



SPECIAL HYBRID MEETING OF THE BOARD OF COMMISSIONERS

**Tuesday, December 19, 2023
11:00 am**

Webinar Meeting:

<https://kcha-org.zoom.us/j/82653337458>

Meeting ID: 826 5333 7458

Phone: (253) 205-0468



SPECIAL HYBRID MEETING OF THE BOARD OF COMMISSIONERS AGENDA

Tuesday, December 19, 2023 - 11:00 a.m.

King County Housing Authority - West Wing Conference Room
600 Andover Park West, Tukwila, WA 98188

- I. Call to Order**
- II. Roll Call**
- III. Public Comment**
- IV. Approval of Minutes** **1**
 - A. Board Meeting Minutes – November 13, 2023
- V. Approval of Agenda**
- VI. Consent Agenda**
 - A. Voucher Certification Reports for October 2023 **2**
 - B. New Bank Accounts **3**
- VII. Resolutions for Discussion**
 - A. Resolution No. 5761** **4**
Higher Payment Standards
 - B. Resolution No. 5762 –** **5**
Authorizing Approval of the Comprehensive Operating
and Capital Budgets for Calendar Year Beginning January 1, 2024

VIII. Briefings & Reports

- A. Community Indicators **6**
- B. Third Quarter 2023 Executive Dashboard **7**
- C. Third Quarter 2023 Financial Report **8**

IX. Executive Director Report

X. Executive Session

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

XI. KCHA in the News **9**

XII. Commissioner Comments

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

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

Monday, November 13, 2023

I. CALL TO ORDER

The monthly meeting of the King County Housing Authority Board of Commissioners was held as a hybrid meeting on Monday, November 13, 2023. There being a quorum, the hybrid meeting was called to order by Chair Barnes at 3:07 p.m.

II. ROLL CALL

Present: Commissioner Doug Barnes (Chair) (via Zoom), Commissioner Regina Elmi (via zoom), Commissioner TerryLynn Stewart (via Zoom) and Commissioner Richard Jackson (via Zoom).

Excused: Commissioner Richard Harmon

III. PUBLIC COMMENT

Resident Cindy Ference gave public comment in writing.

IV. APPROVAL OF MINUTES

A. Board Meeting Minutes – October 23, 2023

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Richard Jackson, the Board unanimously approved the October 23, 2023 Meeting Minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Richard Jackson, the Board unanimously approved the November 13, 2023 hybrid Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

A. Voucher Certification Reports for September 2023

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Richard Jackson, the Board unanimously approved the November 13, 2023 hybrid Board of Commissioners' meeting consent agenda.

VII. RESOLUTIONS FOR DISCUSSION

A. Resolution No. 5760 – A Resolution Authorizing Acquisition of the Henry House Apartments

Tim Walter, Senior Vice President of Development & Asset Management gave the details of the Henry House Apartments.

Henry House Apartments is a 54 unit complex located in Shoreline. There are 36 two bedroom units and six three bedroom units. There are 39 Section 8 supported households that would be at risk of displacement if the contract is terminated. If acquired by a private investor, it is possible this property would be lost as a low income housing asset for the County.

Questions of Commissioners were answered.

On motion by Commissioner TerryLynn Stewart, and seconded by Commissioner Regina Elmi, the Board unanimously approved Resolution 5760.

VIII. BRIEFINGS & REPORTS

A. Third Quarter 2023 Write-Off Report

Saeed Hajarizadeh, Executive VP of Administration/Chief Administrative Officer reported the total for the third quarter and the reasoning behind the amount.

IX. EXECUTIVE DIRECTOR REPORT

Robin Walls, President/CEO gave news updates.

- On October 5, 2023, KCHA was in attendance at the National Association of Housing and Redevelopment Officials (NAHRO) 2023 National Conference. It's the largest Association for public housing authorities. KCHA was recognized with an Award of Merit for the Neighborhood Early Learning Connectors Program. Cari Ianni received the award for KCHA. Congratulations to Social Impact for this award. Commissioner Jackson was also in attendance.

X. EXECUTIVE SESSION

- A. This special meeting in executive session is held to receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f)) and to review the performance of a public employee (RCW 42.30.110 (1) (g)).
and
- B. Under RCW 42.30.110 (1) (f) (i), to discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency,

the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

3:53pm – Board meeting was suspended.

5:08pm – Board meeting was re-convened.

XI. OTHER BUSINESS

A. Potential action following Executive Session

Commissioner TerryLynn Stewart motioned to authorize the Chair to issue a Board letter to an employee, and seconded by Commissioner Richard Jackson, the Board unanimously approves.

XII. KCHA IN THE NEWS

None.

XIII. COMMISSIONER COMMENTS

None.

XIV. ADJOURNMENT

Chair Barnes adjourned the meeting at 5:09 p.m.

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

ROBIN WALLS
Secretary

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To: Board of Commissioners
From: Mary Osier, Accounting Manager
Date: December 8, 2023
Re: **VOUCHER CERTIFICATION FOR OCTOBER 2023**

I, Mary Osier, 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.

 Mary Osier
 Accounting Manager
 December 8, 2023

Bank Wires / ACH Withdrawals		7,427,780.86
	<i>Subtotal</i>	7,427,780.86
Accounts Payable Vouchers		
Key Bank Checks - #348073-348549		5,708,763.49
Tenant Accounting Checks - #11975-12016		53,339.52
	<i>Subtotal</i>	5,762,103.01
Payroll Vouchers		
Checks - #93561-93565 & 93579-93595		26,742.55
Direct Deposit		2,298,428.80
	<i>Subtotal</i>	2,325,171.35
Section 8 Program Vouchers		
Checks - #645998-646414		405,877.50
ACH - #591324-594020		21,507,092.04
	<i>Subtotal</i>	21,912,969.54
Purchase Card / ACH Withdrawal		495,743.36
	<i>Subtotal</i>	495,743.36
	GRAND TOTAL	\$ 37,923,768.12

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	10/04/2023	\$ 9,031.16	AP & PAYROLL	
Hampton Greens	10/04/2023	\$ 28,434.25	AP & PAYROLL	
Kendall Ridge	10/04/2023	\$ 13,510.04	AP & PAYROLL	
Landmark	10/04/2023	\$ 24,559.66	AP & PAYROLL	
Riverstone	10/04/2023	\$ 25,849.11	AP & PAYROLL	
Woodside East	10/04/2023	\$ 21,376.86	AP & PAYROLL	
ALPINE RIDGE	10/05/2023	\$ 3,742.24	AP	
ARBOR HEIGHTS	10/05/2023	\$ 18,555.03	AP	
Aspen Ridge	10/05/2023	\$ 8,543.64	AP	
Auburn Square	10/05/2023	\$ 12,910.97	AP	
Carriage House	10/05/2023	\$ 9,466.34	AP	
CASCADIAN	10/05/2023	\$ 12,144.87	AP	
Colonial Gardens	10/05/2023	\$ 13,974.89	AP	
FAIRWOOD	10/05/2023	\$ 15,787.95	AP	
HERITAGE PARK	10/05/2023	\$ 7,349.78	AP	
Kirkland Heights	10/05/2023	\$ 39,000.00	AP	
LAURELWOOD ACCOUNT	10/05/2023	\$ 7,591.88	AP	
Meadows	10/05/2023	\$ 3,946.26	AP	
Salish Place	10/05/2023	\$ 29,475.56	AP	
OVERLAKE	10/05/2023	\$ 17,928.18	AP	
Parkwood	10/05/2023	\$ 4,907.41	AP	
Pinewood Village	10/05/2023	\$ 11,663.40	AP	
RAINIER VIEW I	10/05/2023	\$ 19,956.86	AP	
RAINIER VIEW II	10/05/2023	\$ 11,986.72	AP	
SALMON CREEK	10/05/2023	\$ 11,500.72	Bank Fees	
SALMON CREEK	10/05/2023	\$ 7,386.07	Bank Fees	
SALMON CREEK	10/05/2023	\$ 1,093.29	Bank Fees	
SALMON CREEK	10/05/2023	\$ 967.02	Bank Fees	

Sandpiper East	10/05/2023	\$ 6,231.04	AP
SI VIEW	10/05/2023	\$ 17,959.48	AP
SOUTHWOOD SQUARE	10/05/2023	\$ 4,417.27	AP
Tall Cedars	10/05/2023	\$ 5,938.05	AP
The Newporter	10/05/2023	\$ 3,668.27	AP
Timberwood	10/05/2023	\$ 6,584.44	AP
Vashon Terrace	10/05/2023	\$ 5,467.56	AP
Walnut Park	10/05/2023	\$ 8,560.91	AP
WINDSOR HEIGHTS	10/05/2023	\$ 91,825.19	AP
Woodridge Park	10/05/2023	\$ 30,146.21	AP
Cottonwood	10/06/2023	\$ 21,113.25	AP & PAYROLL & OCR
Cove East	10/06/2023	\$ 25,897.00	AP & PAYROLL & OCR
Juanita View	10/06/2023	\$ 28,095.18	AP & PAYROLL & OCR
NIA	10/06/2023	\$ 44,498.25	AP & PAYROLL & OCR
Plum Court	10/06/2023	\$ 15,154.90	AP & PAYROLL & OCR
SALMON CREEK	10/06/2023	\$ 58,811.78	AP & PAYROLL & OCR
SEOLA CROSSING	10/06/2023	\$ 110,776.59	AP & PAYROLL & OCR
SEOLA CROSSING	10/06/2023	\$ 78,369.38	AP & PAYROLL & OCR
Argyle	10/11/2023	\$ 58,631.56	AP & PAYROLL
Ballinger Commons	10/11/2023	\$ 250,207.47	AP & PAYROLL
Bellepark	10/11/2023	\$ 17,035.74	AP
Emerson	10/11/2023	\$ 79,780.06	AP & PAYROLL
GILMAN SQUARE	10/11/2023	\$ 142,727.70	AP & PAYROLL
Hampton Greens	10/11/2023	\$ 82,881.77	AP
Kendall Ridge	10/11/2023	\$ 68,263.73	AP
Landmark	10/11/2023	\$ 22,949.97	AP
Meadowbrook	10/11/2023	\$ 31,879.28	AP & PAYROLL
Riverstone	10/11/2023	\$ 83,399.73	AP
Surrey Downs	10/11/2023	\$ 93,451.52	AP & PAYROLL
Villages at South Station	10/11/2023	\$ 74,567.09	AP & PAYROLL
Woodside East	10/11/2023	\$ 35,229.59	AP
ALPINE RIDGE	10/12/2023	\$ 11,254.34	AP & PAYROLL
ARBOR HEIGHTS	10/12/2023	\$ 25,390.01	AP & PAYROLL
Aspen Ridge	10/12/2023	\$ 30,424.15	AP & PAYROLL
Auburn Square	10/12/2023	\$ 19,250.17	AP & PAYROLL
Carriage House	10/12/2023	\$ 23,968.28	AP & PAYROLL
Carrington	10/12/2023	\$ 28,639.65	AP & PAYROLL
CASCADIAN	10/12/2023	\$ 24,999.93	AP & PAYROLL
Colonial Gardens	10/12/2023	\$ 13,547.16	AP & PAYROLL
FAIRWOOD	10/12/2023	\$ 21,569.19	AP & PAYROLL

HERITAGE PARK	10/12/2023	\$ 38,851.60	AP & PAYROLL
LAURELWOOD	10/12/2023	\$ 19,173.07	AP & PAYROLL
Meadows	10/12/2023	\$ 12,245.27	AP & PAYROLL
Saish Place	10/12/2023	\$ 34,666.32	AP & PAYROLL
OVERLAKE	10/12/2023	\$ 66,791.17	AP & PAYROLL
Parkwood	10/12/2023	\$ 28,696.24	AP & PAYROLL
Pinewood Village	10/12/2023	\$ 51,037.27	AP & PAYROLL
Plum Court	10/12/2023	\$ 15,398.95	AP & PAYROLL
RAINIER VIEW I	10/12/2023	\$ 5,654.29	AP
RAINIER VIEW II	10/12/2023	\$ 3,342.40	AP
Sandpiper East	10/12/2023	\$ 82,360.32	AP & PAYROLL
SI VIEW	10/12/2023	\$ 500.00	AP
SOUTHWOOD SQUARE	10/12/2023	\$ 23,863.11	AP & PAYROLL
Tall Cedars	10/12/2023	\$ 12,586.19	AP & PAYROLL
The Newporter	10/12/2023	\$ 19,624.52	AP & PAYROLL
Timberwood	10/12/2023	\$ 17,596.69	AP & PAYROLL
Vashon Terrace	10/12/2023	\$ 305.50	AP
Walnut Park	10/12/2023	\$ 33,312.49	AP & PAYROLL
WINDSOR HEIGHTS	10/12/2023	\$ 103,750.96	AP & PAYROLL
Woodridge Park	10/12/2023	\$ 32,402.77	AP & PAYROLL
Bellepark	10/18/2023	\$ 6,643.91	AP
Hampton Greens	10/18/2023	\$ 32,007.53	AP
Kendall Ridge	10/18/2023	\$ 92,277.23	AP
Landmark	10/18/2023	\$ 10,765.45	AP
Riverstone	10/18/2023	\$ 31,773.75	AP
Woodside East	10/18/2023	\$ 29,469.79	AP
ALPINE RIDGE	10/19/2023	\$ 10,510.43	AP
ARBOR HEIGHTS	10/19/2023	\$ 759.59	AP
Aspen Ridge	10/19/2023	\$ 7,484.83	AP
Auburn Square	10/19/2023	\$ 7,734.68	AP
Bellepark	10/19/2023	\$ 10,030.05	AP
Carriage House	10/19/2023	\$ 4,020.31	AP
Carrington	10/19/2023	\$ 32,844.28	AP
CASCADIAN	10/19/2023	\$ 3,333.57	AP
Colonial Gardens	10/19/2023	\$ 494.64	AP
FAIRWOOD	10/19/2023	\$ 9,002.84	AP
Hampton Greens	10/19/2023	\$ 27,401.89	AP
HERITAGE PARK	10/19/2023	\$ 12,511.74	AP
Kendall Ridge	10/19/2023	\$ 13,688.44	AP
Kirkland Heights	10/19/2023	\$ 26,600.00	AP

