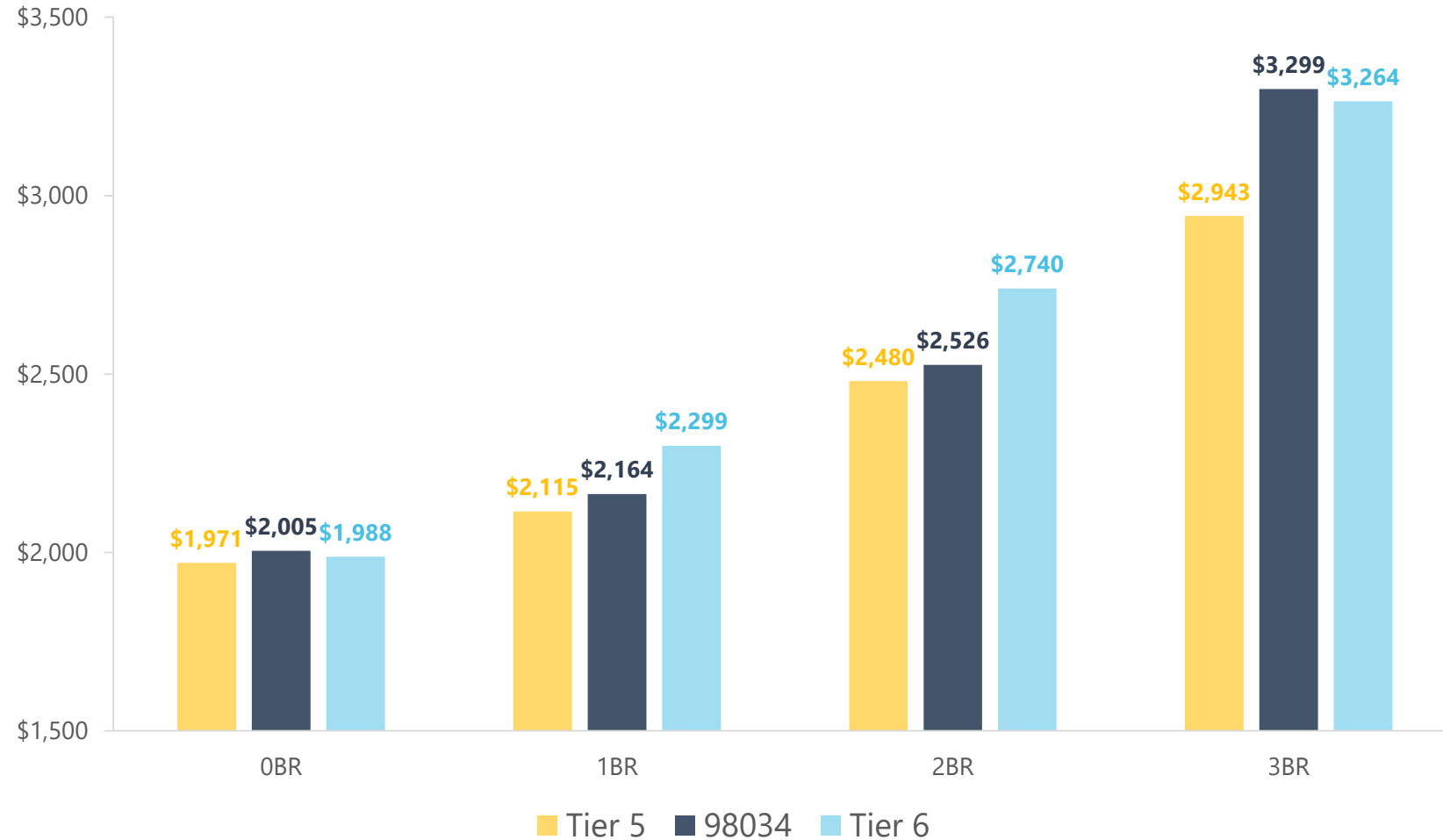
3BR - Percentage higher than payment standard



## 98034 – Should we move it to Tier 6?

CoStar 40th percentile rents calculated using June 2022 data

## CoStar 40th Percentile



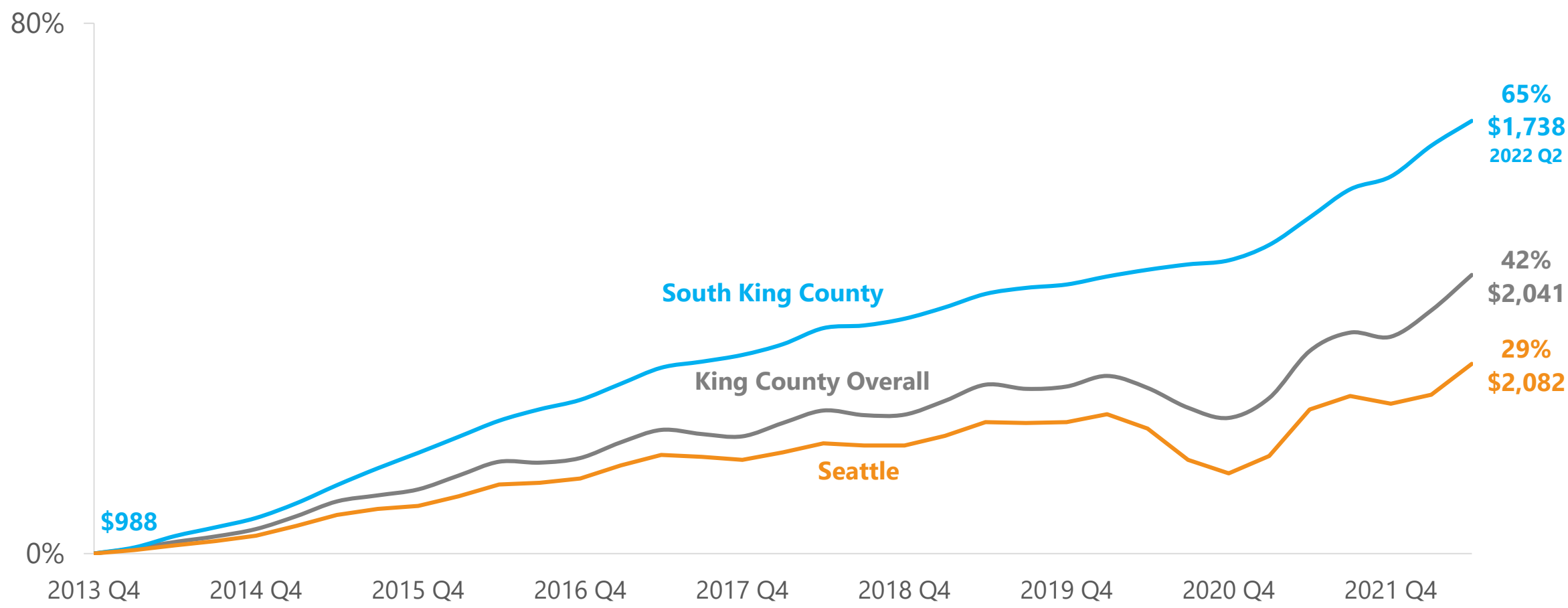
2c

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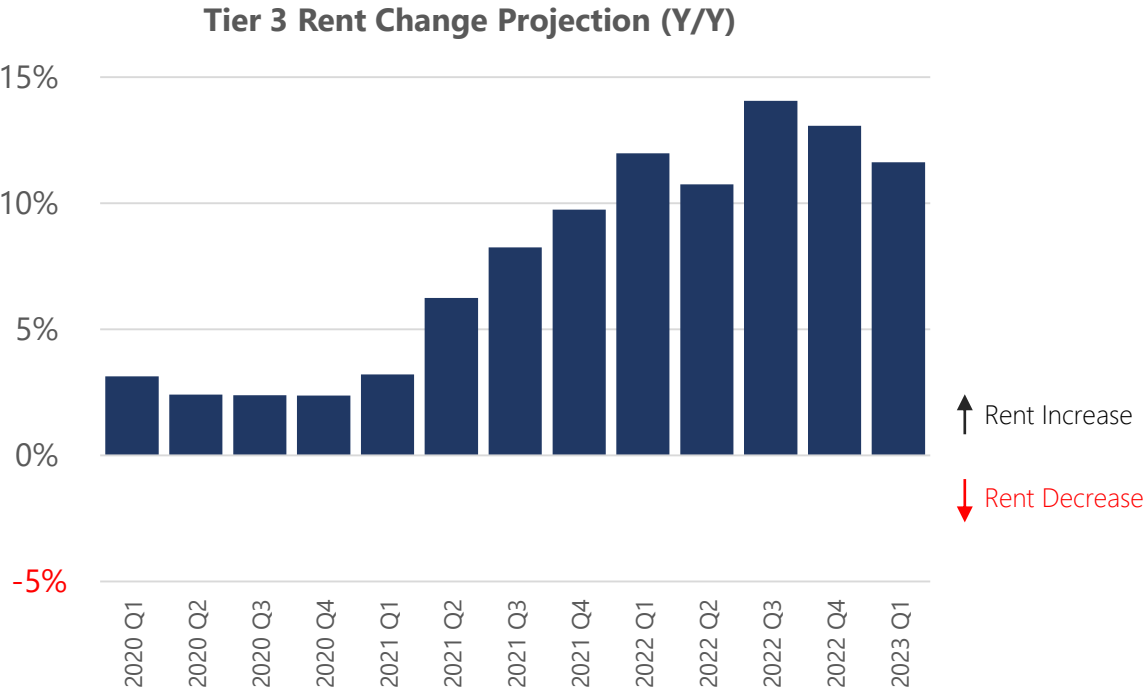
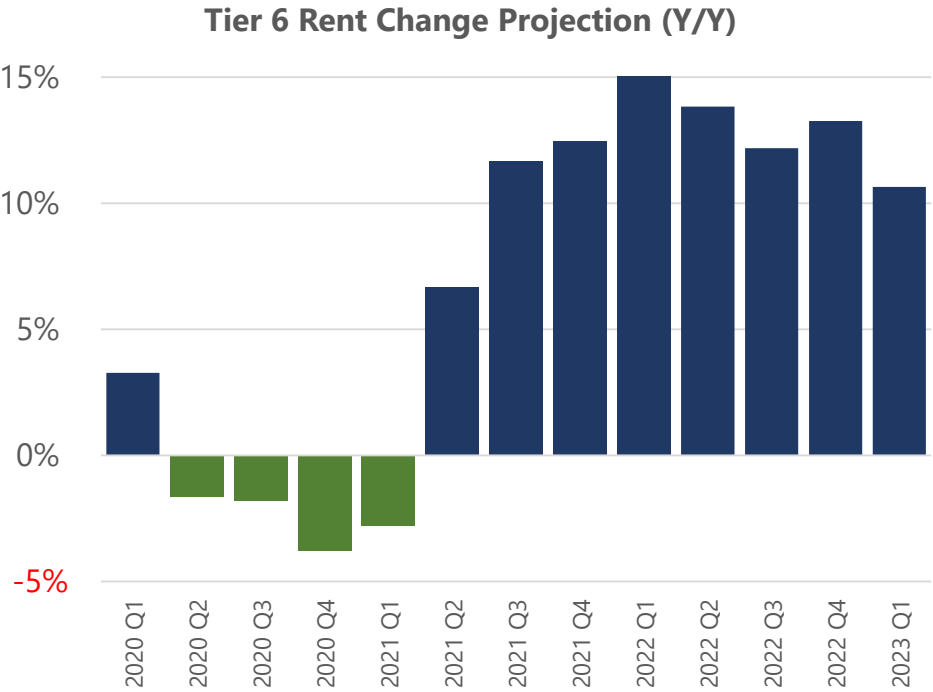
# **Rental Market: Changes from 2021**