Landmark	10/19/2023	\$ 17,778.32	AP
LAURELWOOD	10/19/2023	\$ 710.88	AP
Meadows	10/19/2023	\$ 26,680.06	AP
Salish Place	10/19/2023	\$ 27,145.15	AP
OVERLAKE	10/19/2023	\$ 22,989.55	AP
Parkwood	10/19/2023	\$ 11,769.83	AP
Pinewood Village	10/19/2023	\$ 12,485.74	AP
Plum Court	10/19/2023	\$ 11,520.67	AP
RAINIER VIEW I	10/19/2023	\$ 7,617.40	AP
RAINIER VIEW II	10/19/2023	\$ 4,111.30	AP
Riverstone	10/19/2023	\$ 26,214.79	AP
Sandpiper East	10/19/2023	\$ 8,133.78	AP
SI VIEW	10/19/2023	\$ 4,328.63	AP
SOUTHWOOD SQUARE	10/19/2023	\$ 5,463.89	AP
The Newporter	10/19/2023	\$ 8,253.08	AP
Timberwood	10/19/2023	\$ 13,554.70	AP
Vashon Terrace	10/19/2023	\$ 525.15	AP
Walnut Park	10/19/2023	\$ 18,503.01	AP
WINDSOR HEIGHTS	10/19/2023	\$ 45,460.24	AP
Woodridge Park	10/19/2023	\$ 59,789.35	AP
Woodside East	10/19/2023	\$ 18,206.71	AP
Cottonwood	10/23/2023	\$ 18,882.67	AP & PAYROLL
Cove East	10/23/2023	\$ 77,686.54	AP & PAYROLL
Juanita View	10/23/2023	\$ 25,698.28	AP & PAYROLL
NIA	10/23/2023	\$ 26,922.51	AP & PAYROLL
SALMON CREEK	10/23/2023	\$ 25,054.89	AP & PAYROLL
SEOLA CROSSING	10/23/2023	\$ 25,338.77	AP & PAYROLL
SEOLA CROSSING	10/23/2023	\$ 20,281.42	AP & PAYROLL
Argyle	10/25/2023	\$ 29,889.63	AP & PAYROLL
Ballinger Commons	10/25/2023	\$ 143,473.92	AP & PAYROLL
Bellepark	10/25/2023	\$ 1,597.39	AP
Emerson	10/25/2023	\$ 87,540.73	AP & PAYROLL
GILMAN SQUARE	10/25/2023	\$ 77,259.55	AP & PAYROLL
Hampton Greens	10/25/2023	\$ 107,609.01	AP
Kendall Ridge	10/25/2023	\$ 34,127.79	AP
Landmark	10/25/2023	\$ 3,276.72	AP
Meadowbrook	10/25/2023	\$ 49,450.59	AP & PAYROLL
Riverstone	10/25/2023	\$ 66,543.77	AP
Surrey Downs	10/25/2023	\$ 57,710.98	AP & PAYROLL
Villages at South Station	10/25/2023	\$ 66,637.13	AP & PAYROLL

Woodside East	10/25/2023	\$ 21,590.92	AP
ALPINE RIDGE	10/26/2023	\$ 4,956.22	AP & PAYROLL
ARBOR HEIGHTS	10/26/2023	\$ 36,447.87	AP & PAYROLL
Argyle	10/26/2023	\$ 11,060.00	AP & PAYROLL
Aspen Ridge	10/26/2023	\$ 18,575.69	AP & PAYROLL
Auburn Square	10/26/2023	\$ 32,689.04	AP & PAYROLL
Carriage House	10/26/2023	\$ 16,104.68	AP & PAYROLL
Carrington	10/26/2023	\$ 7,778.21	AP & PAYROLL
CASCADIAN	10/26/2023	\$ 16,260.63	AP & PAYROLL
Colonial Gardens	10/26/2023	\$ 12,337.26	AP & PAYROLL
FAIRWOOD	10/26/2023	\$ 10,938.07	AP & PAYROLL
HERITAGE PARK	10/26/2023	\$ 12,020.39	AP & PAYROLL
LAURELWOOD ACCOUNT	10/26/2023	\$ 19,191.76	AP & PAYROLL
Meadows	10/26/2023	\$ 25,471.37	AP & PAYROLL
Newport	10/26/2023	\$ 21,143.65	AP & PAYROLL
OVERLAKE	10/26/2023	\$ 33,344.03	AP & PAYROLL
Parkwood	10/26/2023	\$ 7,432.79	AP & PAYROLL
Pinewood Village	10/26/2023	\$ 30,793.75	AP & PAYROLL
Plum Court	10/26/2023	\$ 98,670.69	AP & PAYROLL
RAINIER VIEW I	10/26/2023	\$ 4,364.63	AP
RAINIER VIEW II	10/26/2023	\$ 2,177.82	AP
Sandpiper East	10/26/2023	\$ 112,254.85	AP & PAYROLL
SI VIEW	10/26/2023	\$ 6,065.03	AP
SOUTHWOOD SQUARE	10/26/2023	\$ 11,750.93	AP & PAYROLL
The Newporter	10/26/2023	\$ 22,101.57	AP & PAYROLL
Timberwood	10/26/2023	\$ 39,684.60	AP & PAYROLL
Vashon Terrace	10/26/2023	\$ 322.34	AP
Walnut Park	10/26/2023	\$ 26,671.71	AP & PAYROLL
WINDSOR HEIGHTS	10/26/2023	\$ 40,564.87	AP & PAYROLL
Woodridge Park	10/26/2023	\$ 37,194.15	AP & PAYROLL
Total	179 Wires	\$ 5,203,901.12	

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To: Board of Commissioners

From: Saeed Hajarizadeh, EVP Administrative Services /Chief Administrative Officer

Date: December 1, 2023

Re: **New Bank Accounts**

Since the last Board meeting KCHA opened 3 new bank accounts.

Bank: Bank of America

- Sterling Ridge - Depository

Bank: Northwest Bank

- Sterling Ridge - Operating Trust
- Sterling Ridge - Security Deposit Trust

Purpose:

The Authority opened a depository account with Bank of America that will be used to receive and hold all income for the property and issue wires to the operating account which pays the property's expenses.

The Operating Trust Account will be used to receive and hold property income. The account also will pay operating expenses related to the property.

The Security Deposit Trust account will be used to hold tenants security deposits. Transactions will include and be limited to deposits from the depository account and transfers to the operating account for tenant refunds. KCHA policy requires tenant security deposits and the practice is to hold security deposits in separate bank accounts.

Property Name	Property Type	Property Managed by	Legal Account Owner	Legal Name of Account	Account Purpose	Account Number	Type of Bank Account	Bank	Date Opened	Purpose/Reason Account needed	Types of account activity to be expected
Sterling Ridge	Bond	Allied	KCHA	Housing Authority of the County of King	Dipository	105000371003	Checking	Bank of America	11/10/23	New Acquisition	Receive and hold all income for property. Issue wires to operating accounts which pay property expenses.
Sterling Ridge	Bond	Allied	Allied	King County Housing Authority DBA Sterling Ridge Operating Trust	Operating	100099310	Checking	Northwest Bank	11/10/23	New Acquisition	Receive funds from Depository to issue checks for operating expenses of property
Sterling Ridge	Bond	Allied	Allied	King County Housing Authority DBA Sterling Ridge Security Deposit Trust	Security Deposit Trust	100099328	Checking	Northwest Bank	11/10/23	New Acquisition	Hold tenant security deposits

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To: Board of Commissioners

From: Pam Taylor, Senior Vice President of HCV

Date: December 19, 2023

Re: **Resolution No. 5761** Authorizing Higher Payment Standards for the Housing Choice Voucher Program

As the Director of the HCV department, it is my commitment to ensure that our voucher holders have access to affordable housing options in the community. This continues to be a challenging task, especially considering the rising housing costs and the limited funding available for our programs.

We analyzed the data over the past year and considered the impact of the previous increases. The conclusion we came to is that our payment standards for some areas in our jurisdiction are not keeping up with the growing rate of rental costs in the market. Additionally, we are noticing a sharp increase in the number of households that are considered “rent burdened”, where more than 40% of their income is toward their housing costs.

After much deliberation, we have decided that raising the payment standards to the tax credit minimum would allow the agency to respond to the immediate need of our clients, while preventing our change from leading the market. KCHA will be conducting an analysis on HUD’s Small Area Fair Market Rents (SAFMR), to determine if this calculation for payment standards is more effective than our current tier system or if there is a need to redesign our current tier assignments for each zip code. Information gathered from this analysis will be a substantial resource for how we will proceed at the mid-year payment standards review in 2024.

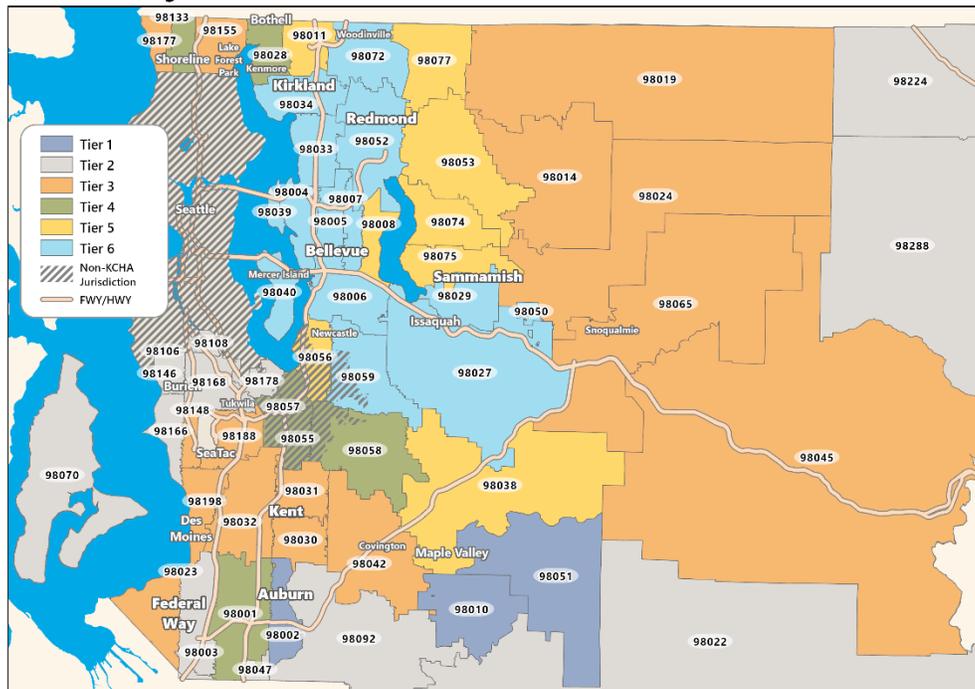
We collaborated with our front-line staff which confirmed our recommendation that our current payment standards are not effective in some areas in our jurisdiction, and that further analysis on the layout of our tier system is needed. In the end, we were proud of our commitment to responsible stewardship of the program and to the needs of our clients.

Summary of 2023 Year Payment Standards Analysis by Social Impact¹

Background

Traditionally, housing authorities have a single payment standard set by HUD, based on 40 percent of units being affordable with a voucher (referred to as the 40th percentile). KCHA implemented multi-tiered standards in 2016, setting different payment standards for different regions of the county (see Exhibit 1), and began conducting biannual reviews of payment standards in 2018. Social Impact research & evaluation staff conducts the analysis in support of HCV decision-making; reviews occur at the middle (June) and end (December) of each year. The purpose of the reviews 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.

KCHA Payment Standard Tiers



Current 2BR Payment Standard (last adjusted at mid-2022 review)	
Tier 1	\$1,720
Tier 2	\$1,820
Tier 3	\$1,960
Tier 4	\$2,130
Tier 5	\$2,480
Tier 6	\$2,740

HCV last raised payment standards at the 2022 mid-year review in response to significant price increases in the rental market, as well as low shopping success, particularly in larger bedroom sizes. Additionally, low vacancy rates and a continued influx of higher income technology workers were all pressuring the rental market upward.² From summer of 2022 to June 2023, rents stabilized, in part due to the completed construction of a number of new multi-family buildings, as well as downsizing in the tech sector and a wave of move-outs by tech employees.³ Due to the payment standards being competitive in the market at that time, and in discussion with HCV, there was a consensus to not increase the payment standards. While rents on the Eastside have remained relatively stable over the last year,⁴ they have been increasing in South King County, particularly for more affordable units.⁵

¹ Extensive analysis is performed for each review, only a portion of which is included in this report. Additional data and analysis are available upon request.

² CoStar Seattle Multi-Family Market Report, June 13th 2023 at pages 2, 4.

³ CoStar Seattle Multi-Family Market Report, June 13th 2023, page 4.

⁴ CoStar Bellevue Multi-Family Market Report, December 4th 2023 at pages 6-7.

⁵ CoStar Burien/Des Moines/SeaTac Multi-Family Market Report, December 4th 2023 at pages 6; CoStar Kent Multi-Family Market Report, December 4th 2023 at pages 6.

Meeting Our Goals

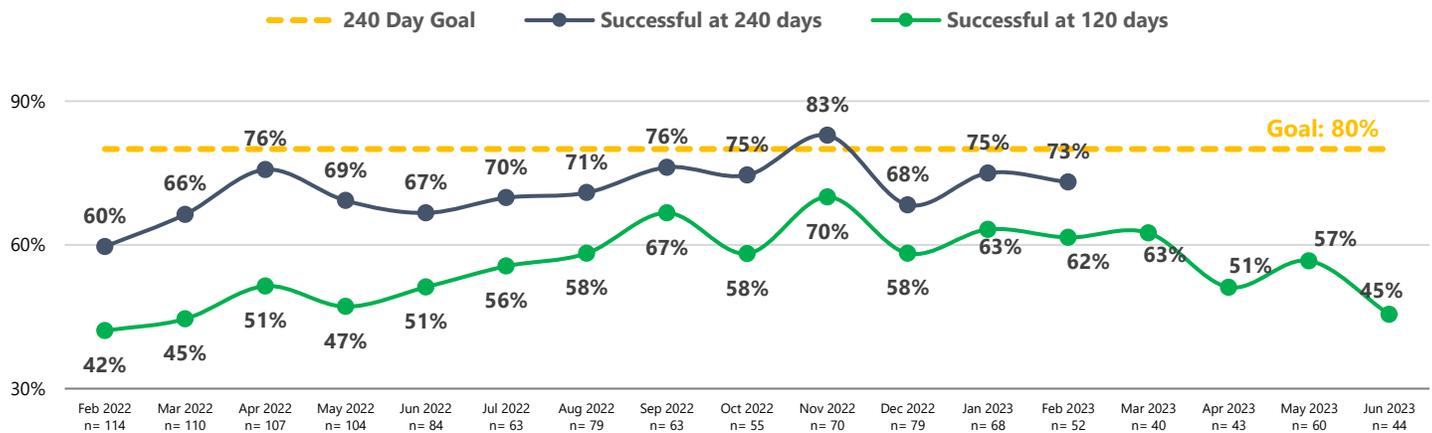
We have four data-driven goals in mind when determining our payment standard amounts, in addition to trying to meet the 40th percentile of affordable units:

- 1) Support shopping success: if we don't set our payment standards at the right amount, families will struggle to find a place that they can afford.
- 2) Limiting shelter burden: if our payment standards are too low, families end up paying more costs out of pocket and will become shelter burdened.
- 3) Increasing geographic choice: we want families to find a unit in any area of the county they want to live in, not just the most affordable areas.
- 4) Ensure cost containment: by having lower payment standards in more affordable areas, we ensure that the agency is not overspending on housing costs.

Shopping Success

In our last review there was significant variability with the success of voucher holders as evident in the chart below for the months of September 2022 through January 2023. Since that period of time, we have seen decline in our success at both 120 and 240 days. Most notably, our current success rate for the June 2023 households are the lowest since March 2022 (45%). While payment standards are only one factor in one's ability to secure housing, conversations with our staff have revealed that searches in more affordable tiers has been more difficult due the payment standards not being as competitive as the higher, more expensive tiers.

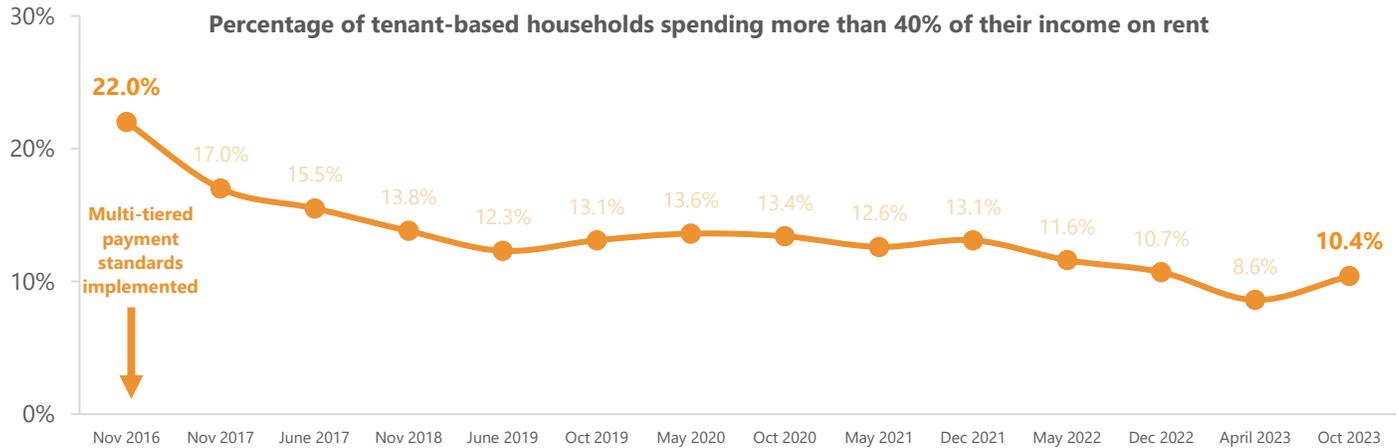
Exhibit 2: Shopping Success Trends



Limiting Rent Burden

In our last review, we celebrated the success of our multi-tiered payment standards due to the rent burden rate dropping to a record low at 8.6%. Rent burden is defined as a household paying more than 40% of their income on housing. Unfortunately, we have started to see a sharp rise in the number of households considered “rent burdened”. This is the largest rise in rent burden since we began our multi-tiered payment standards. The majority of households that are impacted by this increase reside in our lower tiers (1-3).

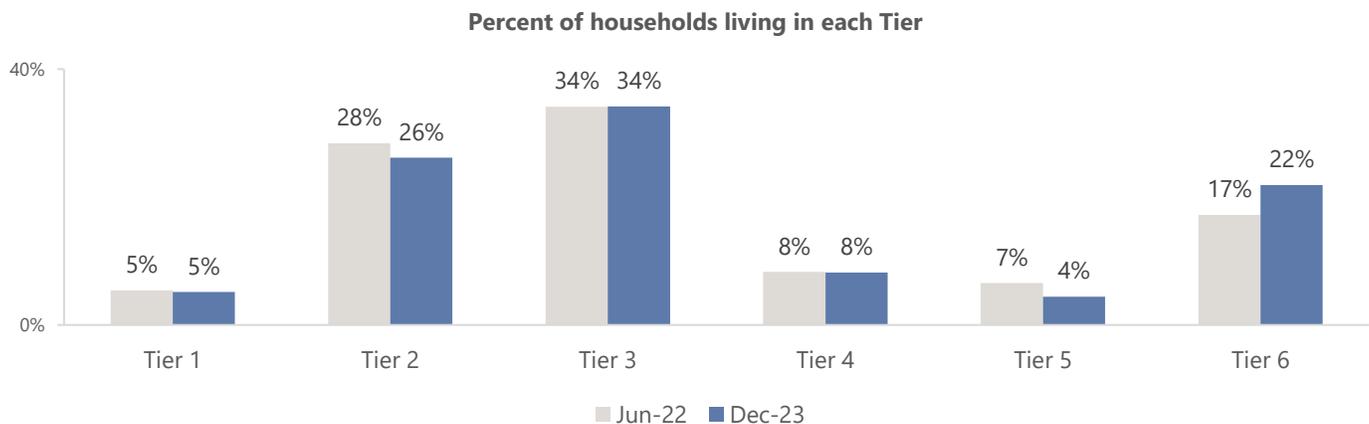
Exhibit 3: Rent Burden Trend



Increasing Geographic Choice

The vast majority of households live in South King County, which is primarily lower-cost Tiers 2 and 3. However, in the last year, the portions of households living in these tiers has dropped, and more families are leasing up in lower poverty, higher opportunity neighborhoods than ever before (see Exhibit 4). Almost 1 in 5 KCHA households now live in Tier 6, which encompasses most of the Eastside. Even with the migration of household to higher tiers, it is imperative that KCHA maintains competitive payment standards in its lower tiers for household who desire to live there.

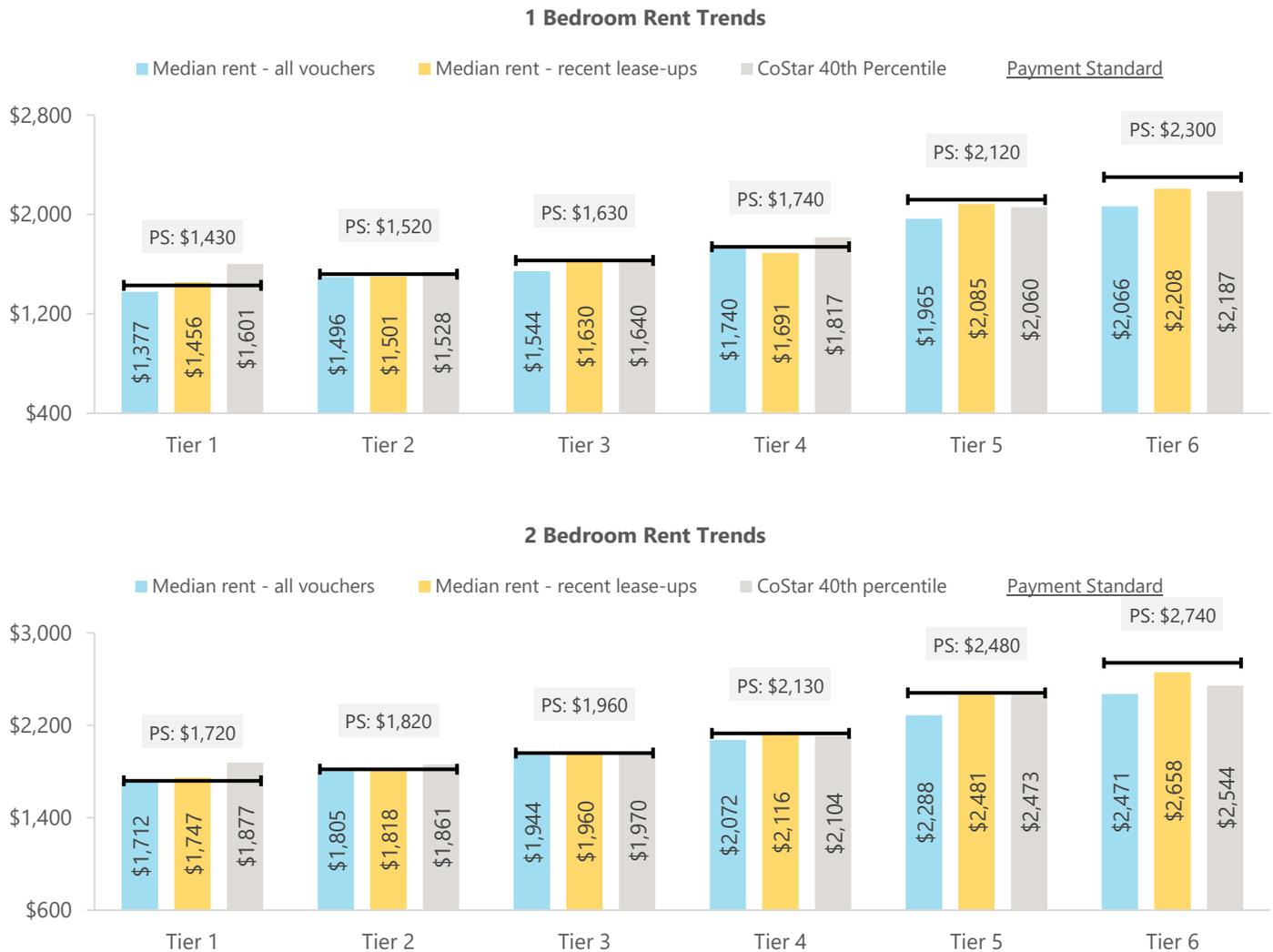
Exhibit 4: HCV Households by Tier, 2022 vs 2023



Market Rents and Changes Over Time

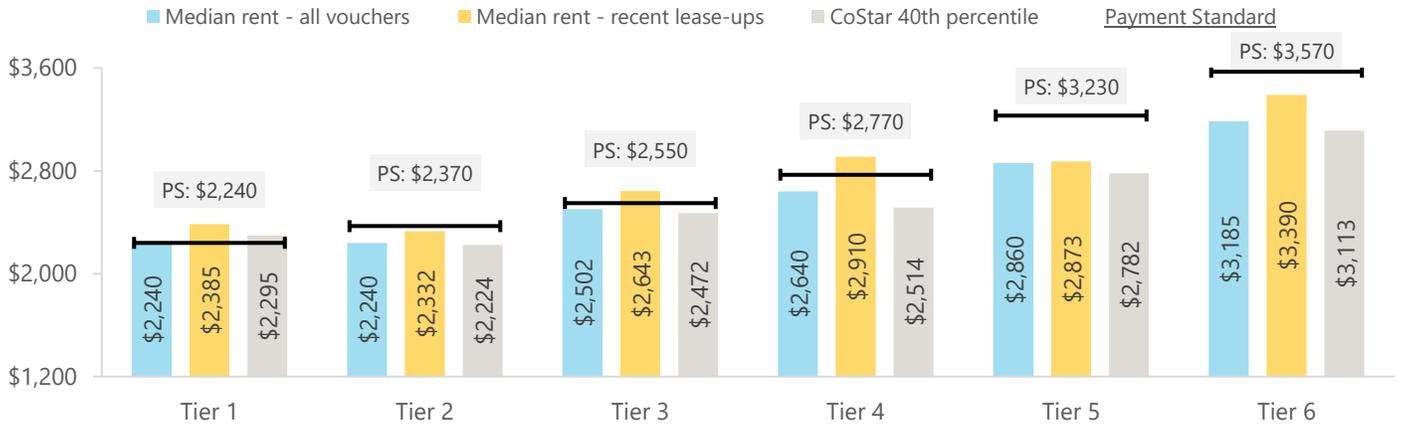
In addition to measuring progress on HCV’s four goals, the Social Impact team tracks market rents and compares current voucher rent levels against payment standards. Although the median rent for HCV households is below the current payment standard for virtually all bedroom sizes and tiers, looking at households that moved within the last six months can be a more accurate depiction of the rental market than overall HCV rents. While our last review showed households were often finding units below the payment standard, this is no longer the case. 40th percentile rents calculated from CoStar (our market rent data source) also are at or below the payment standard in higher Tiers, meaning that KCHA is potentially leading the market in those Tiers (see Exhibit 6 for an example using data on 1-3 bedroom units).⁶

Exhibit 6: HCV and Market Rents Relative to Current Payment Standard



⁶ •When analyzing the rental market, we try to set the payment standards so that 40% of the units in each of our six tiers will be affordable under the standard. CoStar is a third party company that provides detailed rental market data for the vast majority of rental buildings in King County, including the rental rate of units in those buildings for each bedroom size. We use this data to calculate a dollar value where 40% of all units in each Tier are below that amount, and we refer to the calculated rental amount as the “40th percentile.”

3 Bedroom Rent Trends



In the mid-year review for 2023, we noted that rents have begun increasing in our lowest two tiers, and while no change was recommended at that time, but would continue to monitor these Tiers for the end-of-year review. As predicted, these tiers increased further and now rents are at or above the current payments standards for each of Tiers 1-3.

Exhibit 7: Recent Market Trends by Tier



Rent increase requests approved since the mid-2022 payment standards went into effect have been significant, often matching the latest payment standard. Between June 2023 and December 2023, there were 3,938 rent increase requests approved, averaging a 10% increase from the previous rent amount, with a mean dollar increase of \$166 (see Exhibit 8) over the seven month period.

Exhibity 8: Average rent increase requests approved: June - Dec 2023



Recommended Payment Standard Adjustments

Staff is recommending an increase in payment standard amounts in Tiers 1, 2 and 3, for all bedroom sizes. 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.

KCHA will again conduct a payment standards analysis beginning in May 2024, with any potential adjustments effective July 1st, 2024.

Proposed Payment Standards to be Effective January 1, 2024

		Studios	1BR	2BR	3BR	4BR*
Tier 1	<i>Current</i>	\$1,360 +\$210	\$1,430 +\$220	\$1,720 +\$260	\$2,240 +\$340	\$2,930 +\$440
	Proposed	\$1,570	\$1,650	\$1,980	\$2,580	\$3,370
Tier 2	<i>Current</i>	\$1,450 +\$130	\$1,520 +\$140	\$1,820 +\$170	\$2,370 +\$220	\$3,100 +\$290
	Proposed	\$1,580	\$1,660	\$1,990	\$2,590	\$3,390
Tier 3	<i>Current</i>	\$1,550 +\$50	\$1,630 +\$50	\$1,960 +\$60	\$2,550 +\$80	\$3,340 +\$100
	Proposed	\$1,600	\$1,680	\$2,020	\$2,630	\$3,440
Tier 4	<i>Current</i>	\$1,660	\$1,740	\$2,130	\$2,770	\$3,630
	Proposed					
Tier 5	<i>Current</i>	\$2,020	\$2,120	\$2,480	\$3,230	\$4,220
	Proposed					
Tier 6	<i>Current</i>	\$2,190	\$2,300	\$2,740	\$3,570	\$4,660
	Proposed					

* 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 mid-year review. KCHA is proposing to implement new payment standards for new households on January 1st, and then on a rolling basis at existing households' next interim or annual reexamination.