# Since 2013, average rents in South King County have increased substantially

CoStar Average Rent per Unit change since 2013

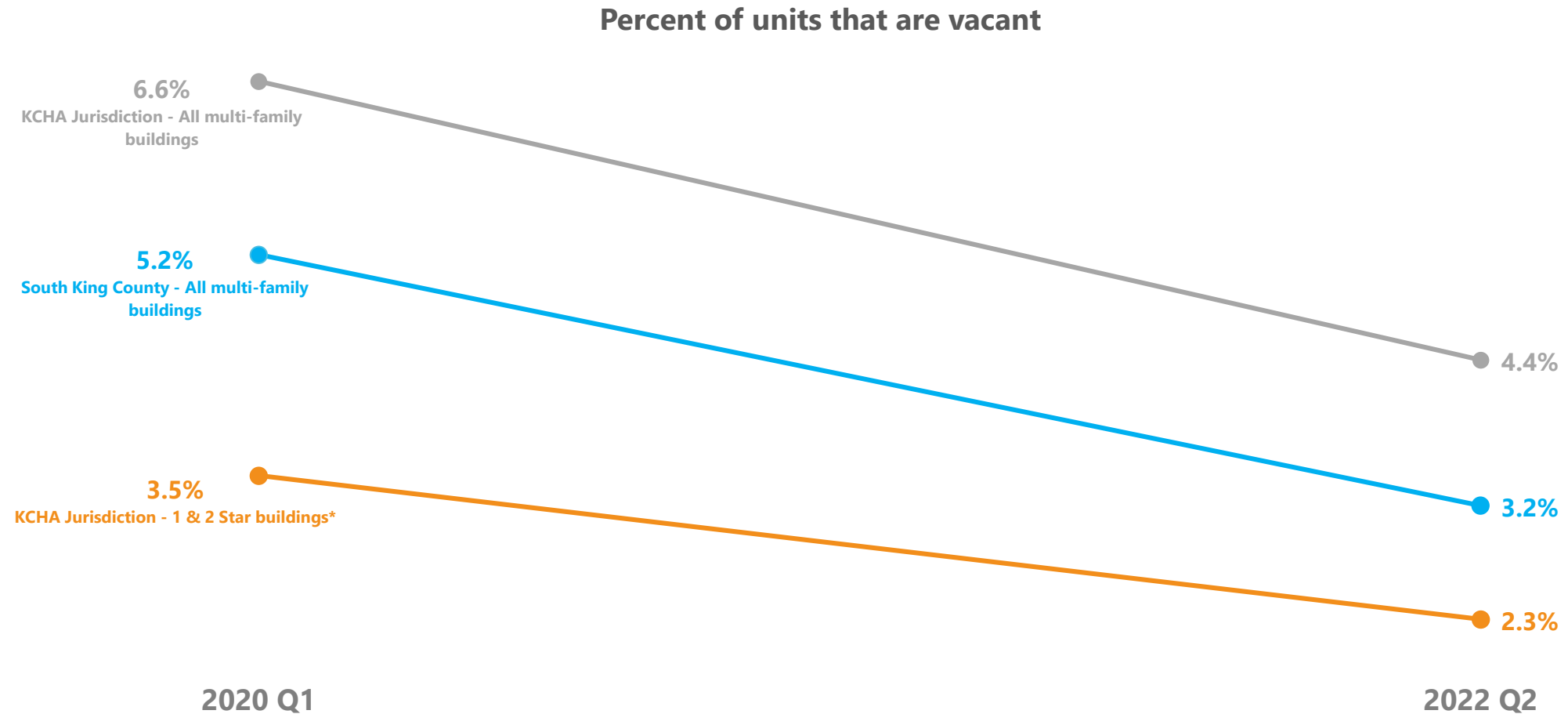


# CoStar Forecast: rents will continue to increase through the end of 2022



# Vacancy rates much lower in more affordable units

Vacancies are at their lowest point in the last decade

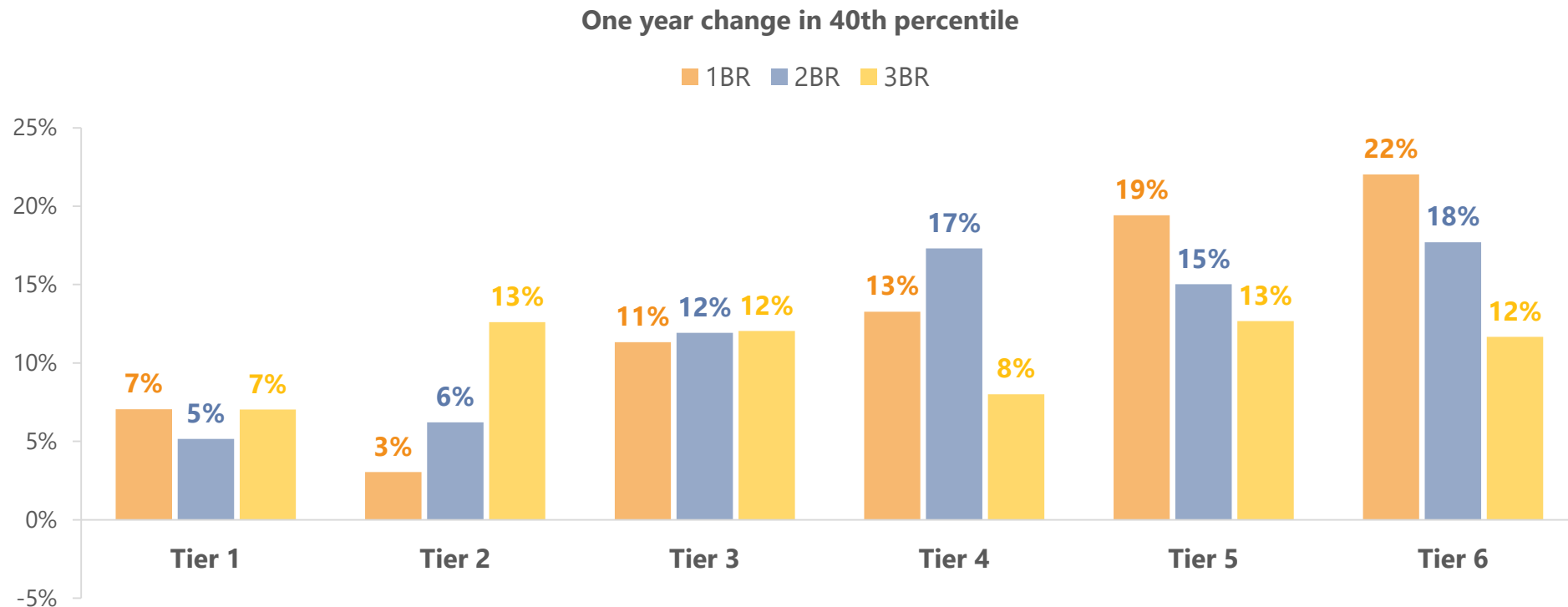


\*CoStar ranks buildings on a 1-5 star scale, with 5 being the most luxurious. Most buildings in the 40<sup>th</sup> percentile Costar ranks as 1 or 2 stars.



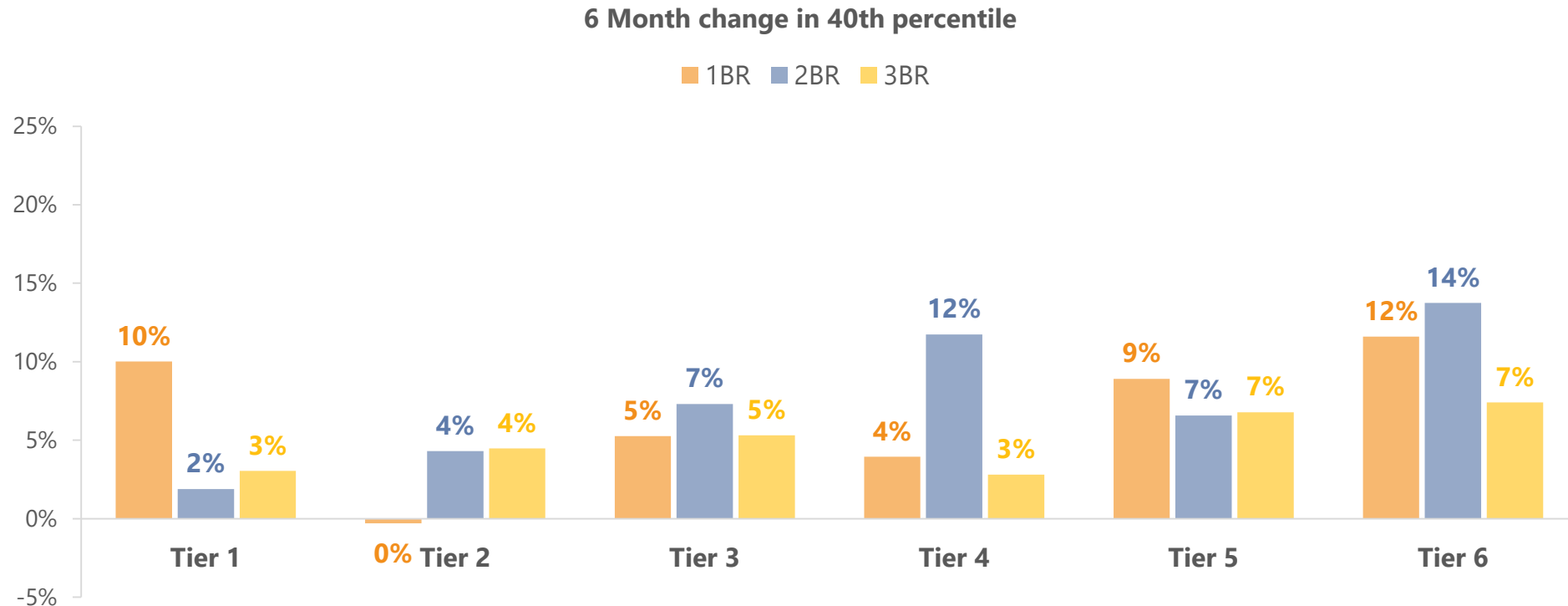
# 40<sup>th</sup> Percentile Rents increased in every tier over the last year

Change in CoStar 40<sup>th</sup> percentile rent between June 2021 and June 2022



# In the last six months rents have continued to increase

Change in CoStar 40<sup>th</sup> percentile rent between January 2022 and June 2022



# Feedback from HCV Staff



- Many households are struggling to find units, particularly those with extremely low income and zero income
- EHV Households are being given “false hope” when they receive a voucher but then can’t find a unit with the current payment standard
- Eastside (Tiers 5 & 6) and Kent (Tier 3) areas are becoming increasingly unaffordable

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# **Proposal for 2022 Mid-Year Payment Standard Adjustments**

# Framework for Proposal



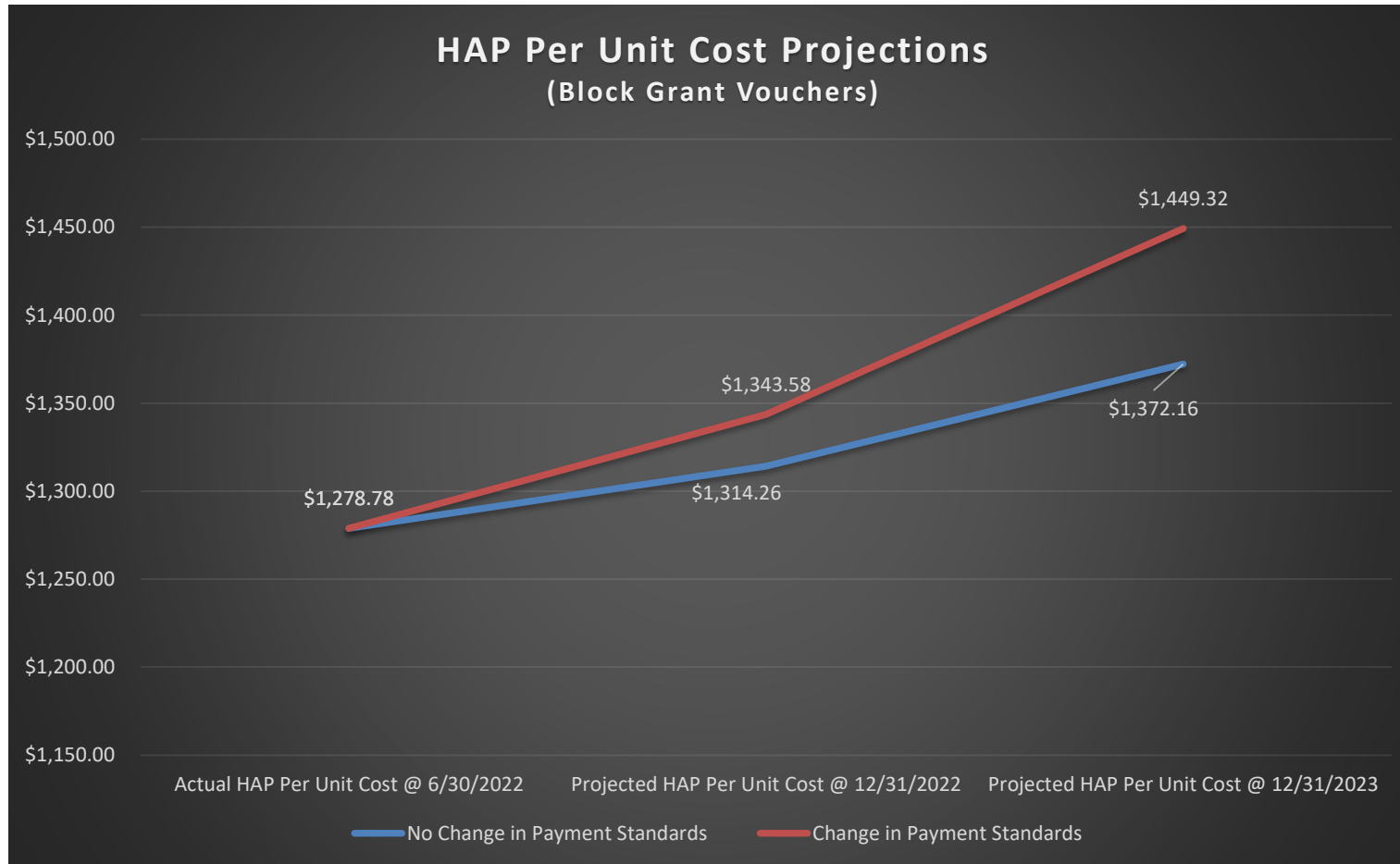
- Market rental rates are still getting more expensive
- Shopping success is declining, particularly larger bedroom sizes
- Long-term viability of payment standards keeping up with a rapidly increasing the market
- Increased standards significantly in December 2021

# Proposal

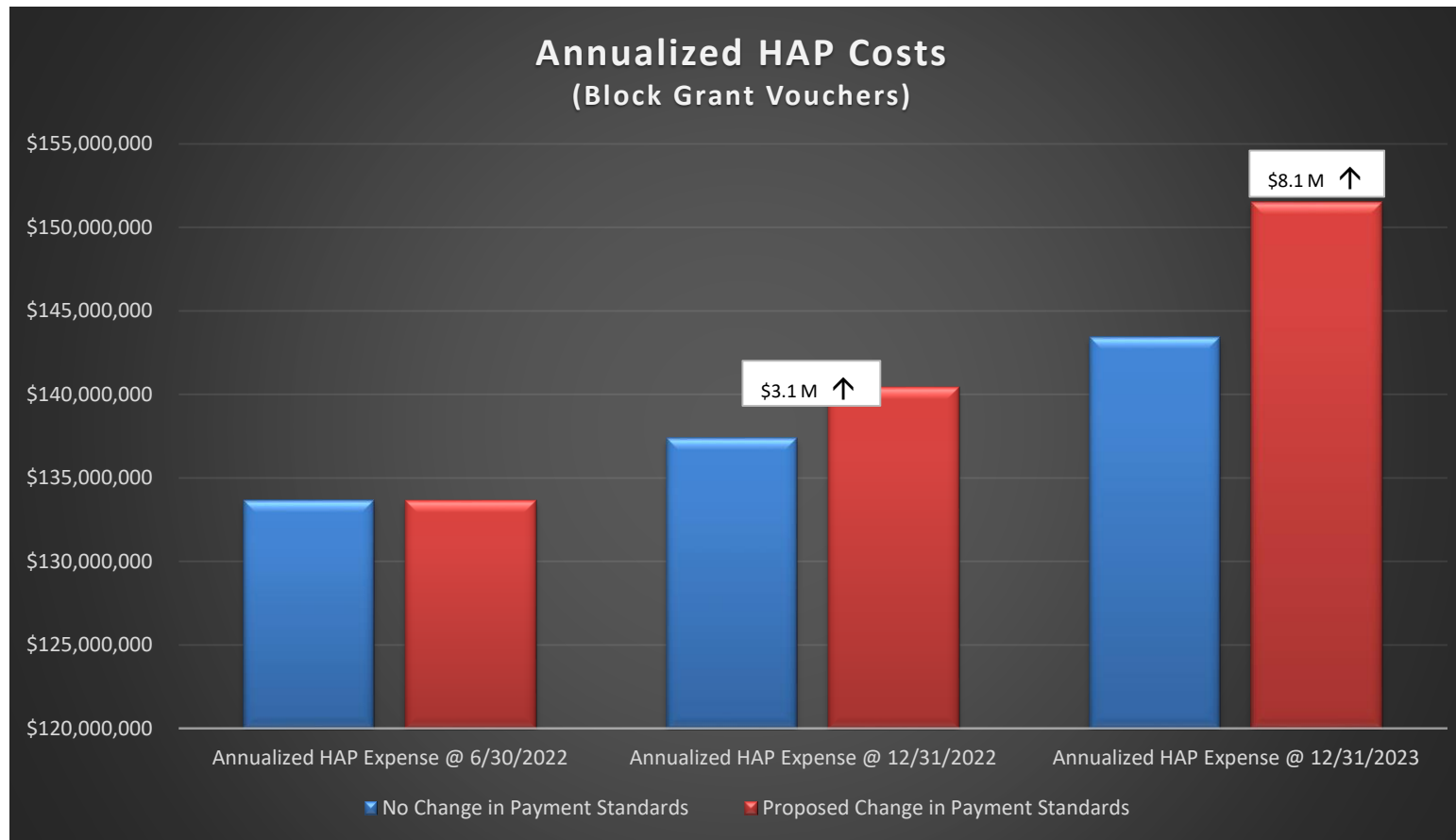
*Implementation August 1st*

Tier	OBR	Δ	1BR	Δ	2BR	Δ	3BR	Δ	4BR	Δ
<b>Tier 1</b>	\$1,360	\$120	\$1,430	\$130	\$1,720	\$80	\$2,240	\$190	\$2,930	\$260
<b>Tier 2</b>	\$1,450	\$120	\$1,520	\$130	\$1,820	\$150	\$2,370	\$270	\$3,100	\$270
<b>Tier 3</b>	\$1,550	\$90	\$1,630	\$100	\$1,960	\$150	\$2,550	\$380	\$3,340	\$480
<b>Tier 4</b>	\$1,660	\$70	\$1,740	\$70	\$2,130	\$240	\$2,770	\$390	\$3,630	\$530
<b>Tier 5</b>	\$2,020	\$200	\$2,120	\$210	\$2,480	\$320	\$3,230	\$670	\$4,220	\$890
<b>Tier 6</b>	\$2,190	\$230	\$2,300	\$240	\$2,740	\$340	\$3,570	\$690	\$4,660	\$900