Approval of Resolution 5761 is recommended.

APPENDIX A: 2024 Multi-Tiered Payment Standards

Proposed Payment Standards Amounts Effective January 1, 2024

	Studios	1 BR	2 BR	3 BR	4 BR
Tier 1	\$1,570	\$1,650	\$1,980	\$2,580	\$3,370
Tier 2	\$1,580	\$1,660	\$1,990	\$2,590	\$3,390
Tier 3	\$1,600	\$1,680	\$2,020	\$2,630	\$3,440
Tier 4	\$1,660	\$1,740	\$2,130	\$2,770	\$3,630
Tier 5	\$2,020	\$2,120	\$2,480	\$3,230	\$4,220
Tier 6	\$2,190	\$2,300	\$2,740	\$3,570	\$4,660



2024 Annual Payment Standards Review

Housing Choice Voucher Program

Pam Taylor

Director of Housing Choice Voucher Program

Tyler Shannon

Senior Research & Data Analyst

Agenda

01

Background

02

Market Analysis

03

Proposal & Projections

04

Questions & Discussion

01

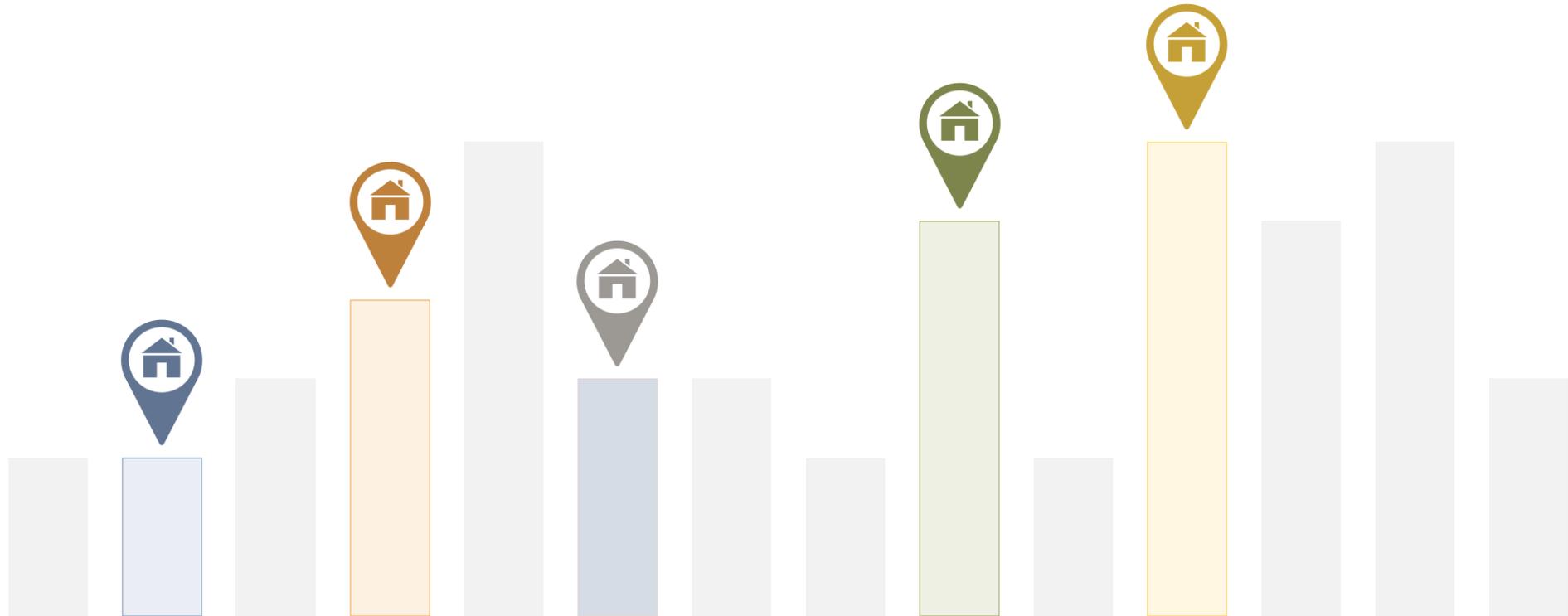
Background

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 Goals

Support
Shopping
Success



Limit
Rent
Burden



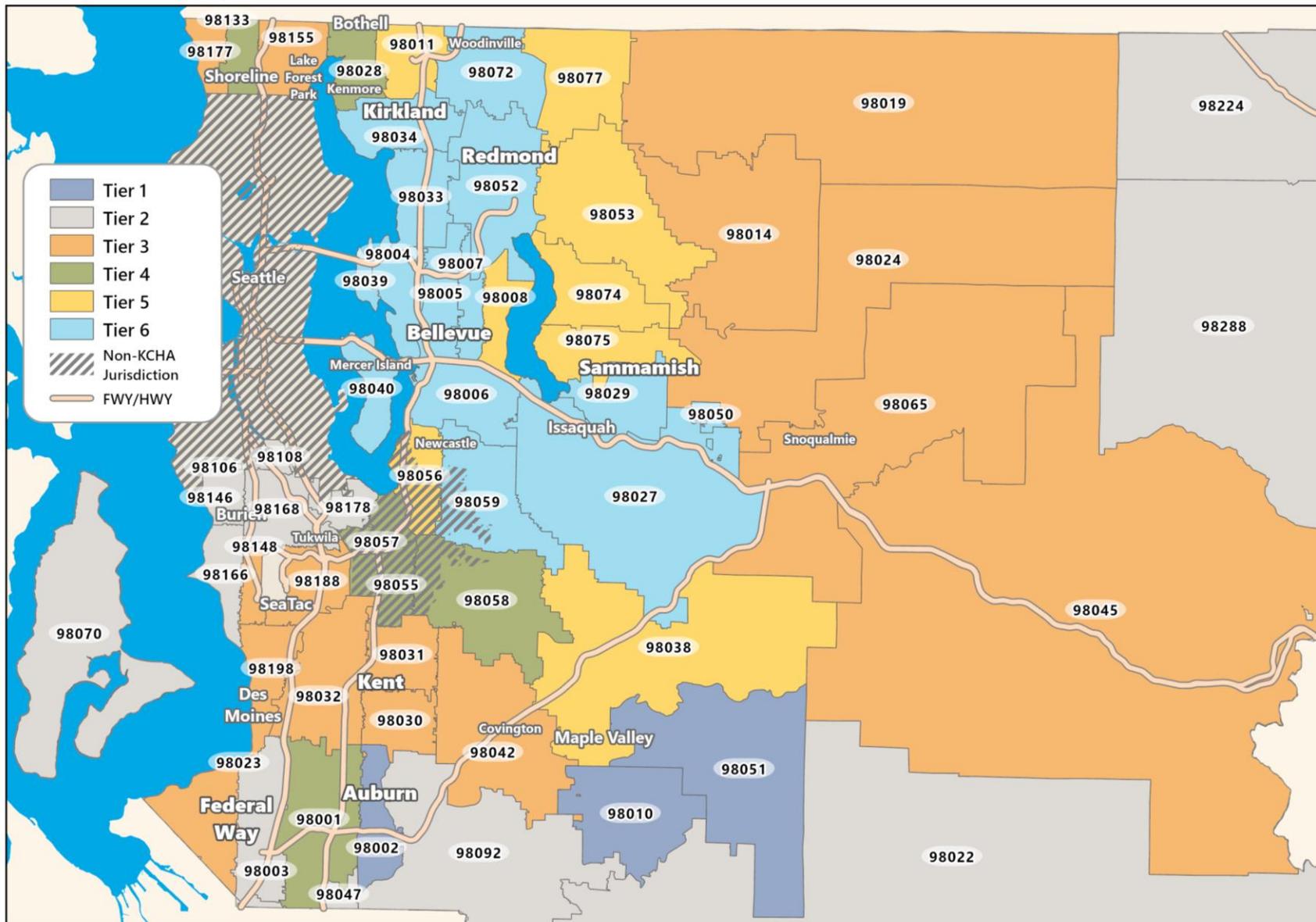
Increase
Geographi
c Choice



Support Cost
Containment



KCHA Payment Standard Tiers



2 BR Payment Standard	
Tier 1	\$1,720
Tier 2	\$1,820
Tier 3	\$1,960
Tier 4	\$2,130
Tier 5	\$2,480
Tier 6	\$2,740

02

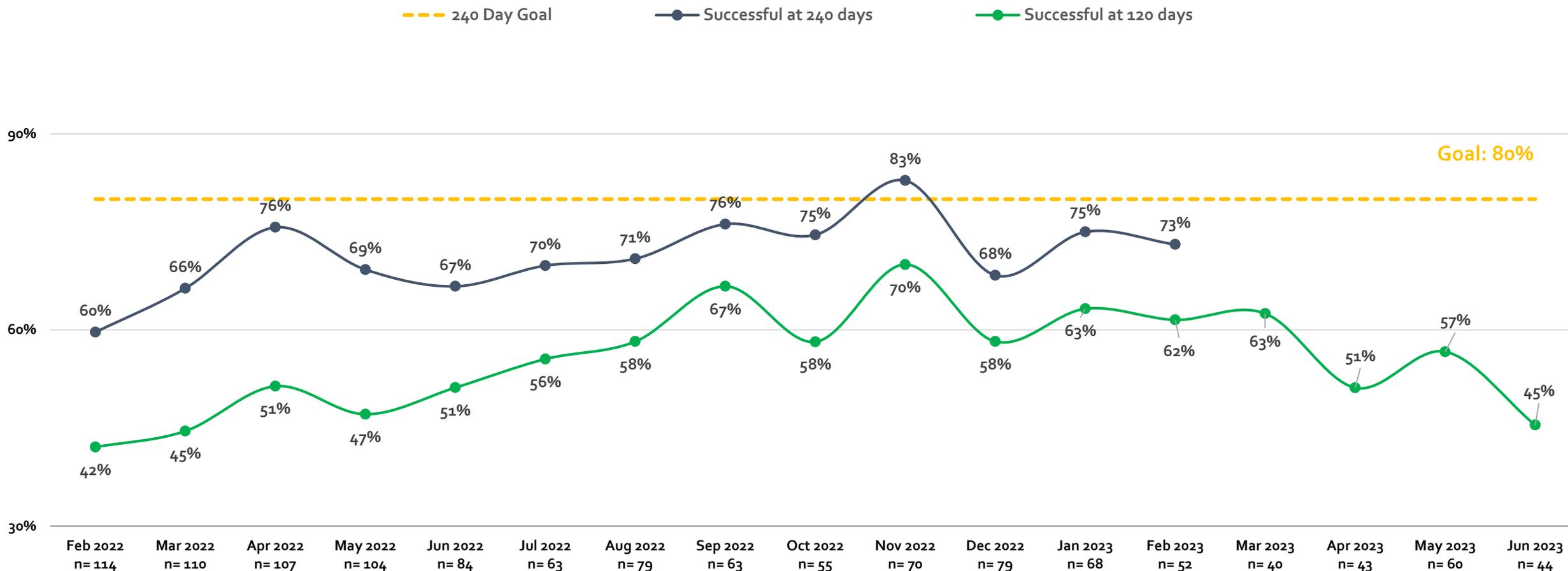
Market Analysis

02a

KCHA Households

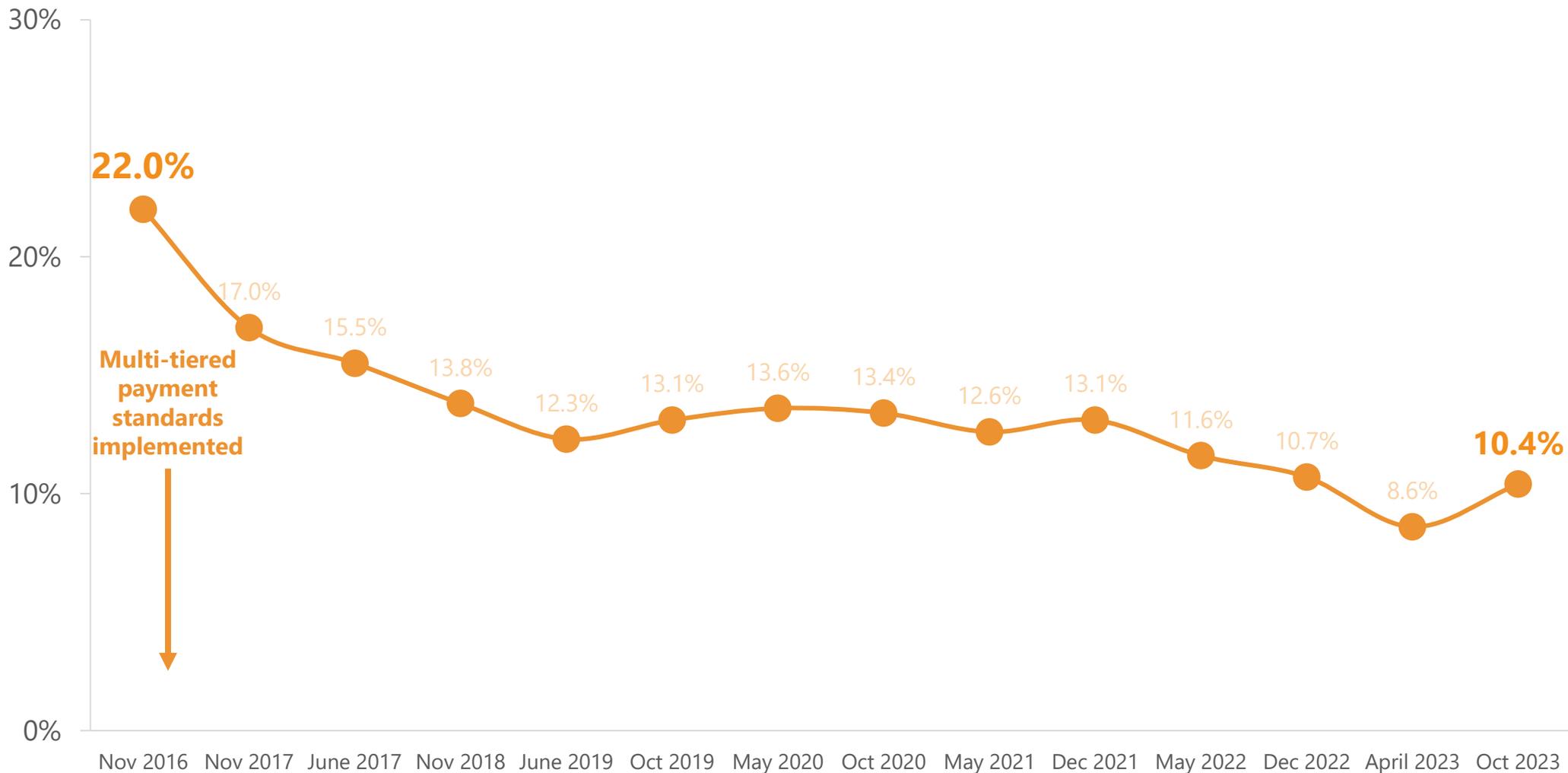
Goal - Support shopping success: some stumbles to recovery

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



Goal - Limit rent burden: First increase since 2021 review

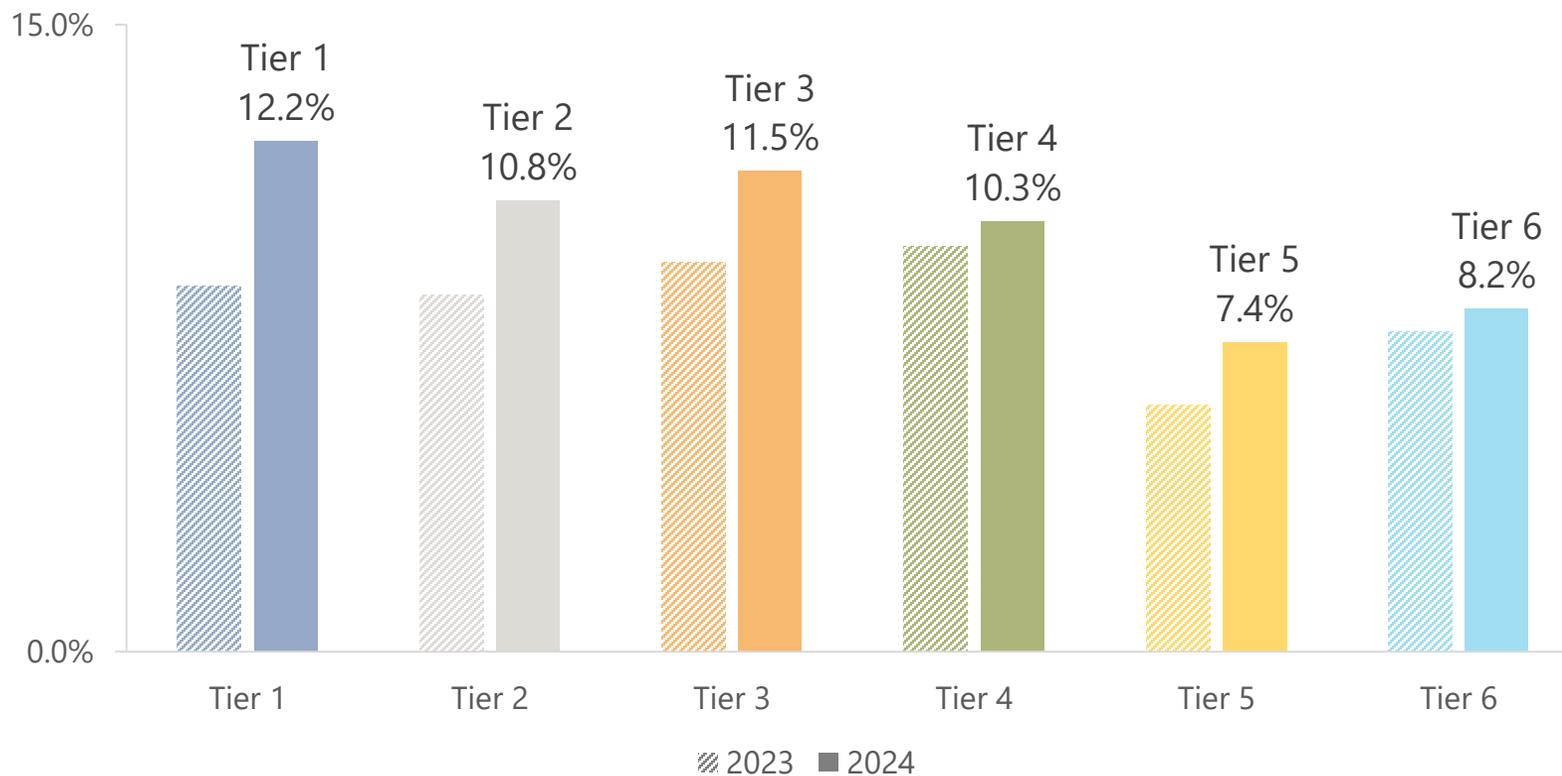
Percentage of tenant-based households spending more than 40% of income on rent, excluding those in units with more bedrooms than voucher subsidizes.*



*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.

Higher portion of families rent burdened in our lower tiers

Percent of Households Rent Burdened by Tier 2023 - 2024

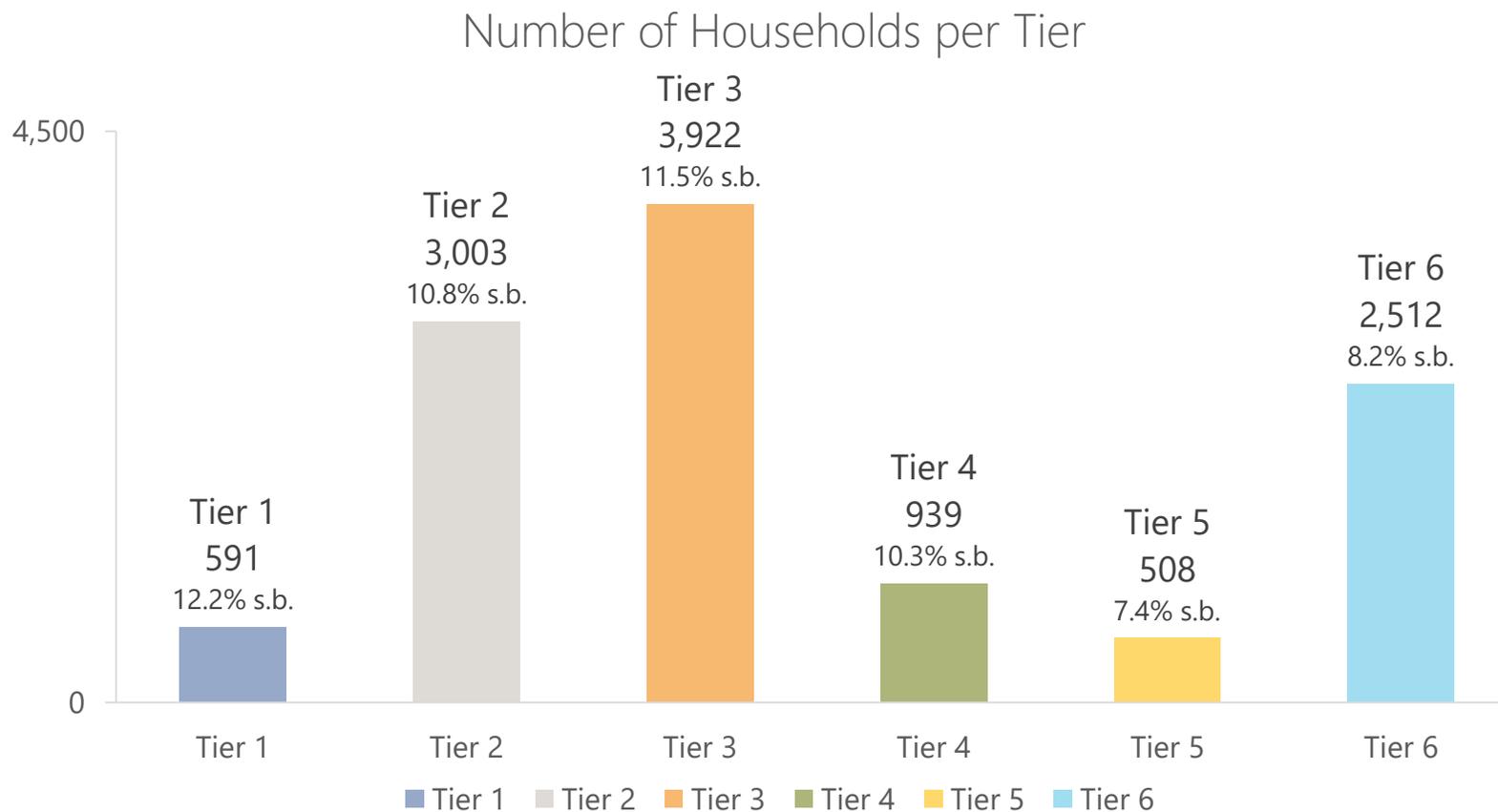


Rent burden went up in all tiers, but is highest in Tiers 1-3.

Tiers 5 and 6 have significantly lower rent burden.

Majority of households live in Tier 2 and Tier 3

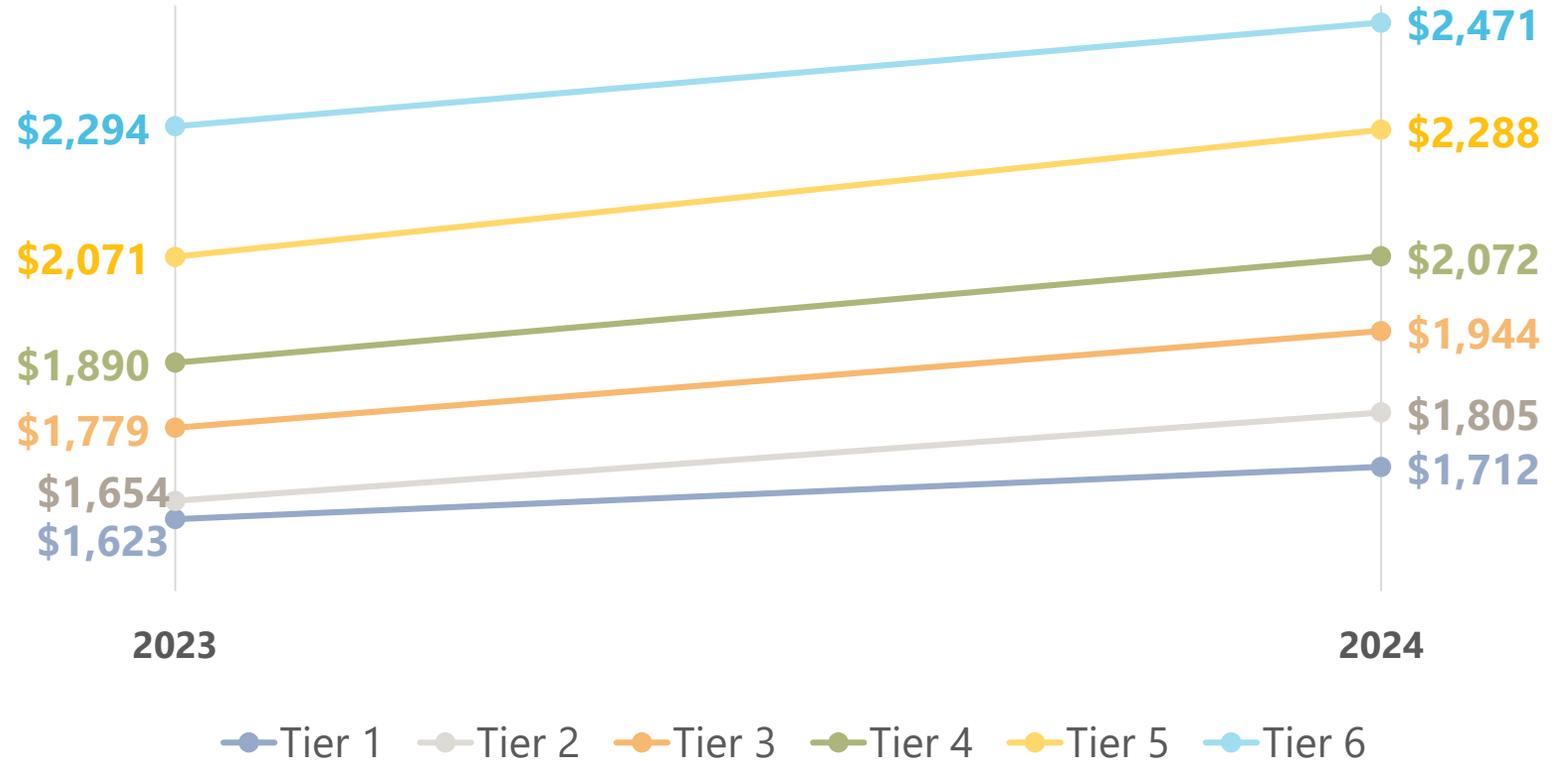
The higher shelter burden in our lower tiers impacts a significant portion of households.



KCHA households paying more than they were last year

Median rents for KCHA voucher holders in 2BR units have gone up in every tier over the last year.