# Effect on Average Per Unit Cost

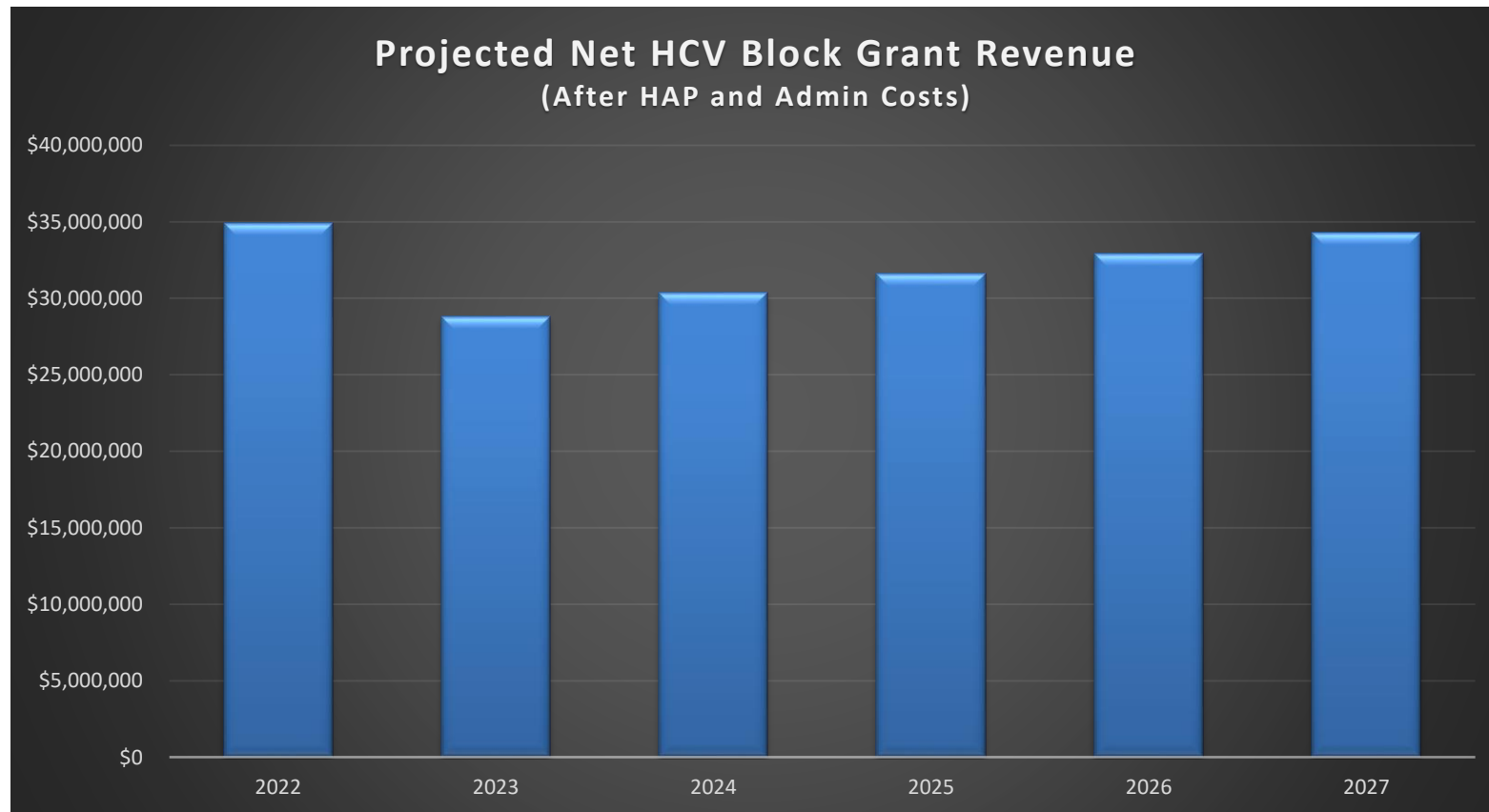


# Incremental Effect on HAP Costs





# Sustainability



05

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# Questions & Discussion

# T A B N U M B E R

5



**To:** Board of Commissioners

**From:** Judi Jones

**Date:** July 6, 2022

**Re: Resolution No. 5727 – Changes to the Public Housing Admissions and Continued Occupancy Policy (ACOP) and the Tenant-Based and Project-Based Administrative Plans (Ad Plans) relating to Family Eligibility**

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Attached, for your review and approval, are changes to KCHA's key operating policies governing its Public Housing, Tenant-based and Project-based subsidy programs. If approved, the proposed changes will expand eligibility to KCHA's subsidized housing programs to families in which the designated Head of the Household is an Emancipated Minor.

Historically, KCHA has required the Head of Household to be at least 18 years old in order for a family to be eligible for housing subsidy. This policy was implemented (many years ago) based upon advice of legal counsel regarding the limited ability in Washington State to hold a person under age 18 to a binding contract. However, recent discussions with KCHA service partners led KCHA staff to review current Washington State Law to determine whether changes in policy could be brought forward to expand eligibility to a family whose Head of Household was an Emancipated Minor in order to reduce barriers to housing stability among this vulnerable group.

Staff review indicated that current Washington State regulations relating to the Emancipation of Minors (RCW 13.64) allows minors age 16 or older to become legally emancipated and that such designation assigns such individuals the right to enter into and be held accountable under contracts and lease agreements such as those utilized by KCHA – a finding that has been confirmed by KCHA's current legal counsel.

In light of this information, staff recommends modification of its ACOP and Ad Plans as detailed on the attached policy excerpts in order to expand eligibility to families of which the Head of the Household has been legally designated an Emancipated Minor in accordance with requirements of Washington State law. This change will assist KCHA in its efforts to remove barriers to affordable housing and help ensure housing stability for this high-risk population.

Staff recommends approval of Resolution No. 5727, effective immediately.

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**THE HOUSING AUTHORITY OF THE COUNTY OF KING**  
**RESOLUTION NO. 5727**  
**AUTHORIZING CHANGES TO THE PUBLIC HOUSING ADMISSION AND**  
**CONTINUED OCCUPANCY POLICY (ACOP) AND THE ADMINISTRATIVE PLANS**  
**(AD PLANS) FOR TENANT-BASED AND PROJECT-BASED VOUCHER**  
**PROGRAMS RELATING TO HOUSEHOLD ELIGIBILITY**

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**WHEREAS**, as a participant in HUD’s Moving to Work Program KCHA is encouraged to examine its programs and policies in order to identify modifications that could expand housing choices for those most in need; and

**WHEREAS**, through discussions with KCHA support service partners and following review of policies relating to family eligibility, KCHA identified the desire to modify its policy relating to the definition of Family and the eligibility of households for whom the Head of Household is an Emancipated Minor; and

**WHEREAS**, modifying the definition of Family as proposed will help KCHA remove barriers of access to housing among the identified group and supports KCHA’s efforts to increase housing stability among underserved populations of the County; and

**WHEREAS**, KCHA staff has determined that expansion of its policy regarding household eligibility in this manner will not have an adverse action upon KCHA programs and communities; and

**WHEREAS**, Board approval for changing HUD-mandated operational policies relating to program eligibility is required before KCHA can implement such changes.

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

- (1.) The revised Public Housing ACOP and the revised Section 8 Tenant-based and Project- Based Administrative Plans as attached are hereby approved; and
- (2.) The Executive Director or her designee is authorized to implement these revisions as necessary to ensure the efficient operation of KCHA's subsidized housing programs.

**ADOPTED AT A MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 18<sup>th</sup> DAY OF JULY, 2022.**

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

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

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**ROBIN WALLS**  
Secretary-Treasurer

**Energy Supplement Reimbursement:** The amount, if any, by which the Energy Assistance Supplement for the unit, if applicable, exceeds the Total Tenant Payment for the Family occupying the unit. The amount of reimbursement may be limited by any Minimum Rent policies established by the Housing Authority as outlined in this ACOP.

**Extremely Low Income Families:** Those families whose incomes do not exceed the higher of the Federal poverty level or 30% of the median income for the area, as determined by the HUD Secretary with adjustments for smaller and larger families.

**Family:** Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status. In all cases the Head of Household must be at least 18 years of age unless the designated Head of Household documents approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64).

1. A group of two or more persons sharing a residency whose income and resources are available to meet the family needs and who are either related by (1) blood, marriage or operation of law (excluding custody of foster children), or; (2) who have evidenced a stable family relationship.
  - a. A group of "two or more persons" includes a single pregnant woman **without** other children and a single-person (see definition) in the process of securing legal custody of a dependent.
  - b. Members of the family temporarily absent shall be included in the family group. To establish what constitutes "temporary absence," the following clarification is provided:
    - 1) A serviceman shall be classified as "temporarily absent" when away from home due to military service. Therefore, each serviceman shall be counted as part of the family for purposes of qualifying as an eligible family for admission of or continued occupancy and for establishment of rent, but not for determining size of unit required.
    - 2) If the family claims a child as a family member, but does not have full custody, or if the child lives only part time with the family, it will be the sole discretion of the Housing Authority as to whether to count the child as part of the family.
    - 3) If the family has a dependent away at school, the dependent may be considered a member of the household if the dependent normally lives in the household while not attending school.

**Family Self-Sufficiency Program (FSS Program):** The program established by a Housing Authority to promote self-sufficiency among participating families, including the coordination of supportive services.

**Foster Child Care Payment:** Payments to eligible households by state, local or private agencies.

**Handicapped Assistance Expenses:** Reasonable expenses that are anticipated, during the period for which annual Income is computed, for attendant care or auxiliary apparatus for a Handicapped or Disabled Family member, and **that are necessary to enable a Family member (including the Handicapped or Disabled member) to be employed or further his/her education**, provided that the expenses are neither paid to a member of the Family nor reimbursed by an outside source.

**Head of Household:** The adult member of the Family who is the head of the household for the purposes of determining income eligibility and rent. A Head of Household must be 18 years of age or older unless they document approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.).

**Homeless Family:** For selection preference purposes, an applicant is considered a Homeless Family if they:

1. Lack a fixed, regular and adequate night time residence; and
2. Have a primary night time residence that is:
  - a. A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters and transitional housing for the mentally ill);
  - b. An institution that provides a temporary residence for individuals intended to be institutionalized; or
  - c. A public or private place not designed for or ordinarily used as, a regular sleeping accommodation for human beings.

A Homeless Family does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a State law.

**Housing Authority (HA):** The Housing Authority of the County of King, a public corporation.

**HUD:** The U.S. Department of Housing and Urban Development.



## Admission and Continued Occupancy Policy (ACOP)

occupancy, including a request to add a live-in aide to the dwelling unit. The person must meet the Authority's standards prior to being added to the household.

7. In deciding whether to admit applicants who are borderline, the Housing Authority will recognize that for every marginal applicant it admits, it is denying the opportunity of housing to another applicant who clearly meets the Authority's standards.

### B. ELIGIBILITY CRITERIA

There are to be eligible for admission to public housing projects operated by this Authority only those applicants:

1. Who, at the time of application, qualify as a Family as defined in [Section 1](#) of this policy;
  - a. An applicant family, will not be put on the waiting list as an *Elderly Family* before the head, spouse or sole member has reached age 62.
  - b. Applicants shall not be placed on the waiting list where the Head of the Household has not yet reached the age of 18 unless the designated Head of Household documents approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.).

A *Single Person* who does not qualify as elderly, disabled or near-elderly is not considered a Family and is not eligible for admission to KCHA's general public housing projects. (see Section 1). However, such individuals may be considered eligible for assistance and be placed on the waiting list for any specific targeted "set-aside" program established by the Housing Authority (such as programs to assist Chronically Homeless individuals or youth transitioning out of foster care) for which they qualify.

For purposes of properties that are owned and/or administered by the Housing Authority in conjunction with the Low Income Housing Tax Credit (LIHTC) program, a Family that consists solely of Full-time students (as defined by the LIHTC program) will not be eligible for housing assistance.

2. Whose Annual Income, at the time of application and admission, does not exceed the low-income limits set by HUD (cannot exceed 80% of the median income for the area). (See [Exhibit E](#))
  - a. Income Limits apply only at application and admission and are not applicable for continued occupancy.

**Energy Assistance Supplement (EAS):**<sup>11</sup> (Formerly known as Utility Allowance) The amount provided by the Housing Authority as a reduction to the household's Total Tenant Payment, when the costs of utilities are the responsibility of the family occupying the unit. As determined by the Housing Authority, the EAS is established based upon the reasonable energy consumption of a reasonably conservative household of modest means.

Tenants who reside in units for which all utilities are paid by the Landlord **do not** receive an Energy Assistance Supplement.

**Energy Supplement Reimbursement:**<sup>12</sup> The amount, if any, by which the Energy Assistance Supplement for the unit exceeds the Total Tenant Payment for the Family occupying the unit. The amount of reimbursement may be limited by any Minimum Rent policies established by the Housing Authority as outlined in this Plan.

**Extremely Low-Income:** Those families whose incomes do not exceed the higher of the Federal poverty level or 30% of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families.

**Fair Market Rent (FMR):** FMRs for existing housing are established by HUD for housing units of varying sizes (number of bedrooms) and are published in the Federal Register annually.

**Family:**<sup>13</sup> Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status. In all cases the Head of Household must be at least 18 years of age, unless they have documented approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.):

1. A group of two or more persons sharing residence whose income and resources are available to meet the family needs and who are either related by (1) Blood, marriage, or operation of law (excluding custody of foster children), or; (2) who have evidenced a stable family relationship.
  - a. A group of "two or more persons" includes a single pregnant woman without other children and individuals in the process of securing legal custody of a dependent.
  - b. Members of the family temporarily absent shall be included in the family group. To establish what constitutes a "temporary absence," the following clarification is provided.

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<sup>11</sup> Approved under MTW 11/1/10

<sup>12</sup> Approved under MTW 11/1/10

<sup>13</sup> Approved under MTW 7/21/08

**Handicapped Assistance Expenses:** Reasonable expenses that are anticipated, during the period for which annual Income is computed, for attendant care or auxiliary apparatus for a Handicapped or Disabled Family member, and **that are necessary to enable a Family member (including the Handicapped or Disabled member) to be employed or to further his/her education**, provided that the expenses are neither paid to a member of the Family nor reimbursed by an outside source.

**Head of the Household:** The adult family member who is the head of the household for purposes of determining income eligibility and rent and is held accountable for the Family. A Head of Household must be 18 years of age or older, unless they have documented approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.).

**Homeless Family:** For selection preference purposes, an applicant is considered a Homeless Family if they:

1. Lack a fixed, regular and adequate nighttime residence; AND
2. Have a primary nighttime residence that is:
  - a. Living outside (i.e., no fixed roof, in a park, in a tent, etc.);
  - b. Living in a temporary publicly or privately owned shelter; or
  - c. Living in an automobile or recreational vehicle.
3. Are a graduate from a KCHA funded sponsor-based program or are a graduate from the Shelter Plus Care program.