2BR KCHA Median Rents

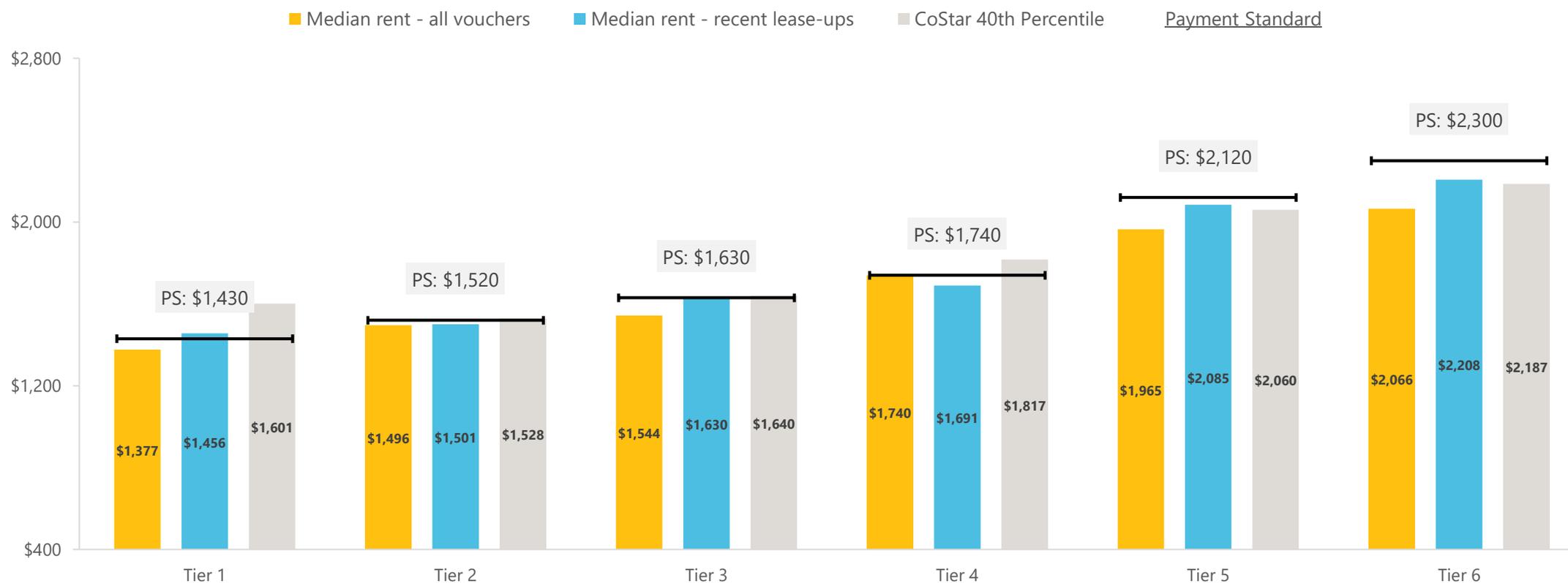


2b

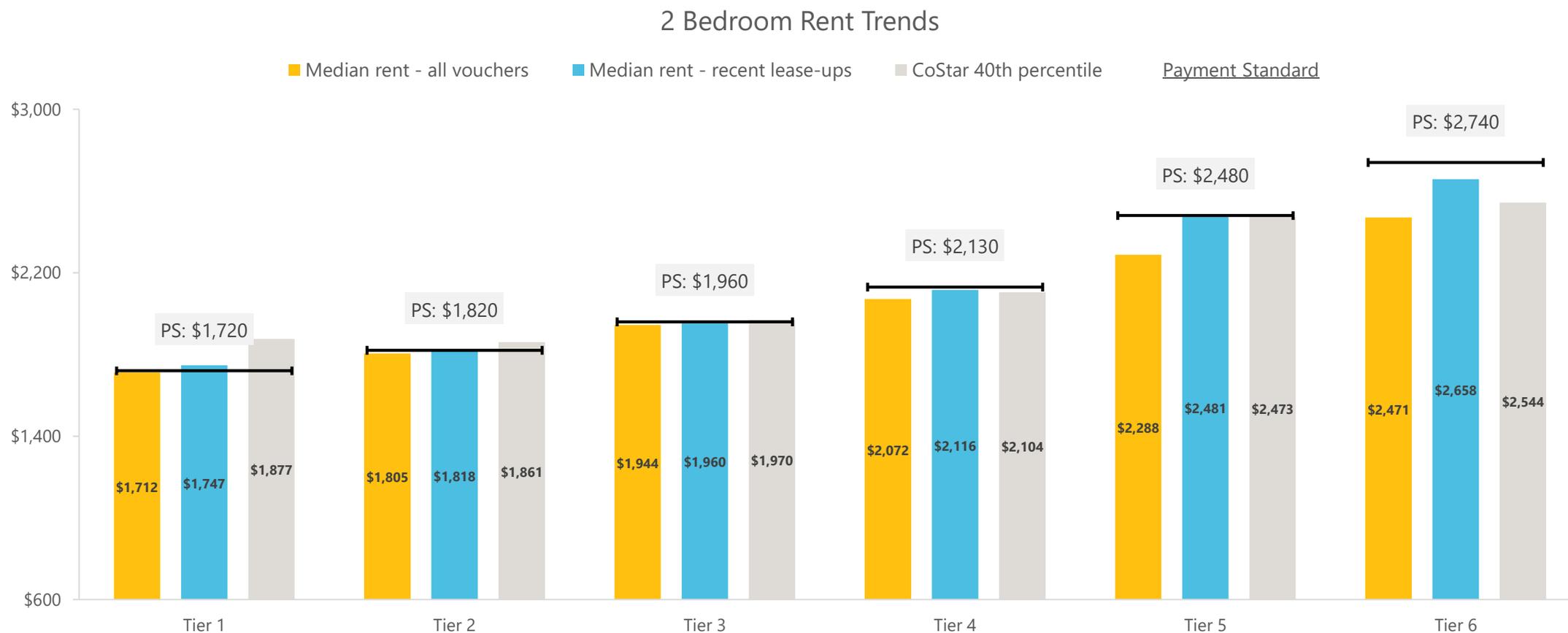
Rental Market

1BR Rental market is above payment standard in Tiers 1-4

1 Bedroom Rent Trends



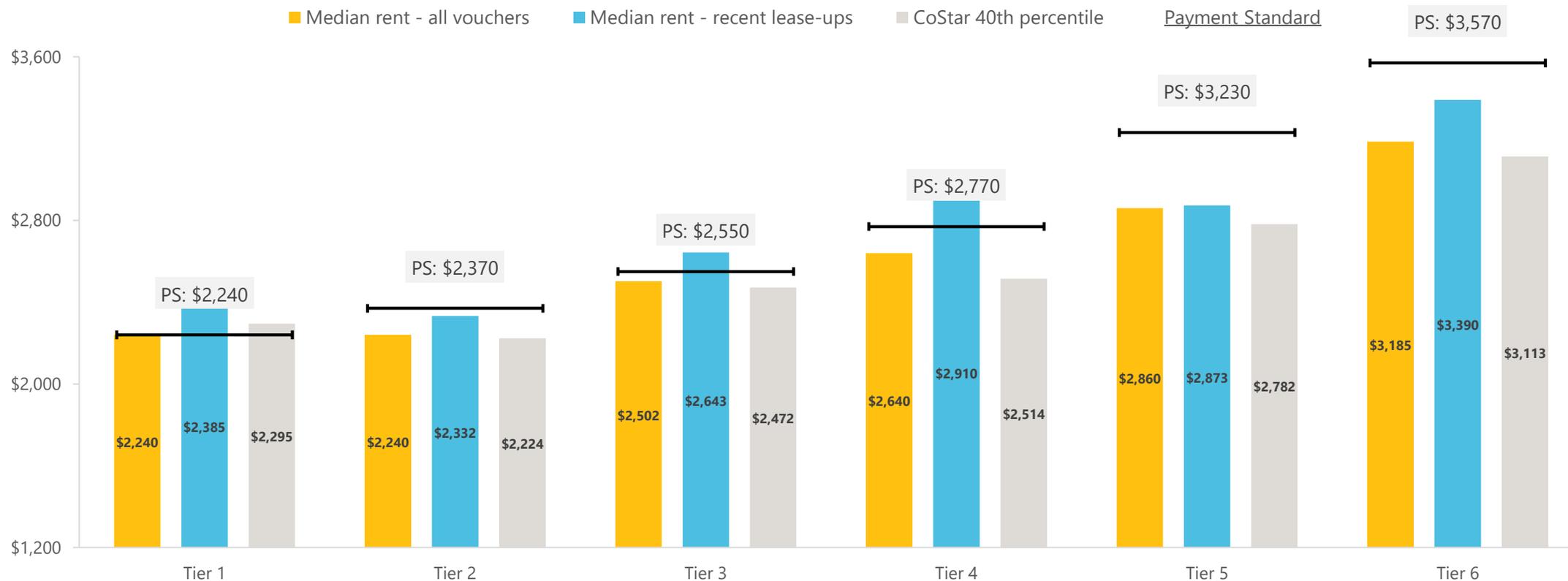
2BR Rents in lower tiers pushing up against payment standard



3BR Recent movers are seeing rents higher than 40th percentile

Payment Standard significantly higher than rents in Tiers 5 & 6

3 Bedroom Rent Trends

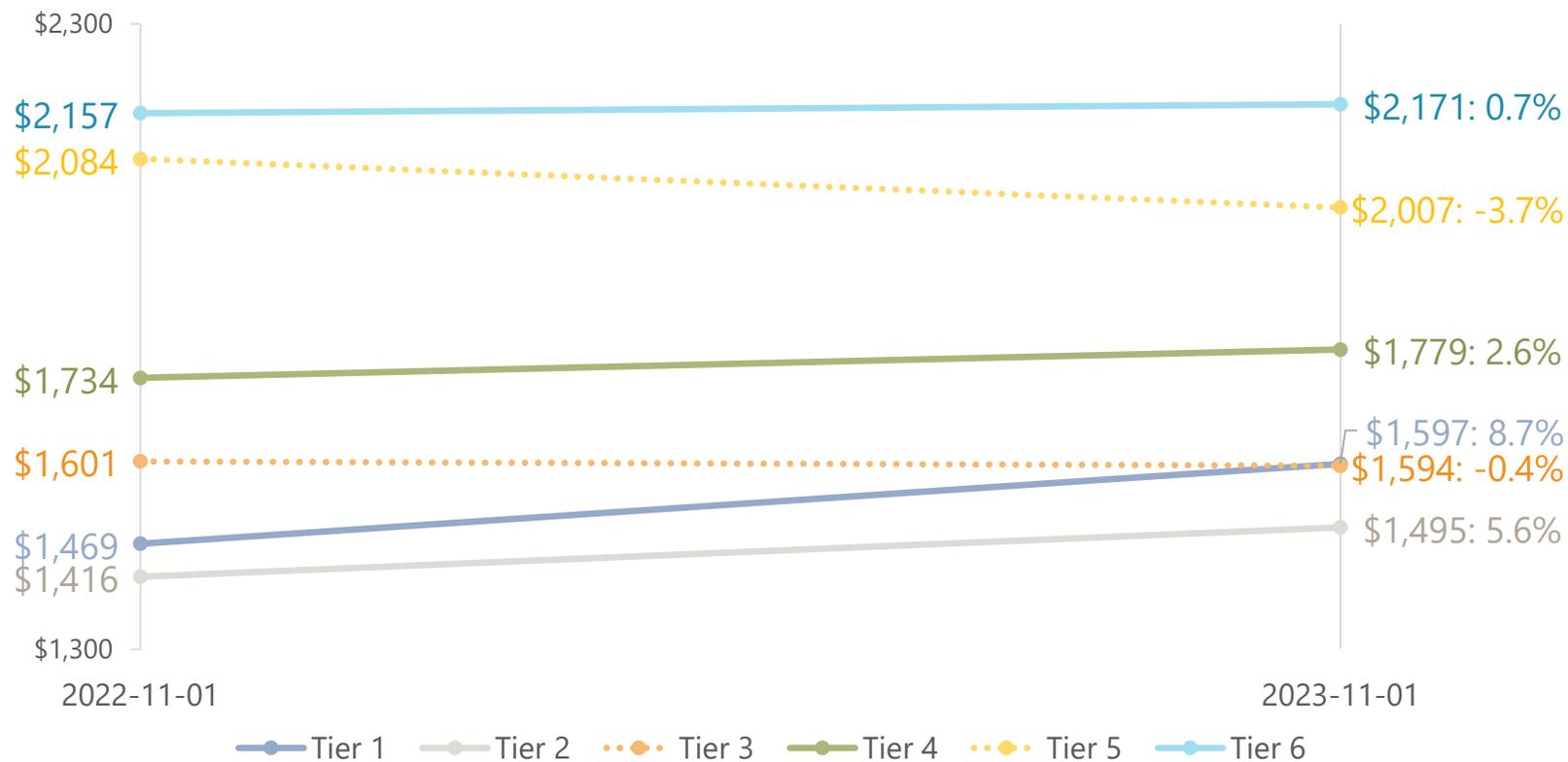


1BR Rental Market: 40th Percentile Rents for tier 1 are now at tier 3 levels

CoStar 40th percentile rents calculated using November 2023 data

One Bedroom Units

Tiers 5 and 6 have seen declines or flat changes in 1BR rent since this time last year.