A Homeless Family will also include an applicant living with family or friends in an overcrowded situation (does not meet occupancy standards) AND who has been approved for housing within a 90-day time period at a HA recognized transitional housing program.<sup>14</sup>

In targeted supportive housing voucher programs, a Homeless Family may also include a family at imminent risk of homelessness such as a family with a pending eviction. An alternate definition may be used based on individual targeted program requirements.

As a general rule, a Homeless Family does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a State law. However, in targeted voucher programs that are designed to serve households discharged from jail or

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<sup>14</sup> Approved under MTW 4/5/04

in writing that their application is on the waiting list and when a voucher may become available, insofar as such a date can be reasonably determined.

5. At the time of selection from the waiting list for a voucher, at least one adult member of the family who originally applied must still be part of the household in order to continue to be eligible. Prior to being offered housing assistance, the applicant will verify any information required by the Housing Authority and all adult family members will be required to sign the appropriate forms certifying that the information provided is accurate to the best of their knowledge.
6. KCHA will ensure compliance with the Violence Against Women Act of 2013 (VAWA 2013) which provides that an applicant for assistance under a covered housing program may not be denied admission to or denied assistance on the basis or as a direct result of the fact that the applicant is or has been a victim of domestic violence, dating violence, sexual assault, or stalking, if the applicant otherwise qualifies for admission, assistance, participation, or occupancy.

## **B. APPLICANT CHECK-IN POLICY**

To keep the waiting list current, the Housing Authority will mail a continuing interest letter/card to the last known address of the top 300-500 applicants on the Section 8 Housing Voucher waiting list on an as needed basis.<sup>29</sup> The letter/card will require the applicant to return a response card within 30 days in order to remain active on the waiting list. Those applicants failing to respond will be removed from the waiting list without further notice.

The Housing Authority will consider any request for reinstatement within twelve months of the date of cancellation. In addition, any applicant who subsequently maintains that their failure to respond to the check-in letter was caused by their disability will be provided reasonable accommodation to explain their circumstances. Should the family be reinstated, their application will be placed in their former position on the waiting list.

## **C. CONDITIONS GOVERNING ELIGIBILITY FOR ADMISSION**

Participants will be considered eligible for admission to the Housing Voucher Program who:

1. Qualify as a "Family" as defined in [Section 2](#) of this Plan;
- a. Applicants shall not be placed on the waiting list where the Head of Household has not yet reached the age of 18 (the legal age to enter into and be held accountable for a lease under state law)-, unless the designated Head of Household documents approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.)

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<sup>29</sup> Approved under MTW 4/5/04

For all others, in determining the eligibility of a student for Section 8 assistance, the HA must first determine whether or not the individual is:

1. Under the age of 24; and
2. Enrolled in an institution of higher education (See [Section 2](#)).

If the student meets the above criteria, then the HA needs to determine whether or not the student:

1. Is a veteran of the United States military; or
2. Is married; or
3. Has a dependent child.
4. Is a person with disabilities and was receiving Section 8 assistance as of November 30, 2005.

If the student does not meet any of the second set of criteria, then there is a two-part test that must be met in order for the student to be eligible for Section 8 assistance:

1. The student must be eligible for Section 8 assistance; AND
2. The student's parents, individually or jointly, must be eligible for Section 8 assistance; UNLESS the student can demonstrate his or her independence from their parents. (Parents eligibility only refers to "income" eligibility. Verification need only consist of a self-declaration by the parents unless the HA believes the information to be untrue.)

If a student is attempting to prove their independence from their parents, the following criteria should be considered:

1. The student must be of legal contract age under State Law (age 18 or over or emancipated);
2. The student must be verified as an independent student. This may be done via two methods:
  - a. The student meets the definition of independent student as defined in [20 U.S.C 1087vv\(d\)](#) paragraphs (B), (C) or (H), whereby HUD considers the individual is a vulnerable youth and such determination is all that is necessary to prove independence or;

in the public interest under section 212(d)(5) of the INA (8 U.S.C. 1182(d)(5))(parole status);

5. A noncitizen who is lawfully present in the United States as a result of the Attorney General's withholding deportation under section 234(h) of the INA (8 U.S.C. 1253(h))(threat to life or freedom); or
6. A noncitizen lawfully admitted for temporary or permanent residence under section 245A of the INA (8 U.S.C. 1255a)(amnesty granted under INA 245A).

**Energy Assistance Supplement (EAS):**<sup>15</sup> (Formerly known as Utility Allowance) The amount provided by the Housing Authority as a reduction to the household's Total Tenant Payment, when the costs of utilities are the responsibility of the family occupying the unit. As determined by the Housing Authority, the EAS is established based upon the reasonable energy consumption of a reasonably conservative household of modest means.

Tenants who reside in units for which all utilities are paid by the Landlord **do not** receive an Energy Assistance Supplement.

**Energy Supplement Reimbursement:**<sup>16</sup> The amount, if any, by which the Energy Assistance Supplement for the unit exceeds the Total Tenant Payment for the Family occupying the unit. The amount of reimbursement may be limited by any Minimum Rent policies established by the Housing Authority as outlined in this Plan.

**Extremely Low-Income:** Those families whose incomes do not exceed the higher of the Federal poverty level or 30% of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families.

**Fair Market Rent (FMR):** FMRs are established by HUD for housing units of varying sizes (number of bedrooms) and are published in the Federal Register annually.

**Family:**<sup>17</sup> Family includes, but is not limited to, the following, regardless of actual or perceived sexual orientation, gender identity, or marital status (in all cases the Head of Household must be at least 18 years of age, unless they have documented approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.):

1. A group of two or more persons sharing residence whose income and resources are available to meet the Family needs and who are either related by (1) Blood, marriage, or operation of law (excluding custody of foster children), or; (2) who have evidenced a stable family relationship.

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<sup>15</sup> Approved under MTW 11/1/10

<sup>16</sup> Approved under MTW 11/1/10

<sup>17</sup> Approved under MTW 7/21/08

attended. An educational institution includes a vocational school with a diploma or certificate program, as well as an institution offering a college degree.

**Gender Identity:** The actual or perceived gender-related characteristics of a participant.

**Gross Rent:** The sum of the rent to an Owner, plus any utility allowance.

**Handicapped Assistance Expenses:** Reasonable expenses that are anticipated, during the period for which Annual Income is computed, for attendant care or auxiliary apparatus for a Handicapped or Disabled Family member, and that are necessary to enable a Family member (including the Handicapped or Disabled member) to be employed or to further his/her education, provided that the expenses are neither paid to a member of the Family nor reimbursed by an outside source.

**Head of the Household:** The adult family member who is the head of the household for purposes of determining income eligibility and rent and is held accountable for the Family. A Head of Household must be 18 years of age or older, unless they have documented approval as an Emancipated Minor pursuant to Washington State regulations (RCW 13.64.).

**Homeless Family:** For selection preference purposes, an applicant is considered a Homeless Family if they:

1. Lack a fixed, regular and adequate nighttime residence; AND
2. Have a primary nighttime residence that is:
  - a. Living outside (i.e., no fixed roof, in a park, in a tent, etc.);
  - b. Living in a temporary publicly or privately owned shelter; or
  - c. Living in an automobile or recreational vehicle.
3. Are a graduate from a KCHA funded sponsor-based program or are a graduate from the Shelter Plus Care program.

A Homeless Family will also include an applicant living with family or friends in an overcrowded situation (does not meet occupancy standards) AND who has been approved for housing within a 90-day time period at a HA recognized transitional housing program.<sup>19</sup>

In targeted supportive housing voucher programs, a Homeless Family may also include a Family at imminent risk of homelessness such as a Family with a pending eviction. An alternate definition may be used based on individual targeted program requirements.

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<sup>19</sup> Approved under MTW 4/5/04

## 14: TENANT ELIGIBILITY

### A. ELIGIBILITY FOR INITIAL SCREENING

Applicants must meet both KCHA eligibility and Owner screening in order to be offered a Project-based unit. Among income eligible applicant families of the size and composition appropriate to available Project-based units, families will be selected without regard to race, color, religion, age, sex, national origin, familial status, marital status, parental status, sensory, mental, or physical disability or the use of a trained guide dog by a visually or hearing impaired person. In addition, no person will be automatically excluded from participation in or denied the benefits of the Project-based program solely because of membership in a class such as unmarried mothers, recipients of public assistance, persons with a disability, etc.

1. Families will be considered **eligible** who:

- a. Qualify as a "Family" as defined in [Section 2](#).
- b. Have a head of household who is at least 18 years of age (the legal age to enter into and be held accountable for a lease under state law)-, [unless the designated Head of Household documents approval as an Emancipated Minor pursuant to Washington State regulations \(RCW 13.64.\)](#)
- c. Have Annual Income, at the time of application that does not exceed 80% of the median income for the area (See Exhibit D) set by HUD with the following exceptions:
  - i. For Tax Credit residents, Annual Income level cannot exceed 60% of area median income.
  - ii. New applicants applying to live at the Project-based units at the Bellevue Homes, Campus Court I & II (house), Shoreham, Victorian Woods, Evergreen Court, Federal Way Homes, Kings Court, Eastridge House, Greenleaf, Cedarwood, Juanita Court, Juanita Trace I & II, Kirkwood Terrace, Avondale Manor, Forest Grove, Glenview Heights, Vista Heights, Youngs Lake Commons, Pickering Court, Riverton Terrace Family units, and Wellswood must be at or below 60% of their Adjusted Median Income for the family size.

Income Limits apply only at admission and are not applicable for continued occupancy. An applicant who initially qualifies but whose income subsequently increases beyond the income limits prior to housing shall be denied admission.



1. The student must be of legal contract age under State Law (age 18 or over or emancipated);
2. The student must be verified as an independent student. This may be done via two methods:
  - a. The student meets the definition of independent student as defined in **20 U.S.C 1087vv(d)** paragraphs (B), (C) or (H), whereby HUD considers the individual is a vulnerable youth and such determination is all that is necessary to prove independence or;
  - b. Prove a student's independence from their parents by doing all of the following:
    - i. Review and verify previous address information to determine evidence of a separate household or the individual meets the U.S. Department of Education's definition of an independent student (See **Section 2**);
    - ii. Review the student's prior year income tax return. The student must not be claimed as a dependent by parents or legal guardians pursuant to IRS regulations or the individual meets the U.S. Department of Education's definition of an independent student (See **Section 2**);
    - iii. The student must obtain a certification of the amount of financial assistance that will be provided by the parents or legal guardian, signed by the individual providing support. Certification will still be required even if no financial assistance is being provided.

Any Family containing a student who is ineligible to receive assistance will not be eligible to receive assistance as long as that family member remains in the unit.

### **C. KCHA OPTION TO PROVIDE INFORMATION TO OWNERS ABOUT APPLICANT HOUSEHOLDS**

The HA will give the Owner the household's current and prior address as shown in KCHA's records (if known) and the name and address of the landlord at the Family's current and any prior address. KCHA may also share information regarding income verifications and eligibility with Owners. KCHA will give the Family a description of its policy on providing information to Owners. KCHA will provide the same types of information to all Owners.

### **D. OWNER-DETERMINED TENANT SELECTION CRITERIA <sup>55</sup>**

Project Owners may establish additional eligibility criteria and written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to perform the lease obligations. The Owner's screening may include

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<sup>55</sup> Approved MTW Policy Sections V.5 and V.19

# T A B N U M B E R

6



**To:** Board of Commissioners

**From:** Windy Epps, Director of Finance

**Date:** July 6, 2022

**Re:** 2022 Midyear Financial Forecast

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## **EXECUTIVE SUMMARY**

The Board adopted the Calendar Year 2022 Operating and Capital Budget (“2022 Budget”) via Resolution 5707 on December 20, 2021. The 2022 Midyear Financial Forecast includes revised assumptions and new information not part of the original budget process.

The 2022 Midyear Financial Forecast includes several adjustments that raise the projected cash balance at 12/31/2022 (including amounts held by HUD) to \$260.9 million, an increase of \$7.5 million in unrestricted or programmatic cash. Core drivers of these projected changes include enhanced Federal revenues and minor projected decreases in Housing Choice Voucher (HCV) Housing Assistance Payments (HAP).

Exhibit A details the original 2022 Adopted Budget, the Total Forecasted Changes, and the 2022 Revised Projection. Significant adjustments are explained in the Financial Forecast Highlights section.

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

## **CONTEXT**

The 2022 Midyear Financial Forecast provides the Board with an overall synopsis of the changes in the current and near-term fiscal outlook for KCHA compared to the Authority's adopted 2022 Budget. Included changes are generally limited to those with an aggregate financial impact of \$1.0 million or greater. Although, those affecting Moving to Work (MTW) funds with an aggregate impact of \$500 thousand or greater are also included, as are other adjustments deemed significant.

Changes to the number of Full-Time Equivalent (FTE) employees are also included in this report to the Board of Commissioners. However, they are not included in the fiscal projection as their inclusion, in aggregate, would not meet the \$1.0 million threshold established to be included as a budget adjustment.

## **FINANCIAL FORECAST HIGHLIGHTS**

### Federal Programs

#### ***Block Grant and Special Purpose Vouchers***

##### *Revenue*

KCHA historically uses conservative estimates of the HCV Renewal Funding Inflation Factor (RFIF) and prorate to derive budgeted Block Grant and Special Purpose Voucher (SPV) revenue. As announced earlier in the year by HUD, actual 2022 RFIF and prorate levels are better than budgeted estimates. The 2022 RFIF of 6.48% surpassed the original projection of 5.0%, resulting in \$2.5 million in additional Block Grant revenue. The 2022 prorate of 100% versus the budget of 99.0% added an additional \$1.8 million. Combined, the effect on the SPV funding results in an additional \$694 thousand of revenue.

##### *Expense*

To date, the Per Unit Cost (PUC) for Housing Assistance Payments in the HCV program has been less than forecast in the budget. However, with the increase in contract rents and the record number of rent increase applications received by the HCV Department, the 2022 Midyear Financial Forecast assumes an annualized increase of 10% in the PUC between now and the end of the year for all KCHA voucher programs. The Block Grant revised PUC projection at 12/31/2022 is now \$1,342.82, up from \$1,331.08 in the original budget.

Offsetting the projected block grant PUC increase, total 2022 block grant unit months are projected to be 1,149 lower than originally budgeted. While block grant leasing was anticipated to decline over the course of 2022, it has been steeper than anticipated. At the end of June, the block grant was over-leased by 165 vouchers, while the budget assumed 348. The revised forecast assumes that the Block Grant over-leasing will return to the board-approved 300 vouchers by the end of the year.

The higher PUC costs, when combined with reduced leasing levels, results in a decline of \$1.6 million in projected block grant HAP costs.

Except for the Veterans Affairs Supportive Housing Program (VASH), unit months for the SPVs are also anticipated to be less than what was originally included in the budget, resulting in an overall projected reduction of SPV HAP expenses of \$852 thousand.

#### ***Emergency Housing Vouchers***

In 2021 KCHA was awarded 762 Emergency Housing Vouchers (EHV) through the American Rescue Plan Act to assist individuals and families experiencing homelessness or at risk of homelessness. The funding for these vouchers included recurring HAP funding, ongoing administrative fees, one-time preliminary fees, placement fees, and service fees. Unlike other voucher types, the actual distribution of HAP funding is dependent on the amount of HAP

expense incurred. Since leasing rates have exceeded original projections, resulting in an estimated \$1.9 million in additional HAP revenue, offsetting this increase in revenue will be an equal increase in HAP expense.

EHVs were awarded with additional funding for Service Fees to assist with expenses such as navigation services, housing search assistance, client assistance funds, security and utility deposits, and other service-related expenses. Actual service-related expenses have been less than what was anticipated in the budget due to fewer clients accessing these funds or receiving funding from other sources. Therefore, based on current trends, revised projections include \$1.7 million less expense for the year, resulting in an equivalent revenue reduction.

### ***Ports-In***

The 2022 Midyear Financial Forecast reflects a decrease of \$420 thousand of operating revenue related to HCV "Ports-In," clients from other housing authorities who have moved into KCHA's area of service. Offsetting this decrease in revenue will be an equal reduction in HAP expense.

### ***Public Housing***

Through July, HUD has used an interim proration of 104.33% for the Public Housing Operating Fund Subsidy vs. the budget of 92.0%. Using the assumption that this prorate level will hold steady for the remainder of the year, revenue was increased by \$1.1 million.

The 2022 Capital Fund Program grant award was \$1.1 million higher than forecast, but as none of this additional award will be drawn in 2022, there is no change in the 2022 Midyear Financial Forecast.

### **Other Changes**

As part of KCHA's commitment to the personal safety of its staff and residents, KCHA has retained an outside security consulting firm to assess the needs and create a KCHA-wide Security Master Plan. \$1 million has been added to the 2022 Midyear Financial Forecast to support this commitment.

## **CHANGES TO STAFFING**

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

- Social Impact is adding three Long Term Temporary (LTT) Housing Navigators to increase support to the VASH and Mainstream programs. The Housing Navigator for VASH is funded by a grant from the King County Veterans Program while the Mainstream positions are funded internally.
- Human Resources is adding a new Training Coordinator.

- Administrative Services is adding a new Security Director.
- Finance is adding a new Housing Choice Voucher Accountant to assist with the increasing workload.
- Weatherization is adding a new LTT Administrative Assistant to assist with increased workload and due to the anticipated funding from the newly approved Infrastructure bill.

Please see Exhibit B for authorized staffing and midyear changes by department.

## EXHIBIT A

	2021 Adopted Budget*	Total Forecasted Changes	2022 Revised Projection
<b>King County Housing Authority</b>			
Beginning Balance, Unrestricted Cash	126,160,937	-	126,160,937
<b>Revenues</b>			
Tenant Revenue	149,824,074	-	149,824,074
Operating Fund Subsidy from HUD	12,274,385	1,072,748	13,347,133
Section 8 Subsidy from HUD	214,836,949	4,753,096	219,590,045
Other Operating Revenue	85,149,079	-	85,149,079
Total	462,084,487	5,825,844	467,910,331
<b>Expenses</b>			
Salaries & Benefits	(64,523,543)	-	(64,523,543)
Routine Maintenance, Utilities, Taxes & Insurance	(38,018,611)	-	(38,018,611)
Other Social Service Support Expenses & HAP	(244,791,742)	2,688,198	(242,103,544)
Administrative Support Expenses	(28,702,466)	(1,000,000)	(29,702,466)
Total	(376,036,362)	1,688,198	(374,348,164)
Operating Net Income	86,048,125	7,514,042	93,562,167
Non-operating Revenue	16,764,672	-	16,764,672
Non-operating Expenses	(35,640,664)	-	(35,640,664)
Net Income	67,172,133	7,514,042	74,686,175
<b>Other Sources/(Uses) of Cash</b>			
Capital Projects and Acquisitions	(44,539,722)	-	(44,539,722)
Changes in Designated Cash	160,537	-	160,537
Changes in Restricted Cash	6,341,206	368,542	6,709,748
Changes in Receivables	(3,906,952)	-	(3,906,952)
Changes in Other Assets	81,748	-	81,748
Changes in Equity	-	-	-
Total Other Sources/(Uses) of Cash	(65,353,670)	-	(65,353,670)
<b>Transfer In from (Out to) Other Funds</b>			
Transfers In from Other Funds	38,930,191	-	38,930,191
Transfers Out to Other Funds	(41,080,457)	-	(41,080,457)
Net Transfer In/(Out)	(2,150,266)	-	(2,150,266)
Net Change in Unrestricted Cash	(331,803)	7,514,042	7,182,238
Ending Balance, Unrestricted Cash	125,829,134	7,514,042	133,343,176
Ending Balance, Designated Cash	94,287,614		94,287,614
Ending Balance, Restricted Cash	33,312,447		33,312,447

Note: 2021 Adopted Budget figures do not include Development activities.

## EXHIBIT B

	2022 Authorized FTEs	Midyear Changes	Inter- Departmental Transfers	2022 Midyear Forecast	% Change
<b>King County Housing Authority</b>					
<b>Office of the Executive Director</b>					
Executive	6.25	-	-	6.25	0%
Social Impact	12.38	3.00	7.00	15.38	24%
Homeless Initiatives	7.00	-	(7.00)	7.00	0%
Human Resources	10.00	1.00	1.00	11.00	10%
Equity Diversity & Inclusion	3.00	-	-	3.00	0%
Resident Services	36.50	-	-	36.50	0%
Communications	2.00	-	-	2.00	0%
Total	77.13	4.00	1.00	81.13	5%
<b>Asset Management &amp; Development</b>					
Asset Management	23.50	-	-	23.50	0.0%
Development	3.00	-	-	3.00	0.0%
Greenbridge	4.00	-	-	4.00	0.0%
Total	30.50	-	-	30.50	0.0%
<b>Administrative Services</b>					
Administrative Services	12.00	1.00	-	13.00	8.3%
Finance	25.00	1.00	(1.00)	26.00	4.0%
Information Technology	17.00	-	-	17.00	0.0%
Total	54.00	2.00	(1.00)	56.00	3.7%
<b>Housing Management</b>					
Property Management	187.12	-	-	187.12	0.0%
Housing Choice Vouchers	104.50	-	-	104.50	0.0%
Total	291.62	-	-	291.62	0.0%
<b>Construction &amp; Weatherization</b>					
Capital Construction	18.00	-	-	18.00	0.0%
Weatherization	14.00	1.00	-	15.00	7.1%
Total	32.00	1.00	-	33.00	3.1%
<b>KCHA Total</b>	<b>485.25</b>	<b>7.00</b>	<b>-</b>	<b>492.25</b>	<b>1.4%</b>
<b>Sedro-Woolley Housing Authority</b>					
Cedar Grove/Hillsvie	1.88	-	-	1.88	0.0%
<b>SWHA Total</b>	<b>1.88</b>	<b>-</b>	<b>-</b>	<b>1.88</b>	<b>0.0%</b>
<b>Combined Total Workforce</b>					
King County Housing Authority	485.25	7.00	-	492.25	1.4%
Sedro Woolley Housing Authority	1.88	-	-	1.88	0.0%
<b>TOTAL</b>	<b>487.13</b>	<b>7.00</b>	<b>-</b>	<b>494.13</b>	<b>1.4%</b>



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**To:** Board of Commissioners

**From:** Windy K. Epps, Director of Finance

**Date:** July 6, 2022

**Re:** **Financial results through March 2022**

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***EXECUTIVE SUMMARY***

***Combined Operations (excluding development activity)***

First-quarter 2022 financial performance for KCHA, excluding development activities, far outpaced budget projections. Net Operating Cash Flows were \$12.9 million, exceeding the \$3.5 million budget by \$9.4 million or 264%. The Local Programs and Properties drove 64% of this increase, surpassing projections by \$6 million. The Federal Programs and Properties came in over budget by \$3.4 million.

**Summary of Net Operating Cash Flows by Program  
Through March 31, 2022**

	2022 Actual	2022 Budget	Variance
<b><i>Federal Programs and Properties</i></b>			
MTW <sup>(1)</sup>	\$3,261,766	\$745,562	\$2,516,204
HCV	(1,092,778)	(801,702)	(291,076)
Public Housing <sup>(1)</sup>	(679,256)	(988,954)	309,698
Other Federal	741,161	(87,850)	829,011
	<u>\$2,230,893</u>	<u>(\$1,132,944)</u>	<u>\$3,363,837</u>
<b><i>Local Programs and Properties</i></b>			
Asset Management/Other <sup>(2)</sup>	\$12,601,606	\$8,316,732	\$4,284,874
Other Housing Management <sup>(2)</sup>	269,863	(434,970)	704,833
COCC <sup>(2)</sup>	(2,160,786)	(3,196,277)	1,035,491
	<u>\$10,710,683</u>	<u>\$4,685,485</u>	<u>6,025,198</u>
<b>COMBINED</b>	<u><u>\$12,941,576</u></u>	<u><u>\$3,552,541</u></u>	<u><u>\$9,389,035</u></u>

1) Excluding operating transfers between MTW and Public Housing

2) Excluding operating transfers of net cash flow between properties and the COCC

### ***Net Operating Cash Flow***

On the Federal side, Net Operating Cash Flow exceeded the first quarter budget as operating costs lagged projections, partially offset by a reduction in tenant revenues, stemming largely from rent credits and concessions related to the Eviction Prevention Rental Assistance Program (EPRAP). Operating expenses were low, partially due to timing, but also due to the difficulty in filling open positions.

Net Operating Cash Flow for the Local Programs and Properties was greater than planned largely due to the refinancing of the 2013 and the 2015 pools, resulting in a \$2.7 million reduction in debt service payments. Additionally, various occupancy, administrative, and other social service expenses were less than budget, which is typical early in the year.

### ***Development Activity***

Operating revenue exceeded the target for the first quarter by \$550 thousand, primarily due to a Puget Sound Energy weatherization rebate for Abbey Ridge. Greenbridge lot sales price participation also exceeded the budget. Operating expenses were less than planned by \$150 thousand or 35.3% due to unfilled positions and lower professional services costs related to property acquisitions than anticipated.

An estimated amount was budgeted for property acquisitions evenly throughout the year. However, no property acquisitions occurred through the first quarter.

### ***Agency Liquidity***

At the end of the quarter, cash balances remained solid with \$119.9 million in unrestricted cash and cash held by management agents, \$98.3 million in designated cash, and \$34.4 million in restricted cash.

Development's ending cash balances were \$11.9 million in unrestricted cash and \$26.3 million in restricted cash.

## ***FIRST-QUARTER HIGHLIGHTS***

KCHA acquired a 0.2 acre vacant parcel of grassy flat land in Black Diamond, located at the southwest corner of Lawson St. and Third Avenue in Black Diamond for \$125 thousand. The property is surrounded on two sides by KCHA's Rainier View manufactured home community. The purchase provides several strategic opportunities, including providing more flexibility in working with the City of Black Diamond.

In March, House Bill 1975 relating to property management services provided to housing authority properties was passed by the Washington State legislature. The Act makes clear that any operating and maintenance work completed using tenant rents and deposits paid to property management is not a public work, bringing to a close a concern around the State Auditor's Office interpretation that routine maintenance work should be subject to prevailing wage requirements.

Greenbridge Department staff worked to mitigate project impacts from the concrete driver's strike. Advertised and received architectural proposals to study 4 properties at Greenbridge, including the Wind Rose Notch, the Orphan Lots, and the former Head Start site. Completed negotiations with Road Construction Northwest for final asphalt lift for Greenbridge Division 8 Phase 1. Received \$158,483 profit participation revenue from Conner Homes Materra sales of the last four lots closing out that development.

Tenant accounts receivable balances for the bond program were \$4.3 million or 40.63% of scheduled rents. In comparison, past due rents totaled only \$415,000 at the end of the first quarter in 2020 and were only 4.76% of scheduled rents. However, the current accounts receivable balances represent a decline of nearly \$900 thousand from the prior quarter, primarily due to funding from King County as part of the Eviction Prevention Rental Assistance Program (EPRAP) and the issuance of rent credits as required by the program.

Delinquencies outstanding by more than 90 days for KCHA-managed properties have also dropped significantly over the first quarter to \$240 thousand, down 74% from the end of the year, largely due to the receipt of \$1.174 million in EPRAP funding from King County.

## Operation of Federal Programs and Properties

FEDERAL PROGRAMS Through March 31, 2022		
	2022 Actual	2022 Budget
<b>Combined Federal</b>		
Operating Cash Flow	\$2,230,893	(\$1,132,944)
Other Changes in Cash	(3,509,795)	(569,409)
Change in Unrestr/Prog Cash	<u>(\$1,278,902)</u>	<u>(\$1,702,353)</u>
<b>MTW</b>		
Operating Cash Flow	\$3,261,766	\$745,562
Transfer to PH for Ops	(258,102)	(1,264,890)
Other Changes in Cash	(4,779,609)	(1,810,180)
Change in Unrestr/Prog Cash	<u>(\$1,775,945)</u>	<u>(\$2,329,508)</u>
		Less transfers for operating subsidy, debt service, and software system conversion.
<b>HCV</b>		
Operating Cash Flow	(\$1,092,778)	(\$801,702)
Transfer from MTW for Ops	150,006	250,000
Other Changes in Cash	1,035,044	739,762
Change in Unrestr/Prog Cash	<u>\$92,271</u>	<u>\$188,060</u>
		Less Admin Fee revenue than anticipated in the budget; offset by the collection of receivables outstanding at year end.
<b>Public Housing</b>		
Operating Cash Flow <sup>(1)</sup>	(\$679,256)	(\$988,954)
Transfer from MTW for Ops	175,903	1,189,528
Other Changes in Cash	443,568	(155,394)
Change in Unrestr/Prog Cash	<u>(\$59,785)</u>	<u>\$45,180</u>
		Less subsidy transfer from MTW; offset by fewer operating costs and the receipt of grant receivables outstanding at year end.
<b>Other Federal</b>		
Operating Cash Flow	\$741,161	(\$87,850)
Transfer from MTW for Ops	82,199	75,360
Other Changes in Cash	(358,803)	656,406
Change in Unrestr/Prog Cash	<u>\$464,557</u>	<u>\$643,916</u>
		Less draw from technology reserve funds for housing management software; offset by fewer occupancy expenses.

<sup>(1)</sup> Without transfers from MTW to support operations

### MTW PROGRAM

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

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

HCV Block Grant revenue was over budget due to a favorable Renewal Funding Inflation Factor (RFIF) and prorate. Funding of HAP payments to landlords tracked close to budget in the first quarter, coming in under budget by 1.9%. Funding of Section 8 administrative costs were under budget by \$374 thousand, primarily due to fewer unit months than budgeted.

<i>(In thousands of dollars)</i>	Actual	Budget	(Unfavorable)	% Var
HCV Block Grant Revenue	40,476.9	39,517.3	\$959.5	2.4%
Funding of HAP Payments to Landlords	(32,909.0)	(33,560.3)	651.3	1.9%
Funding of Section 8 Administrative Costs	(2,412.3) <sup>(1)</sup>	(2,786.4)	374.1	13.4% <sup>(1)</sup>
Excess of HCV Block Grant Funding over Expenses	<u>\$ 5,155.5</u>	<u>\$ 3,170.6</u>	<u>\$ 1,984.9</u>	<u>62.6%</u>

1) Fewer unit months leased than budget resulted in less Administrative Fee earned.

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

Traditional Public Housing properties are budgeted to receive an additional subsidy from MTW above the standard operating subsidy to support operations. The necessity of additional subsidy allocations is evaluated quarterly. Transfers to tax-credit-owned Public Housing properties were made as planned.