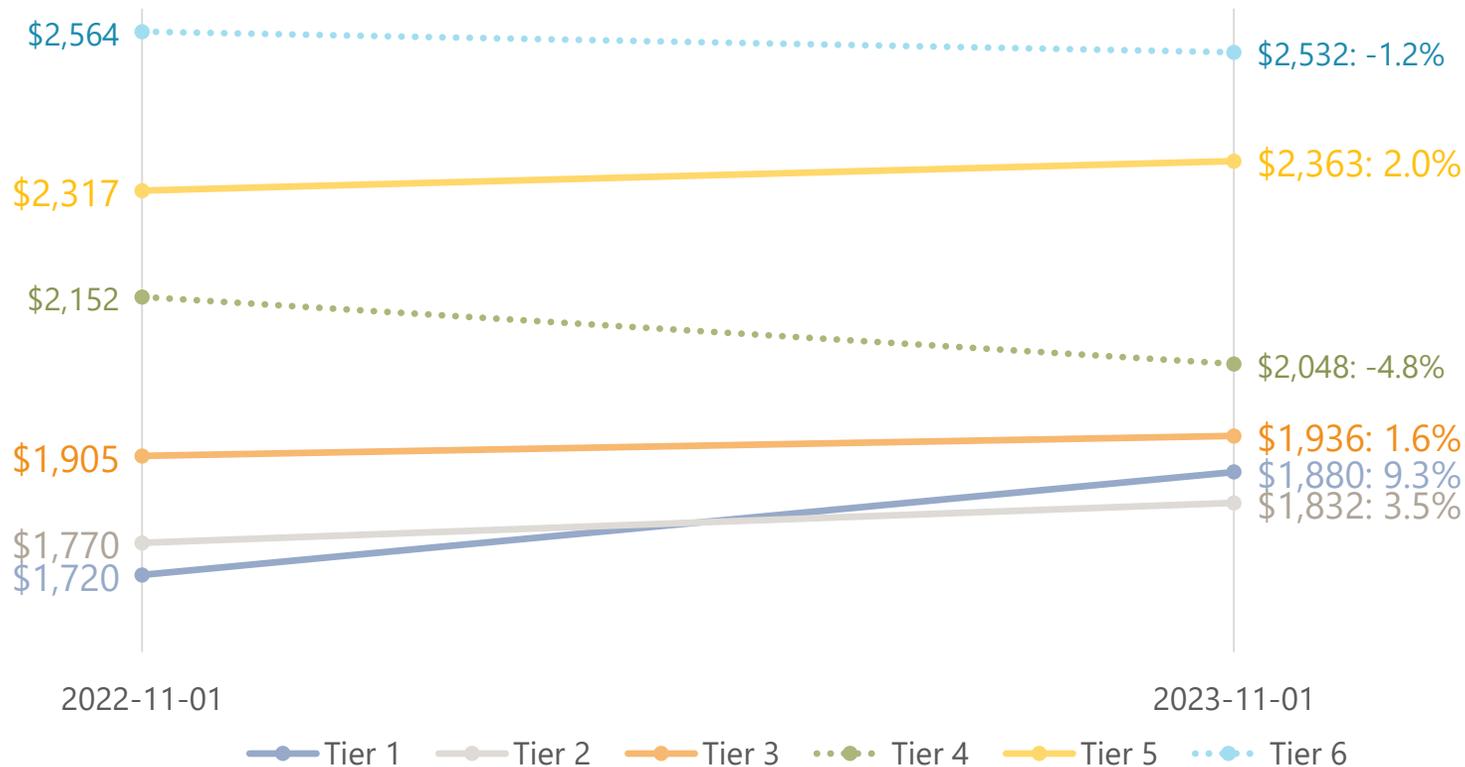


2BR Rental Market: 40th Percentile Rents increasing fastest for Tiers 1 and 2

CoStar 40th percentile rents calculated using November 2023 data

Two Bedroom Units

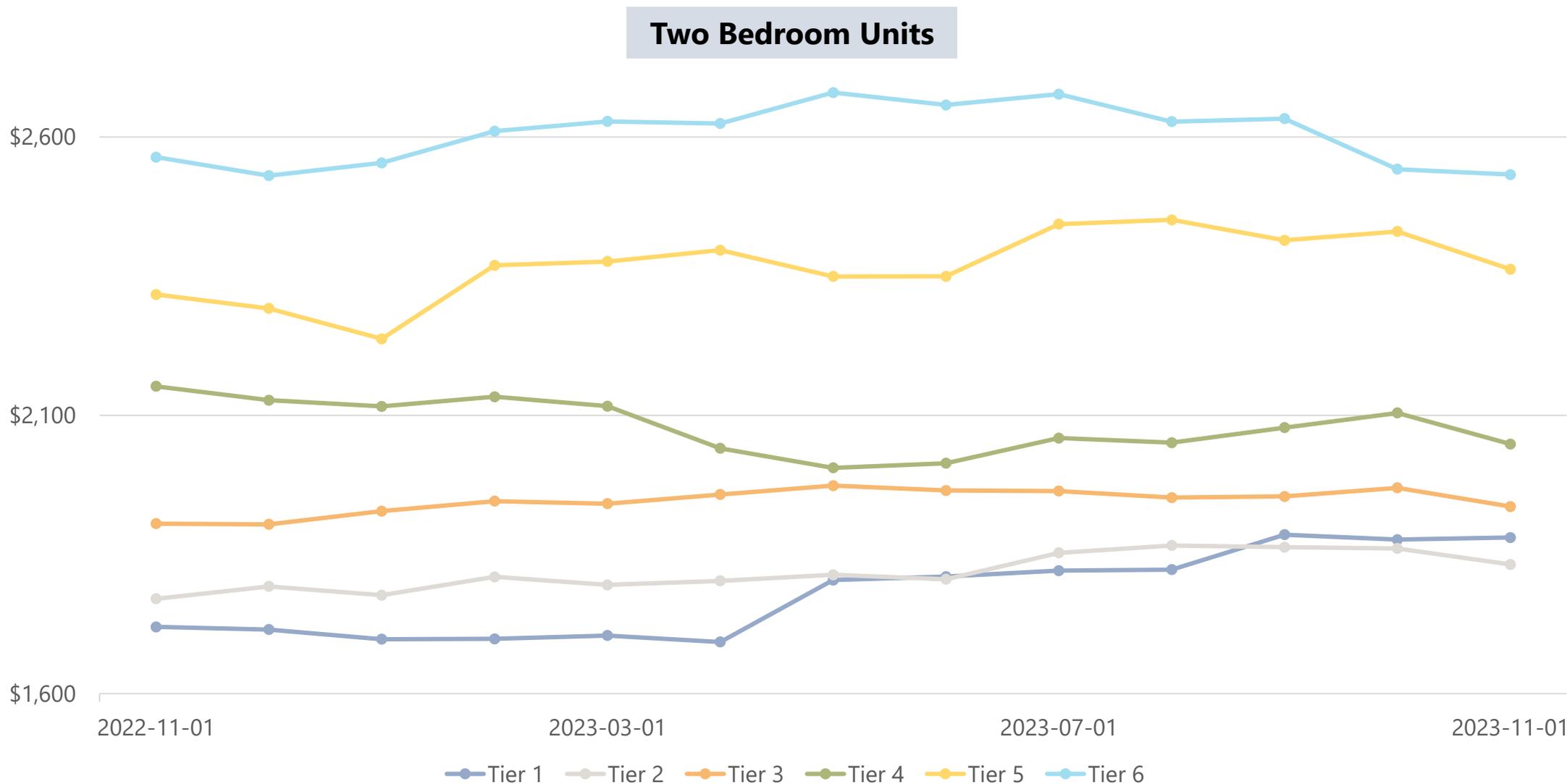
Tiers 1 and 2 are now very closer to Tier 3 rates for 2BR units.



2BR Rental Market: 40th Percentile Rents for each month in last year

CoStar 40th percentile rents calculated using November 2023 data

Two Bedroom Units

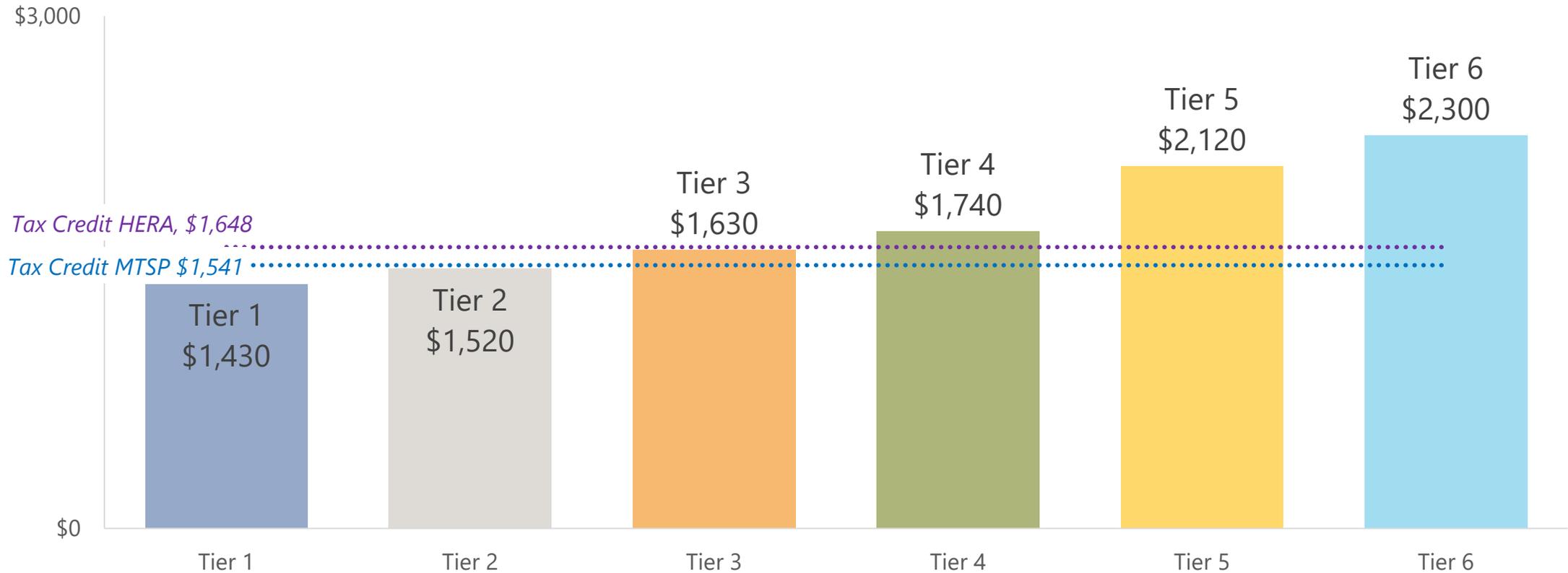


2c

Other Market Considerations

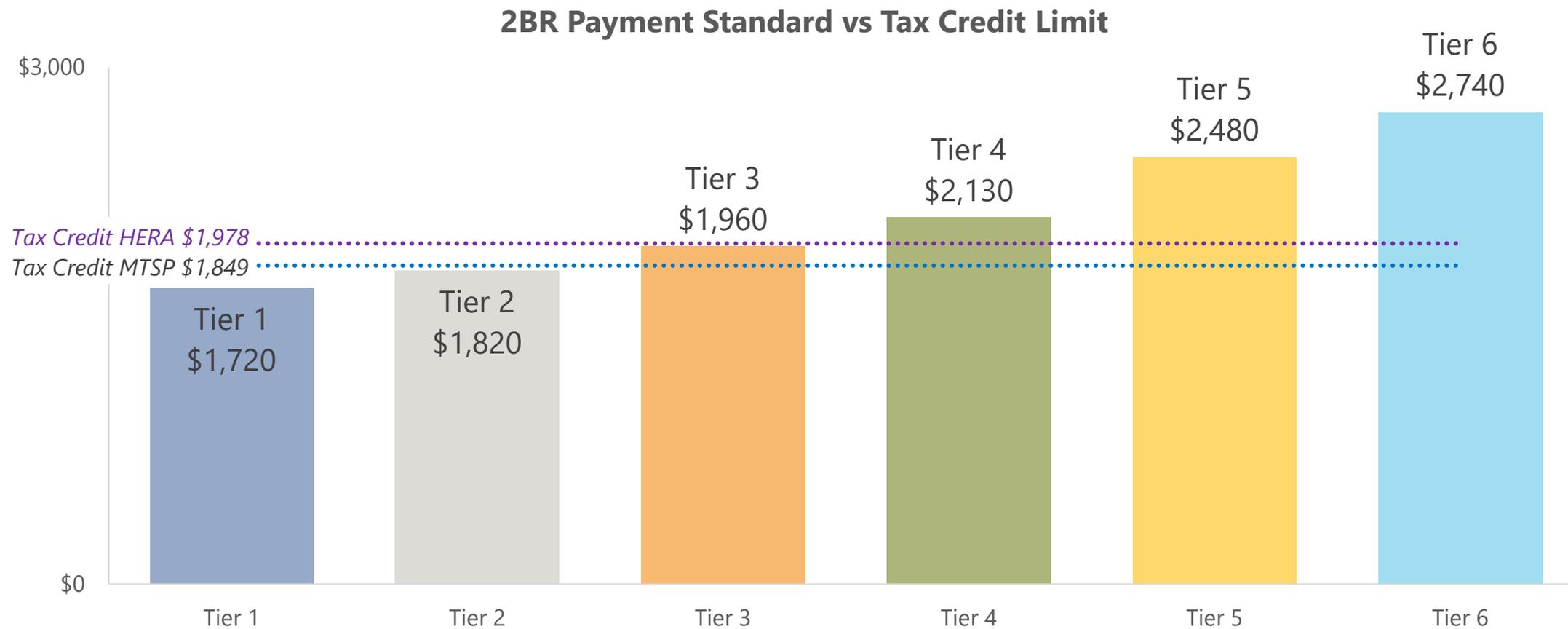
**Tax Credit limit – higher than payment standard in lower tiers

1BR Payment Standard vs Tax Credit Limit



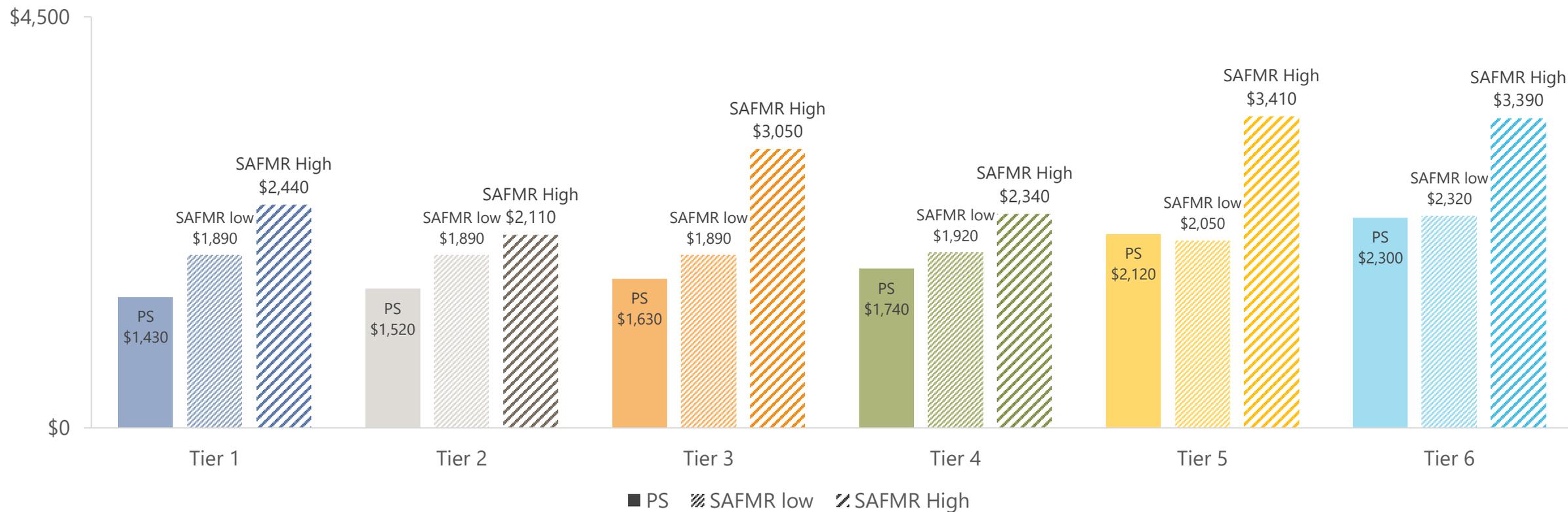
MTSP: Multifamily Tax Subsidy Projects,
 HERA: Housing and Economic Recovery Act of 2008, amount for projects existing as of 12/31/2008 ***.