<i>(In thousands of dollars)</i>	Actual	Budget	Variance	% Var
Transfers to PH AMPs Based on Need	(\$258.1)	(\$1,264.9)	(\$1,006.8)	79.6% <sup>(1)</sup>
Net Flow of Cash(from)/to MTW from/(to) PH	<u>(\$258.1)</u>	<u>(\$1,264.9)</u>	<u>\$1,006.8</u>	<u>(79.6%)</u>

1) Subsidy transfers from MTW to public housing were below budget as transfers are based on the actual needs of the properties.

### **3. Expenditures for homeless and resident service programs**

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

<i>(In thousands of dollars)</i>	Actual	Budget	Variance	% Var
Public Housing Subsidy earmarked for resident services	\$99.5	\$120.1	(\$20.6)	(17.1%) <sup>(1)</sup>
Homeless Initiatives	(199.7)	(516.9)	\$317.1	(61.4%) <sup>(2)</sup>
Resident Services	(1,143.2)	(1,261.8)	\$118.6	(9.4%) <sup>(3)</sup>
Use of MTW Funds for Special Programs	<u>(\$1,243.4)</u>	<u>(\$1,658.5)</u>	<u>\$415.1</u>	<u>(25.0%)</u>

1) The Operating subsidy was under target as the actual funding was based on the 2021 level while the budget was on the expected 2022 funding level.

2) Homeless programs are expected to be funded and initiated later than anticipated when developing the budget. In particular, staffing expenditures are very much under target due to hiring delays.

3) Due to unfilled positions.

#### 4. Other uses of MTW funds

MTW working capital is used for a variety of other purposes. 2022 expenditures include:

<i>(In thousands of dollars)</i>	Actual	Budget	Variance	% Var	
Construction Activity & Management Fees	\$730.4	\$751.6	(\$21.2)	(2.8%)	
Green River and Birch Creek debt payments	0.0	359.4	(359.4)	(100.0%)	(1)
Misc. Other Uses	99.4	1,086.0	(986.6)	(90.8%)	(2)
	<u>\$829.8</u>	<u>\$2,197.0</u>	<u>(\$1,367.2)</u>	<u>(62.2%)</u>	

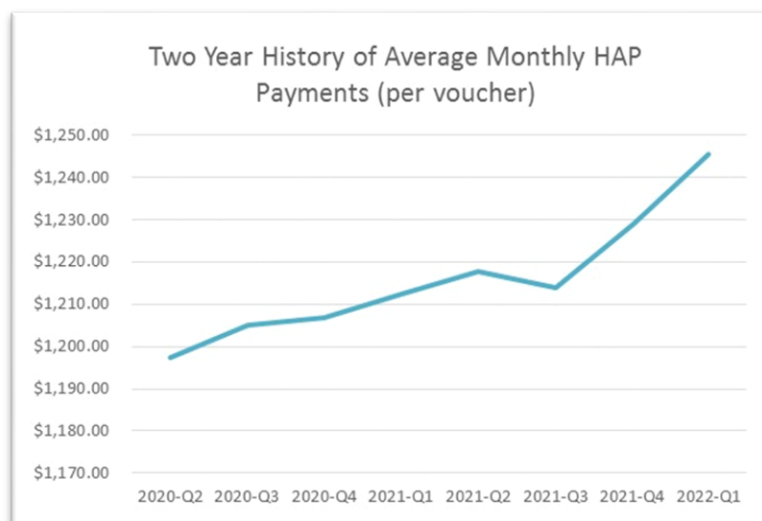
- 1) The budget includes transfers from MTW for Green River and Birch Creek debt payments. The transfer for Birch Creek will occur later in the year. However, the Green River loan was paid off in 2021.
- 2) MTW transfer to fund Housing Management software system and transfer to cover landlord recruitment/retainage for EHV were below target.

#### 5. Costs to administer the MTW program

Administrative costs are primarily salaries and benefits of those who manage or analyze MTW-funded programs. Expenses for the first quarter of 2022, totaling \$346 thousand, were 0.94% of gross program revenues and below the budget of \$404 thousand due to unfilled positions.

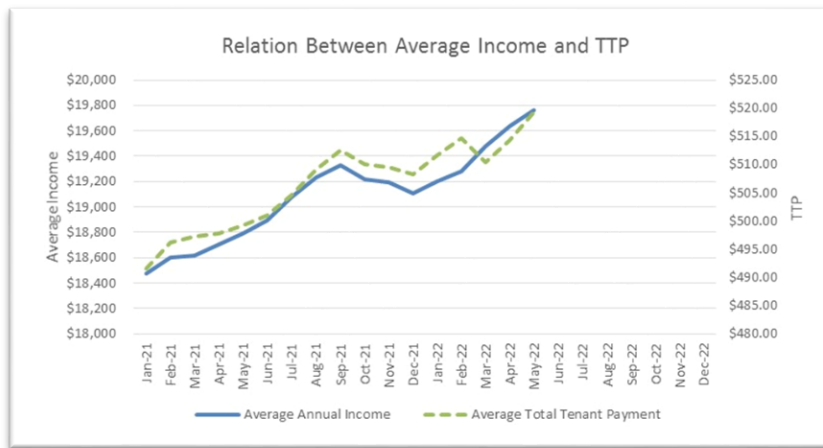
#### HOUSING CHOICE VOUCHERS

During the first quarter, HCV HAP expense from all programs (excluding ports-in) was close to budget expectations, coming in lower by \$302 thousand or 0.7%. Compared to the first quarter of 2021, total HAP expense climbed by \$1.8 million or 4.7%. The HCV program was an aggregated 139 unit months under target for the quarter, a variance of 0.4%, and the average HAP payment per voucher was \$14.25 higher than budget estimates. The average quarterly HAP payment to landlords for all HCV vouchers was \$1,234.42, compared to \$1,217.58 last quarter and \$1,198.51 one year ago.



KCHA's average Block Grant HAP payments have remained relatively unchanged during the first quarter, rising \$8.15 from \$1,235.58 to \$1,243.73, or 0.66%. The block grant average per unit cost for the first quarter was lower than the budget by \$14.39.

Total Tenant Payment (TTP) is the tenant's monthly contribution towards rent and utilities and is benchmarked at 28.3% of their income. The average TTP for the quarter was \$512.30, up slightly from the average of \$509.31 for the previous quarter and up from \$495.00 one year ago. As indicated by the chart below, changes in the TTP appear to be closely connected to the changes in the average tenant annual incomes and has risen consistently since the start of the pandemic.



## ***PUBLIC HOUSING***

Operating Cash Flow was less than budget expectations by \$310 thousand. The budget was based on the estimated 2022 Operating Fund Subsidy eligibility, whereas the actual amounts received were based on 2021 funding eligibility. Offsetting this variance was a better than anticipated prorate. The budget assumed an estimated prorate of 92.0%, while the proration for the first quarter was 95.0%.

## ***OTHER FEDERAL***

The change in unrestricted and program cash for the Other Federal programs was primarily impacted by fewer draws from the technology reserve, which was set up in 2021 to fund the Housing Management Software conversion.



## Operation of Local Programs and Properties

LOCAL PROGRAMS Through March 31, 2022		
<b>Combined Local</b>	2022 Actual	2022 Budget
Operating Cash Flow	\$10,710,683	\$4,685,485
Other Changes in Cash	(4,450,919)	(6,223,088)
Change in Unrestr/Prog Cash	<u>\$6,259,764</u>	<u>(\$1,537,603)</u>
<b>Asset Management/Other</b>	2022 Actual	2022 Budget
Operating Cash Flow	\$12,601,606	\$8,316,732
Excess Cash to COCC	0	(2,652,500)
Other Changes in Cash	(6,729,998)	(5,333,114)
Change in Unrestr/Prog Cash	<u>\$5,871,608</u>	<u>\$331,119</u>
<b>Other Housing Management</b>	2022 Actual	2022 Budget
Operating Cash Flow	\$269,863	(\$434,970)
Excess Cash to COCC	0	(925,000)
Other Changes in Cash	2,254,665	2,071,646
Change in Unrestr/Prog Cash	<u>\$2,524,528</u>	<u>\$711,676</u>
<b>COCC</b>	2022 Actual	2022 Budget
Operating Cash Flow <sup>(1)</sup>	(\$2,160,786)	(\$3,196,277)
Excess Cash from Properties	0	3,577,500
Other Changes in Cash	24,414	(2,961,621)
Change in Unrestr/Prog Cash	<u>(\$2,136,372)</u>	<u>(\$2,580,398)</u>

Tenant rents from newly acquired properties, fewer weatherization expenses, and timing of excess cash transfer to COCC.

Timing of excess cash transfer to COCC and less spending on MKCRF capital projects.

Excess cash transfer from properties has yet to occur, offset by the delay of the Kirkland Heights and Trailhead Issaquah predevelopment loans.

<sup>(1)</sup> Without transfers of excess cash to support operations

### ASSET MANAGEMENT/OTHER

Operating Cash Flow for Asset Management exceeded budget projections by \$4.2 million. Principal and interest payments were less than planned due to refinancing the 2013 and 2015 pools. Tenant rents were also greater than the budget from the newly acquired Salish Place Apartments. Rounding out the increase was lower spending on weatherization projects.

Other changes in unrestricted/program cash were impacted by the timing of excess cash transfers to the COCC, which were planned in the first quarter, but made in the second quarter. These amounts were offset by greater than planned transfers to the trustee accounts for the 2020 and 2021 bond pools.

## ***OTHER HOUSING MANAGEMENT***

Less spending on Moving King County Residents Forward capital projects and the timing of excess transfers to the COCC account for the changes in unrestricted/program cash for Other Housing Management.

## ***COCC (AGENCY OVERHEAD)***

The Central Office Cost Center (COCC) aggregates overhead costs for the Authority. The COCC is supported by fees charged to both Federal and Local Programs and Properties and transfers of excess cash from Local Programs and Properties. KCHA continues to administer its programs in a fiscally prudent manner and within HUD guidelines. Operating cash flow was greater than anticipated in the budget as various administrative and occupancy expense categories were less than planned.

The chart below reflects a summary of COCC activity.

<b>COCC</b>	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Favorable (Unfavorable) \$ Variance</b>	<b>Favorable (Unfavorable) % Variance</b>
Other Operating Income	3,591,360	3,564,865	26,494	0.7%
Salaries	(3,344,228)	(3,423,910)	79,682	2.3%
Benefits	(1,047,793)	(1,137,034)	89,241	7.8%
Occupancy Expenses	(55,340)	(86,764)	31,424	36.2%
Other Social Service Expenses	(196)	(37,510)	37,314	99.5%
Administrative Expenses	(916,585)	(1,578,841)	662,255	41.9%
Total Operating Costs	(5,364,142)	(6,264,059)	899,917	14.4%
Total Operating Income before P & I	(1,772,783)	(2,699,194)	926,411	34.3%
Principal Payments	(225,000)	(297,458)	72,458	24.4%
Interest Payments	(163,003)	(199,625)	36,622	18.3%
			-	n/a
Operating Cash Flow	(2,160,786)	(3,196,277)	1,035,491	32.4%

## ***CAPITAL INVESTMENTS (Including tax credit partnerships)***

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

	Actuals Thru 03/31/2022	Budget Thru 03/31/2022	YTD Variance	Percent of Annual Budget	2022 Annual Budget
<b>CONSTRUCTION ACTIVITIES</b>					
<i>Managed by Capital Construction Department</i>					
Public Housing	\$801,306	\$271,373	\$529,933 (1)	11.7%	\$6,824,333
509 Properties	60,112	1,088,123	(1,028,010) (2)	1.5%	3,924,728
Other Properties	219,119	201,259	17,859	11.8%	1,864,153
	1,080,537	1,560,755	(480,218)	8.6%	12,613,214
<i>Managed by Housing Management Department</i>					
Unit Upgrade Program	1,020,648	962,974	57,674	26.5%	3,851,896
Energy Performance Contract	216	-	216	N/A	-
Other Projects	9,522	-	9,522	N/A	-
	1,030,386	962,974	67,412	26.8%	3,851,896
<i>Managed by Asset Management Department</i>					
Homeownership Projects-Managed by Internal staff	-	325,000	(325,000) (3)	0.0%	1,675,000
Bond Properties-Projects Managed by Internal Staff	364,836	761,225	(396,390) (4)	7.5%	4,868,068
	364,836	1,086,225	(721,390)	5.6%	6,543,068
<b>Subtotal Construction Activities</b>	<b>2,475,758</b>	<b>3,609,954</b>	<b>(1,134,196)</b>	<b>10.8%</b>	<b>23,008,178</b>
<b>DEVELOPMENT ACTIVITY</b>					
<i>Managed by Hope VI Department</i>					
Seola Gardens	-	-	-	N/A	-
Greenbridge	42,876	49,724	(6,847)	22.1%	193,697
	42,876	49,724	(6,847)	22.1%	193,697
<i>Managed by Development Department</i>					
Bellevue Manor	126,795	-	126,795 (5)		20,000
Other Projects	107,607	950,400	(842,793) (6)	1.6%	6,550,000
	234,402	950,400	(715,998)	3.6%	6,570,000
<b>Subtotal Development Activity</b>	<b>277,278</b>	<b>1,000,124</b>	<b>(722,845)</b>	<b>4.1%</b>	<b>6,763,697</b>
<b>TOTAL CONSTRUCTION &amp; DEVELOPMENT</b>	<b>\$2,753,037</b>	<b>\$4,610,077</b>	<b>(\$1,857,041)</b>	<b>9.2%</b>	<b>\$29,771,875</b>
<b>PROPERTY ACQUISITIONS &amp; OTHER ASSETS</b>					
Other adjustments	310,813				
<b>TOTAL PER CASH RECONCILIATION REPORT</b>	<b>3,063,850</b>				

- 1) The Ballinger Homes Envelope project was budgeted in 2021, but continued into this year resulting higher than budgeted expenditures. Also, the Lake House Deck Surface repair was budgeted in the 2nd quarter but actual costs were incurred in the first quarter.
- 2) The Young's Lake Envelope project was budgeted evenly through out the year but started in the second quarter due to supply chain issues. The bulk of Young's Lake Sewer Main project was budgeted in the first quarter. However, the project didn't start until late in the first quarter and is expected to be completed in the second quarter.
- 3) The Friendly Village Clubhouse Ventilation and Rainier View Site Improvement projects were budgeted in the first quarter but expected to occur in third quarter.
- 4) The Riverstone Pool/SPA/Hot Tub project was budgeted in the first quarter but expected to occur in the third quarter. Also, the Cascadian Fire Prevention Project budgeted for the first quarter is expected to be postponed to 2023 as the actual cost significantly exceeded budget.
- 5) Mainly due to unbudgeted Bellevue Manor interest on the subordinate loan that was capitalized to the project.
- 6) The Kirkland Heights development is expected to catch up with projections by the end of the third quarter. The Trailhead project is delayed as the authority

## ***CASH AND INVESTMENT SUMMARY***

KCHA cash balances, excluding development activities, increased by \$12.5 million over the first quarter, with most of the change occurring in the workforce housing portfolio. Designated cash increased by \$3.8 million due to voluntary deposits to replacement reserves. Restricted cash increased by \$8.3 million primarily due to deposits in debt service reserves. For a complete report on KCHA's overall cash position at the end of the year, please see page 19.

The overall Return on Investment (ROI) on KCHA investments, including loans made for low-income housing and EPC project purposes, was 0.63%, increasing 11 basis points since last quarter. The average interest rate of the Washington State Treasurer's Local Government Investment Pool (LGIP) for the quarter was 0.23%. Total investment returns for the quarter were very close to the budget at \$866 thousand against a projected return of \$859 thousand.

### **Investment Summary (in millions) as of March 31, 2022**

	Amount	Yield	% of Total
Invested in the Local Government Investment Pool & Masterfund	\$152.1	0.23%	55.5%
Invested by KCHA	66.4	0.68%	24.2%
Cash held by trustees	20.5	0.02% *	7.5%
Cash held in checking and savings accounts	16.5	0.02% *	6.0%
Invested by KCHA	\$255.6	0.33%	93.3%
Cash loaned for low income housing & EPC project purposes	18.5	4.95%	6.7%
Loaned by KCHA	18.5	4.95%	6.7%
Total	\$274.0	0.63%	100.0%

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**King County Housing Authority**  
**Statement of Financial Position**  
**Combined Operations (excluding development activity)**  
**As of March 31, 2022**

	2022 Actual
Cash-Unrestricted	\$98,734,798
Cash-Held by Management Agent	21,124,810
Cash-Designated	98,303,240
Cash-Restricted	34,406,384
Total Cash	252,569,232
Other Current Assets	178,585,820
Long-term Assets	1,758,083,734
Total Other Assets	1,936,669,554
<b>Total Assets</b>	<b>\$2,189,238,786</b>
Current Liabilities	208,697,208
Long-Term Liabilities	1,170,439,630
Total Liabilities	1,379,136,838
Equity	810,101,948
<b>Total Liabilities and Equity</b>	<b>\$2,189,238,786</b>

**King County Housing Authority**  
**Cash Reconciliation Report**  
**Combined Operations (excluding development activity)**  
**For the Period Ended March 31, 2022**

	2022 YTD Actual	2022 YTD Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	\$114,878,746			
Beginning Cash Balance-Designated	94,470,038			
Beginning Cash Balance-Restricted	28,070,222			
Total Beginning Resources	\$237,419,005			
Tenant Revenue	\$37,275,880	\$37,012,547	\$263,332	0.7%
Operating Subsidy from HUD-HCV	47,730,524	47,773,593	(43,069)	(0.1%)
Operating Subsidy from HUD-PH	2,767,249	3,068,596	(301,347)	(9.8%)
Port-In Income	12,777,089	12,679,837	97,252	0.8%
Other Operating Income	7,065,480	8,259,287	(1,193,806)	(14.5%)
Total Operating Income	107,616,222	108,793,860	(1,177,639)	-1.1%
Salaries	(10,684,777)	(11,930,278)	1,245,501	10.4%
Benefits	(3,643,001)	(4,166,006)	523,006	12.6%
Occupancy Expenses	(7,085,487)	(9,103,039)	2,017,552	22.2%
Maintenance Projects	0	0	0	n/a
HAP Expense-KCHA	(40,038,340)	(40,800,789)	762,449	1.9%
HAP Expense-Ports In	(13,651,989)	(13,416,970)	(235,019)	(1.8%)
Other Social Service Expenses	(1,869,781)	(3,795,021)	1,925,240	50.7%
Administrative Expenses	(5,598,183)	(7,047,461)	1,449,278	20.6%
Total Operating Costs	(82,571,557)	(90,259,564)	7,688,007	8.5%
Total Operating Income before P & I	25,044,664	18,534,296	6,510,368	35.1%
Principal Payments	(3,838,188)	(7,622,997)	3,784,809	49.6%
Interest Payments	(8,264,900)	(7,358,758)	(906,142)	(12.3%)
Operating Cash Flow	12,941,576	3,552,541	9,389,035	264.3%
Non-Operating income	2,494,981	2,478,212	16,769	0.7%
Non-Operating Expenses	(51,100)	(1,476,369)	1,425,269	96.5%
Capital Expenditures	(4,516,180)	(8,151,295)	3,635,115	44.6%
Acquisitions/LIHTC Return to KCHA	0	0	0	n/a
Change in Designated Cash	(3,833,203)	40,134	(3,873,337)	(9,650.9%)
Change in Restricted Cash	(6,336,163)	(722,590)	(5,613,572)	(776.9%)
Transfers In/Out	(639,510)	(655,867)	16,357	2.5%
Other Changes in Debt	0	0	0	n/a
Others Sources/(Uses of Cash)	4,920,459	1,945,279	2,975,181	152.9%
Non Operating Net Sources (Uses) of Cash	(7,960,715)	(6,542,497)	(1,418,218)	(21.7%)
Net Change in Unrestricted Cash	\$4,980,862	(\$2,989,956)	\$7,970,817	266.6%
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	\$119,859,608			
Ending Cash Balance-Designated	98,303,240			
Ending Cash Balance-Restricted	34,406,384			
Total Ending Resources	\$252,569,232			

**SUMMARY:** Operating Cash Flow for the first quarter was strong with operating cash flow exceeding budget by \$9.4 million with income slightly under target and expenses below projections.

**Operating Income** was \$1.2 million or 1.1% under target with 82% of the variance on the Federal side of operations, and 18% from the Local Programs and Properties. See the Federal and Local summaries for more details.

**Operating Expenses** are \$7.7 million or 8.5% below budget with 55% of the variance on the Federal side and 45% from the Local programs and properties.

**Other Sources/(Uses) of Cash** was \$1.4 million or 21.7% over budget with \$3.2 million of the variance attributable to the Federal side and -\$1.8 million from the Local programs and properties.

**King County Housing Authority  
Cash Reconciliation Report  
Federal Programs and Properties  
For the Period Ended March 31, 2022**

	2022 Actual	2022 Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	26,497,335			
Beginning Cash Balance-Designated	8,946,065			
Beginning Cash Balance-Restricted	12,251,055			
Total Beginning Resources	47,694,455			
Tenant Revenue	2,000,764	2,931,783	(931,019)	-31.8%
Operating Subsidy from HUD-HCV	47,628,032	47,676,056	(48,024)	-0.1%
Operating Subsidy from HUD-PH	2,767,249	3,068,596	(301,347)	-9.8%
Port-In Income	12,777,089	12,679,837	97,252	0.8%
Other Operating Income	2,083,145	1,871,003	212,142	11.3%
Total Operating Income	67,256,279	68,227,275	(970,996)	-1.4%
Salaries	(3,813,265)	(4,660,071)	846,806	18.2%
Benefits	(1,446,645)	(1,762,232)	315,587	17.9%
Occupancy Expenses	(1,495,550)	(2,481,822)	986,272	39.7%
Maintenance Projects	-	-	-	n/a
HAP Expense-KCHA	(40,038,340)	(40,800,789)	762,449	1.9%
HAP Expense-Ports In	(13,651,989)	(13,416,970)	(235,019)	-1.8%
Other Social Service Expenses	(1,570,247)	(2,521,772)	951,525	37.7%
Administrative Expenses	(2,039,486)	(2,609,468)	569,982	21.8%
Total Operating Costs	(64,055,523)	(68,253,123)	4,197,601	6.2%
Total Operating Income before P & I	3,200,756	(25,848)	3,226,605	12482.9%
Principal Payments	(175,000)	(175,000)	-	0.0%
Interest Payments	(794,864)	(932,096)	137,232	14.7%
Operating Cash Flow	2,230,893	(1,132,944)	3,363,837	296.9%
Non-Operating income	1,388,311	1,238,478	149,833	12.1%
Non-Operating Expenses	0	0	-	n/a
Capital Expenditures	(1,681,895)	(1,897,575)	215,680	11.4%
Acquisitions/LIHTC Return to KCHA	0	0	-	n/a
Change in Designated Cash	(223,270)	507,431	(730,700)	-144.0%
Change in Restricted Cash	1,173,304	1,423,521	(250,217)	-17.6%
Transfers In/Out	(838,905)	(1,228,454)	389,549	31.7%
Other Changes in Debt	0	0	-	n/a
Others Sources/(Uses of Cash)	(3,327,340)	(362,809)	(2,964,531)	-817.1%
Non Operating Net Sources (Uses) of Cash	(3,509,795)	(319,409)	(3,190,387)	-998.8%
Net Change in Unrestricted Cash	(1,278,902)	(1,452,353)	173,450	11.9%
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	25,218,433			
Ending Cash Balance-Designated	9,169,335			
Ending Cash Balance-Restricted	11,077,750			
Total Ending Resources	45,465,518			

**SUMMARY:** Operating Cash Flow for the quarter was below budget by \$3.4 million, with income underperforming projections and costs over performing projections.

**Operating Income** was \$971 thousand or 1.4% under target mainly due to lower than budgeted tenant revenue.

**Operating Expenses** are below budget in all categories. Salaries and Benefits, Occupancy and Other Social Service expenses contributed \$3.1 million or 75% to the total variance.

**Other Sources/(Uses) of Cash** reflected an increase of \$3.2 million, or 998.8% less than target mainly due to the net increase in block grant receivable.



**King County Housing Authority  
Cash Reconciliation Report  
Local Programs and Properties  
For the Period Ended March 31, 2022**

	2022 Actual	2022 Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	88,381,411			
Beginning Cash Balance-Designated	85,523,972			
Beginning Cash Balance-Restricted	15,819,167			
Total Beginning Resources	189,724,550			
Tenant Revenue	35,275,116	34,080,765	1,194,351	3.5%
Operating Subsidy from HUD-HCV	102,492	97,537	4,955	5.1%
Operating Subsidy from HUD-PH	-	-	-	n/a
Port-In Income	-	-	-	n/a
Other Operating Income	4,982,335	6,388,284	(1,405,949)	-22.0%
Total Operating Income	40,359,943	40,566,585	(206,643)	-0.5%
Salaries	(6,871,512)	(7,270,207)	398,696	5.5%
Benefits	(2,196,355)	(2,403,775)	207,419	8.6%
Occupancy Expenses	(5,589,937)	(6,621,217)	1,031,280	15.6%
Maintenance Projects	-	-	-	n/a
HAP Expense-KCHA	-	-	-	n/a
HAP Expense-Ports In	-	-	-	n/a
Other Social Service Expenses	(299,534)	(1,273,249)	973,715	76.5%
Administrative Expenses	(3,558,697)	(4,437,993)	879,296	19.8%
Total Operating Costs	(18,516,035)	(22,006,441)	3,490,407	15.9%
Total Operating Income before P & I	21,843,908	18,560,144	3,283,764	17.7%
Principal Payments	(3,663,188)	(7,447,997)	3,784,809	50.8%
Interest Payments	(7,470,037)	(6,426,662)	(1,043,375)	-16.2%
			-	n/a
Operating Cash Flow	10,710,683	4,685,485	6,025,198	128.6%
Non-Operating income	1,106,671	1,239,734	(133,063)	-10.7%
Non-Operating Expenses	(51,100)	(1,476,369)	1,425,269	96.5%
Capital Expenditures	(2,834,285)	(6,253,720)	3,419,435	54.7%
Acquisitions/LIHTC Return to KCHA	-	-	-	n/a
Change in Designated Cash	(3,609,933)	(467,296)	(3,142,637)	-672.5%
Change in Restricted Cash	(7,509,467)	(2,146,112)	(5,363,355)	-249.9%
Transfers In/Out	199,395	572,587	(373,192)	-65.2%
Other Changes in Debt	-	-	-	n/a
Others Sources/(Uses of Cash)	8,247,800	2,308,088	5,939,712	257.3%
Non Operating Net Sources (Uses) of Cash	(4,450,919)	(6,223,088)	1,772,169	28.5%
Net Change in Unrestricted Cash	6,259,764	(1,537,603)	7,797,367	507.1%
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	94,641,175			
Ending Cash Balance-Designated	89,133,905			
Ending Cash Balance-Restricted	23,328,634			
Total Ending Resources	207,103,714			

**SUMMARY:** Operating Cash Flow was very strong with operating cash flow exceeding budget by \$6 million or 128.6%, while income was close to budget and expenses were less than projections.

**Operating Income** were very close to budget projections with a variance of only -0.5%.

**Operating Expenses** were below budget, by \$3.4 million, due to largely slow spending on occupancy, weatherization and admin expenditures.

**Other Sources/(Uses) of Cash** declined by \$4.3million or 29.9% less than budget projections due to lower MKCRF capital expenditures and housing capital projects. Also, less that budgeted payment from net cash flow distribution on KCHA loans to tax credit partnerships.

**King County Housing Authority**  
**Statement of Financial Position**  
**Development Activity**  
**As of March 31, 2022**

	2022 Actual
Cash-Unrestricted	\$11,892,307
Cash-Held by Management Agent	0
Cash-Designated	0
Cash-Restricted	26,281,947
Total Cash	38,174,254
Other Current Assets	16,403,573
Long-term Assets	233,114,767
Total Other Assets	249,518,340
<b>Total Assets</b>	<b>\$287,692,595</b>
Current Liabilities	\$2,555,734
Long-Term Liabilities	158,245,488
Total Liabilities	160,801,222
Equity	126,891,373
<b>Total Liabilities and Equity</b>	<b>\$287,692,595</b>

**King County Housing Authority**  
**Cash Reconciliation Report**  
**Development Activity**  
**For the Period Ended March 31, 2022**

	<b>2022 Actual</b>	<b>2022 Budget</b>	<b>Favorable (Unfavorable) \$ Variance</b>	<b>Favorable (Unfavorable) % Variance</b>
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	\$14,853,151			
Beginning Cash Balance-Designated	0			
Beginning Cash Balance-Restricted	25,561,646			
Total Beginning Resources	\$40,414,796			
Operating Revenue	611,834	63,165	\$548,669	868.6%
Operating Expenses	(274,197)	(423,840)	149,643	35.3%
			-	n/a
Total Operating Income before P & I	337,637	(360,674)	698,311	193.6%
Change in Debt	1,257,385	12,232,038	(10,974,653)	-89.7%
Interest Payments	(340,062)	(1,051,383)	711,321	67.7%
Non-Operating income	1,008,123	706,874	301,249	42.6%
Non-Operating Expenses	0	0	-	n/a
Capital Expenditures	(253,682)	(18,175,374)	17,921,691	98.6%
Change in Designated Cash	0	0	-	n/a
Change in Restricted Cash	(720,302)	(627,252)	(93,049)	-14.8%
Transfers In/Out	639,510	655,947	(16,437)	-2.5%
Others Sources/(Uses of Cash)	(4,889,452)	1,567,145	(6,456,598)	-412.0%
Non Operating Net Sources (Uses) of Cash	(3,298,481)	(4,692,005)	1,393,524	29.7%
Net Change in Unrestricted Cash	(\$2,960,844)	(\$5,052,679)		
Ending Cash Balance-Unrestricted	\$11,892,307			
Ending Cash Balance-Designated	0			
Ending Cash Balance-Restricted	26,281,947			
Total Ending Resources	\$38,174,254			

**SUMMARY:** Operating Cash Flow for the first quarter exceeded target, coming in over budget by \$698 thousand or 193.6%, with income outperforming projections and expenses less than projections.

**Operating Income** exceeded budget due to the Greenbridge lot sale price participation and PSE weatherization rebate for Abbey Ridge.

**Operating Expenses** were below budget mostly due to salaries and benefits.

**Other Sources/(Uses) of Cash** declined less than anticipated as the budgeted new housing acquisitions has yet to occur.

## FINANCIAL DASHBOARD

### CORE OPERATING REVENUE SOURCES

#### ***Tenant Revenue***

	2022 YTD Actual	2022 YTD Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
Public Housing	\$1,725,285	\$2,095,428	(\$370,143)	(17.7%)
Local-Asset Management	28,952,663	27,264,778	1,687,885	6.2%
Local-Housing Management	6,322,452	6,815,986	(493,534)	(7.2%)
Other	274,457	836,355	(561,898)	(67.2%)
	<b>\$37,274,857</b>	<b>\$37,012,547</b>	<b>\$262,310</b>	<b>0.7%</b>

#### ***Block Grant***

Gross Receipts	\$40,476,852	\$39,517,317	\$959,535	2.4%
Less: Used for HAP	(32,909,039)	(33,560,329)	651,290	1.9%
Less: Used for Admin Fees	(2,412,309)	(2,786,391)	374,082	13.4%
Available for Other Purposes	<b>\$5,155,504</b>	<b>\$3,170,597</b>	<b>\$1,984,907</b>	<b>62.6%</b>

#### ***Other Core Revenues***

Special Purpose Voucher Revenue	\$6,438,812	\$7,506,674	(\$1,067,862)	(14.2%)
HCV Administrative Fee Revenue	3,110,061	3,418,080	(308,019)	(9.0%)
Public Housing Operating Fund Subsidy	2,767,249	3,068,596	(301,347)	(9.8%)
	<b>\$12,316,122</b>	<b>\$13,993,350</b>	<b>(\$1,677,228)</b>	<b>(12.0%)</b>

### CORE OPERATING EXPENSES

	2022 YTD Actual	2022 YTD Budget	Favorable (Unfavorable) \$ Variance	Favorable (Unfavorable) % Variance
Salaries and Benefits	\$14,327,777	\$16,096,284	(\$1,768,507)	(11.0%)
Occupancy Expenses	7,085,487	9,103,039	(2,017,552)	(22.2%)
Administrative Expenses	5,598,183	7,047,461	(1,449,278)	(20.6%)
HAP Expenses-Block Grant	32,933,112	33,580,705	(647,593)	(1.9%)
HAP Expenses-Special Purpose Vouchers	6,995,132	7,149,749	(154,617)	(2.2%)
	<b>\$66,939,692</b>	<b>\$72,977,238</b>	<b>(\$6,037,546)</b>	<b>(8.3%)</b>

## CASH REPORT

*(Excluding development activities)*

	As of March 31, 2022	As of Beginning of Year
<b><i>Cash Available for General KCHA Use</i></b>		
Unstricted Cash	\$73,989,067	\$71,581,723
Cash Set-aside but Available for General Use	40,544,669	40,502,860
Total	114,533,736	112,084,582
<b><i>Cash Designated for Specific Purposes</i></b>		
Held by Outside Property Management Companies	21,124,810	19,931,123
Replacement Reserves	42,408,618	38,818,474
Other	15,349,954	15,148,704
Total	78,883,381	73,898,301
<b><i>Cash that Must be Spent Within Specific Programs</i></b>		
Federal	25,072,667	27,829,502
Local	(326,936)	129,130
Total	24,745,731	27,958,632
<b><i>Cash that is Legally Restricted for Specific Purposes</i></b>		
Federal	11,077,750	8,873,105
Local	23,328,634	17,252,576
	34,406,384	26,125,681
 TOTAL CASH	 \$252,569,232	 \$240,067,196

## S & P RATIOS (Estimates)

### EBITDA\* as a % of Operating Revenue

23.1%

>50%	40% to 50%	30% to 40%	20% to 30%	10% to 20%	<10%
1	2	3	4	5	6

Best

Worst

KCHA had a score of 4 in its most recent ratings report

### Liquidity-the ability of KCHA to pay all expected cash outflows in the coming 12 months, calculated by dividing all forecast resources by forecast uses

6.2

>2.5	1.75 to 2.5	1.25 to 1.75	1.00 to 1.25	0.75 to 1.00	<0.75
1	2	3	4	5	6

Best

Worst

KCHA had a score of 1 in its most recent ratings report

### Debt Profile-The Ability of KCHA to Pay Its Debt Obligations

Ratio of Outstanding Debt to EBITDA\*

10.67

Ratio of EBITDA\* to Annual Interest Payments

4.07

#### Ratio of EBITDA\* to Annual Interest Payments

	>2.5	1.75 to 2.5	1.25 to 1.75	1.00 to 1.25	0.75 to 1.00	<0.75
<10						
10 to 15	2					
15 to 20						
>20						

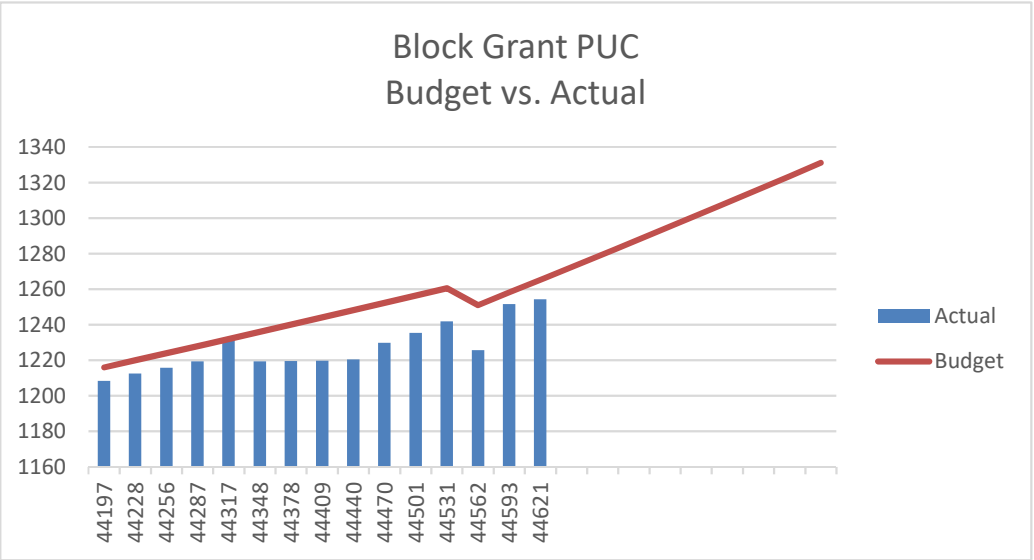
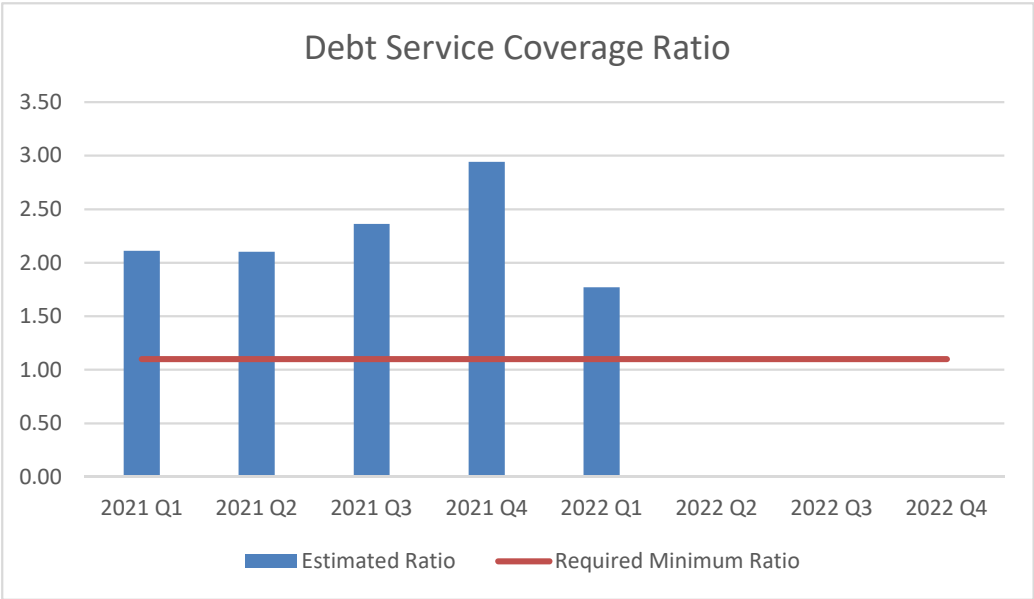
Best

Worst

KCHA had a score of 1 in its most recent ratings report

\* Earnings Before Interest, Taxes, Depreciation and Amortization

# OTHER KEY METRICS



# T A B N U M B E R

8





**TO:** Board of Commissioners

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

**DATE:** July 7, 2022

**RE:** **Second Quarter CY 2022 Procurement Report**

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The second quarter procurement report includes all activity from April through June 2022 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 20 new contracts with an aggregated value of \$13.9 million. These 20 contracts accounted for 99% of the contracts executed in the quarter.

The largest construction contract was \$3,446,000, awarded to Libby Builders for the Gustaves Manor envelope upgrade project managed by the Capital Construction department.

The largest non-construction contract award was to Interim for \$430,551 for housing navigation services. This contract will be managed by the Homeless Housing Department.

### **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 8 condition change orders issued. Two were issued for the Illahee drainage mitigation project due to an extra 80 linear feet of pipe needed to complete the project (originally 12' of pipe was bid for).

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

No change orders of this type were issued in this quarter.

**KING COUNTY HOUSING AUTHORITY  
QUARTERLY PROCUREMENT REPORT  
April-June 2022 (Second Quarter)**

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

Issuing Department	Contract type	Contract Awarded to	Estimate/Budget Amount	Initial Contract Amount	NTE with extensions	Procurement Process	# of bids	Notes
Administrative Services	Security consulting	Tactical Training Academy	\$200,000	\$175,000	\$175,000	RFP	1	New consultant for KCHA.
Asset Management	Kirkland Heights A/E design services, phase 4	SMR	\$635,000	\$634,830	\$634,830	RFO	7	Firm has worked on several KCHA projects successfully.
Asset Management	Asphalt replacement, numerous sites	Lakewood Paving	\$754,254	\$726,220	\$726,220	Sealed	4	Contractor has successfully performed on many KCHA projects.
Asset Management	Cascadian plumbing replacements	Accord	\$988,890	\$1,018,677	\$1,018,677	Sealed	1	Contractor has successfully performed on many KCHA projects.
Asset Management	Kirkland Heights A/E design services, phase 3	SMR	\$1,100,000	\$1,067,729	\$1,067,729	RFO	7	Firm has worked on several KCHA projects successfully.
Capital Construction	Ilalaw Creek re-roofing	Olympic	\$200,000	\$200,480	\$200,480	Cooperative	n/a	Contractor selected from the TIPS Cooperative
Capital Construction	Kirkland Place elevated walkways	Innovative Builders	\$200,431	\$243,434	\$243,434	Sealed	1	New contractor for KCHA.
Capital Construction	Eastridge House elevator upgrades	Cascade Elevator	\$403,795	\$315,005	\$315,005	Sealed	2	New contractor for KCHA. They will do the majority of work, hence lower costs.
Capital Construction	Mari Gras waste line replacement	Vortex	\$308,172	\$400,732	\$400,732	Sealed	1	Contractor has successfully performed on several KCHA projects.
Capital Construction	Park Royal exterior renovations	Innovative Builders	\$1,597,062	\$1,943,373	\$1,943,373	Sealed	1	New contractor for KCHA.
Capital Construction	Gustaves Manor envelope upgrades	Libby Builders	\$3,455,543	\$3,446,000	\$3,446,000	Sealed	1	Contractor has successfully performed on many KCHA projects.
Homeless Housing	Housing Navigation Services	Interim	\$450,000	\$430,551	\$430,551	Sole source	n/a	Provider named as a partner in the original grant opportunity.
HOPE VI	Greenbridge A/E services	Schemata	\$419,000	\$253,032	\$253,032	RFO	5	Firm has worked on several KCHA projects successfully.
Maintenance	Flooring services	345 Construction	\$500,000	\$500,000	\$500,000	RFP	2	New contractor for KCHA.
Maintenance	Fire & life safety systems testing	Smith Fire Systems	\$500,000	\$500,000	\$500,000	RFP	1	Contractor has provided these services for KCHA successfully.
Maintenance	Elevator services	Elec	\$420,000	\$420,000	\$1,000,000	Cooperative	n/a	Contractor selected from State of WA vendor list for elevator services. Contractor had prior KCHA contract.
Resident Services	Data management systems	Social Solutions	\$200,000	\$127,571	\$200,000	Sole source	n/a	The firm is still developing data management systems and KCHA needs uninterrupted services.
Weatherization	Heron Run mech/elec	Resicon	\$252,835	\$220,485	\$220,485	Sealed	2	Contractor has successfully performed on many KCHA projects. Woman owned company.
Weatherization	Heron Landing mechanical	Resicon	\$202,281	\$234,209	\$234,209	Sealed	2	Contractor has successfully performed on many KCHA projects. Woman owned company.
Weatherization	Plum Court mechanical/electrical upgrades	Apollo	\$264,826	\$200,664	\$200,664	Sealed	3	New contractor for KCHA. Minority owned business.
<b>Total</b>			<b>\$13,026,008</b>	<b>\$13,276,983</b>	<b>\$13,868,412</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)
Administrative Services	Software selection consulting	Soft Resources	\$36,200	\$0	\$68,000	1	\$104,200	188%	Human resources software in need of updating.
Asset Management	Abbey Ridge design services	SMR	\$770,397	\$68,028	\$1,000	1	\$838,425	12%	Sealac requested re-built drawings of the project.
Asset Management	Abbey Ridge building renovations	Allied	\$102,745,000	\$7,554,730	\$0,428	1	\$27,320,728	26%	Pool deck, panel lockers, roof repairs from solar installs. Knot boxes, mold remediation.
Asset Management	Emerson Apt. deck replacements	Ace Improvements	\$37,231	\$0	\$7,000	1	\$44,231	19%	Kirkland requested a full set of design documents.
Capital Construction	Ilalaw drainage mitigations	Libby	\$8,273	\$500	\$48,850	2	\$58,433	568%	Sump pump modifications.
Resident Services	Five year planning	Athena Group	\$65,000	\$0	\$75,000	1	\$140,000	115%	Firm requested to do additional surveys, discussion groups and languages.
Resident Services	Moving services	Reliable	\$500,000	\$0	\$500,000	1	\$750,000	25%	Additional funds needed due to increases of residents moving.
Weatherization	Healthy Homes services	Seattle-KC Health Dept.	\$64,812	\$0	\$70,216	1	\$135,028	108%	Additional funds to take on 20 new clients.
<b>Total</b>			<b>\$21,133,393</b>	<b>\$7,623,158</b>	<b>\$460,524</b>	<b>9</b>	<b>\$29,217,075</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)
NONE ISSUED THIS QUARTER									
<b>Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>		

\*NTE = Not To Exceed

# T A B N U M B E R

9



**To:** Board of Commissioners

**From:** Tonya Harlan, Director of Human Resources

**Date:** July 18, 2022

**Re:** **KCHA Office Re-opening Status Update**

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In March 2022 Craig Violante and Tonya Harlan provided an overview of KCHA's pandemic related re-opening activities. At the July 18, 2022 KCHA Board of Commissioners Meeting, I will provide a high-level update on KCHA's these efforts.

This briefing will contain a status update on the following:

- The new Alternative Work Arrangement policy which will include the ability for some staff to continue to work remotely for some percentage of their work week, resulting in a "hybrid" workplace with some employees in the office and some working remotely.
- Training for staff around how to manage remote workers and how to be an effective and efficient employee in a hybrid work environment.
- The technological needs of a hybrid work place.
- Enhanced security needs.
- Space planning, revolving around the need for desk/office sharing and the use of "hot desks" for employees to use on an as-needed basis.

While not all aspects of the policies and operational changes necessary to address these complex issues have been solidified, this briefing will inform the Board of KCHA's progress.