**Tax Credit limit – higher than payment standard in lower tiers



HUD's Small Area Fair Market Rents (SAFMR) are higher than virtually all current payment standards: 1BR

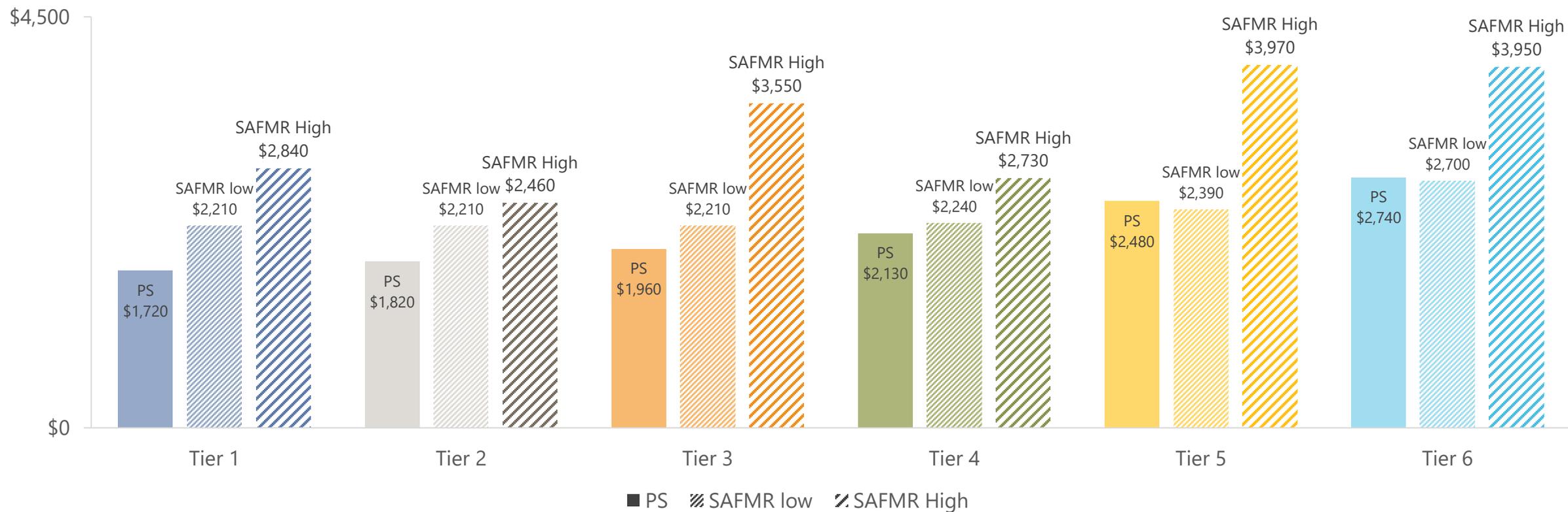
1 BR Payment Standard vs. SAFMRs in each Tier



Since HUD's SAFMRs are zip code based, this chart compares the highest SAFMR amount and lowest SAFMR amount for all of the zip codes in each Tier.

HUD's Small Area Fair Market Rents (SAFMR) are higher than virtually all current payment standards: 2BR

2 BR Payment Standard vs. SAFMRs in each Tier



Since HUD's SAFMRs are zip code based, this chart compares the highest SAFMR amount and lowest SAFMR amount for all of the zip codes in each Tier.

Feedback from HCV Staff



- Households are having no trouble finding units in Tier 6
- Many zip codes in tiers 1-3 have similar rental markets, no longer as easy to differentiate, but all getting more expensive
- Elderly households are getting displaced by increasing rents in lower Tiers
- New developments coming to rural areas like Enumclaw

Proposal for 2024 Payment Standard Adjustments

Proposal: Meet Tax Credit Limit

	OBR	1BR	2BR	3BR	4BR
Tier 1	\$1,570 <i>\$210</i>	\$1,650 <i>\$220</i>	\$1,980 <i>\$260</i>	\$2,580 <i>\$340</i>	\$3,370 <i>\$440</i>
Tier 2	\$1,580 <i>\$130</i>	\$1,660 <i>\$140</i>	\$1,990 <i>\$170</i>	\$2,590 <i>\$220</i>	\$3,390 <i>\$290</i>
Tier 3	\$1,600 <i>\$50</i>	\$1,680 <i>\$50</i>	\$2,020 <i>\$60</i>	\$2,630 <i>\$80</i>	\$3,440 <i>\$100</i>
Tier 4	\$1,660 <i>\$0</i>	\$1,740 <i>\$0</i>	\$2,130 <i>\$0</i>	\$2,770 <i>\$0</i>	\$3,630 <i>\$0</i>
Tier 5	\$2,020 <i>\$0</i>	\$2,120 <i>\$0</i>	\$2,480 <i>\$0</i>	\$3,230 <i>\$0</i>	\$4,220 <i>\$0</i>
Tier 6	\$2,190 <i>\$0</i>	\$2,300 <i>\$0</i>	\$2,740 <i>\$0</i>	\$3,570 <i>\$0</i>	\$4,660 <i>\$0</i>

	% Shelter Burdened before	% Shelter burdened after
Tier 1	12.2%	3.5%
Tier 2	10.8%	5.7%
Tier 3	11.5%	8.3%
Tier 4	10.3%	10.3%
Tier 5	7.4%	7.4%
Tier 6	8.2%	8.2%
Overall	10.4%	7.6%
Overall with 5% rent increases	20.6%	14.3%

Current Annual HAP	Annual HAP – Proposal	Change in costs with no rent increases	Annual HAP – all on current PS with 5% rent increases	Annual HAP – Proposal with 5% rent increases	Change in costs with 5% rent increases	Change in Costs from Current HAP
\$139.4M	\$141.9M	<i>\$2.5M</i>	\$144.9M	\$148.0M	<i>\$3.1M</i>	<i>\$8.6M</i>

04

Questions & Discussion

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION No. 5761

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

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 August 2022 and last increased payment standards in August 2022; 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 2024; 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 December 18th Board of Commissioners meeting and attached hereto, and effective immediately.

ADOPTED AT A SPECIAL MEETING OF THE BOARD OF THE COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 18th DAY OF DECEMBER, 2023.

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

ROBIN WALLS
Secretary

Proposed Payment Standards Amounts Effective January 1, 2024

	Studios	1 BR	2 BR	3 BR	4 BR
Tier 1	\$1,570	\$1,650	\$1,980	\$2,580	\$3,370
Tier 2	\$1,580	\$1,660	\$1,990	\$2,590	\$3,390
Tier 3	\$1,600	\$1,680	\$2,020	\$2,630	\$3,440
Tier 4	\$1,660	\$1,740	\$2,130	\$2,770	\$3,630
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Tier 6	\$2,190	\$2,300	\$2,740	\$3,570	\$4,660

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TO: Board of Commissioners

FROM: Saeed Hajarizadeh, EVP of Administrative Services
Wendy Teh, Financial Planning Manager

DATE: December 18, 2023

RE: **Resolution No. 5762:** 2024 Operating and Capital Budgets

Attached for your review are the 2024 Comprehensive Operating and Capital Budgets (Exhibits A and B, respectively). The proposed budget balances the regional need for additional affordable housing, the proper maintenance of the current housing stock and the vital services provided to residents while positioning the agency for the future. The budget makes significant investments in maintaining affordability and housing quality for current program participants while expanding housing opportunities across its programs. Revenue assumptions are based upon reasonably conservative estimates regarding final congressional proration of the HUD budget and of the inflation factor for the Housing Choice Voucher program.

Guiding this budget and the entire budgeting process are the main goals of KCHA:

- Expand and preserve the supply of affordable housing
- Promote economic opportunity and self-reliance
- Strengthen the internal infrastructure of KCHA to support the mission
- Organizational planning that puts equity and inclusion at the forefront
- Help the region address homelessness

EXECUTIVE SUMMARY

The Comprehensive Budget is a combination of two distinct budgets:

- Operating Budget
- Capital Budget

Selected highlights from the Comprehensive Budget include:

- As proposed, this budget will maintain the operating metrics Standard and Poor's uses to rate KCHA at current levels
- We are planning to spend \$270.4 million toward the Housing Choice Voucher (HCV) program Housing Assistance Payments (HAP) compared to \$248.9 million in 2023, supporting nearly 13,000 families funded by KCHA and another 2,000 "ports-in" to KCHA's service area.
- Capital Budget total of \$119.5 million
 - \$60.0 million as a placeholder for future acquisitions. The budget assumes that any such acquisition will be 100% debt funded in the short term. No actual acquisition would move forward without separate review and approval by the Board.
 - Net of \$605K development activity at Greenbridge.
 - \$5.2 million in pre-development activity at Trailhead Issaquah and the Skyway Resource Center.
 - \$53.6 million for construction improvement projects at multiple properties.
- A funding commitment of \$16.5 million dedicated to a variety of program and resident resources such as homeless housing, education, youth and senior services, student housing, workforce development, leasing assistance, subsidy retention, economic mobility and research projects.
- A substantial investment in staffing with 43 new positions from last year's budget including 26.5 positions added at mid-year 2023. Funding supports the recent 6.5% COLA adjustment and an assumed 5% COLA effective in November 2024.

Operating Budget Summary

Below is a summary of the operating and capital expenses of KCHA budget and where the Board's approval is requested.

Development is shown on a separate column since activity is substantially different from year to year. This information is presented for your review only. Development projects are generally brought to the Board for approval on a case by case basis.

The 2024 budget is compared with 2023 with differences shown in amount and percent. Major differences are explained following the table.

Resolution 5762
 2024 Operating and Capital Budgets
 December 19, 2023 Board Meeting
 Page 4 of 15

		Operations and Capital				Development
		2024 Proposed Budget	2023 Adopted Budget	Dollar Change	Percent Change	
	Beginning Balance, Unrestricted Cash	144,219,992				1,854,838
	Revenues					
1	Tenant Revenue	162,882,788	159,706,305	3,176,482	2.0%	-
2	Operating Fund Subsidy from HUD	12,987,245	12,013,697	973,548	8.1%	-
3	Section 8 Subsidy from HUD	278,133,301	243,263,150	34,870,150	14.3%	-
4	Other Operating Revenue	83,232,886	88,733,407	(5,500,521)	-6.2%	1,271,042
	Total Operating Revenues	537,236,219	503,716,559	33,519,660	6.7%	1,271,042
	Expenses					
5	Salaries & Benefits	(87,939,292)	(75,742,061)	(12,197,231)	16.1%	(796,916)
6	Routine Maintenance, Utilities, Taxes & Insurance	(47,492,775)	(42,822,479)	(4,670,296)	10.9%	(7,000)
7	Other Social Service Support Expenses & HAP	(293,127,219)	(268,019,260)	(25,107,959)	9.4%	-
8	Administrative Support Expenses	(39,022,066)	(36,055,487)	(2,966,579)	8.2%	(416,779)
	Total Operating Expenses	(467,581,352)	(422,639,287)	(44,942,065)	10.6%	(1,220,695)
	Net Operating Income	69,654,867	81,077,272	(11,422,405)	-14.1%	50,347
9	Non-operating Revenue	26,819,347	24,081,681	2,737,666	11.4%	19,745,163
10	Non-operating Expenses	(33,915,235)	(36,146,622)	2,231,387	-6.2%	(4,060,892)
	Net Income	62,558,979	69,012,331	(6,453,352)	-9.4%	15,734,618
	Other Sources/(Uses) of Cash					
11	Capital Projects and Acquisitions	(57,406,694)	(28,536,613)	(28,870,081)	101.2%	(62,058,380)
12	Changes in Designated Cash	2,304,142	(1,395,234)	3,699,376	-265.1%	(330,985)
13	Changes in Restricted Cash	(10,170)	2,153,249	(2,163,419)	-100.5%	(1,173,116)
14	Changes in Receivables	(181,873)	2,087,100	(2,268,973)	-108.7%	(13,022,331)
15	Changes in Other Assets	81,748	81,748	-	0.0%	-
16	Changes in Debt	(20,117,332)	(36,757,548)	16,640,215	-45.3%	61,443,147
17	Changes in Other Liabilities	(1,467,721)	(1,422,781)	(44,940)	3.2%	2,471,570
18	Changes in Equity	-	-	-	n/a	-
	Total Other Sources/(Uses) of Cash	(76,797,901)	(63,790,079)	(13,007,822)	20.4%	(12,670,095)
	Transfer In from (Out to) Other Funds					
19	Transfers In from Other Funds	37,887,432	50,150,396	(12,262,963)	-24.5%	712,777
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	Ending Balance, Unrestricted Cash	129,268,294				5,632,138

Line 1 – Tenant Revenue – Rental income is generally increased across federal and local housing programs. Federal program rents increase as tenant wages increase or adjustments are made to social security and other retirement programs. Although local program rents are generally lower than market, rents are adjusted to keep up with cost increases and still stay competitive with the market.

Line 2 – Operating Fund Subsidy - We anticipate receiving close to full funding in Public Housing as U.S. Congress has shown a commitment to fund housing programs.

Line 3 – Section 8 Subsidy – We received an increase of 17% compared to estimated 5% in 2023. We expect U.S. Congress to fully fund this program as well with an estimated inflation factor of 5%.

Line 5 – Salaries and Benefits – Increase of 16.1% resulting from needed additional staffing to meet customer and program demand along with the recent cost of living increase factor of 6.5%. Benefits also went up by a small margin.

Line 6 – Routine Maintenance – Primarily caused by increases in maintenance supplies and contract relating to inflation.

Line 7 – Social Service and Housing Assistance (HAP) – Directly related to Line 3. Increases in average HAP cost and more families assisted.

Line 11 – Capital Projects – Capital projects increasing across all programs to address needed repairs and upgrades.

Capital Budget Summary

The 2024 proposed capital budget totals \$119.5 million compared to \$96.1 million in 2023. Of the total, \$65.8 million is planned for development activities and the rest \$53.6 million on unit upgrades across subsidized and workforce properties.

OPERATING BUDGETS

KCHA's budget is bifurcated into two broad categories of operations:

- Federally-Funded Properties and Programs
- Local Properties and Programs

Although dramatically different in funding streams, program design and daily operations, both are equally critical to the fulfillment of KCHA's mission.

Federally-Funded Properties and Programs

Federally-funded Properties and Programs rely on congressional appropriations which carry a certain level of uncertainty. To provide maximum operational and financial flexibility in the face of this uncertainty, KCHA entered HUD's Moving to Work (MTW) Program in 2003. Participation in the program gives KCHA two distinct financial benefits:

- 1) The bulk of Housing Choice Voucher (HCV) program revenue is received as a block grant and, in combination with revenues from the Public Housing program (Operating Fund Subsidy and Capital Fund grants), can be used for any purpose allowed under the MTW contract. This is known as Fungibility.
- 2) Full funding (subject to Congressional proration) for all vouchers that are part of the block grant is automatically renewed each year, enabling KCHA to continue to receive the benefit of savings realized through efficiencies in program operations. This is in contrast to non-block-grant programs where renewal funding is limited to the actual cost of vouchers leased in the prior year, plus an inflation factor.

Using a combination of projected 2024 Federal funding streams, along with some existing reserves, resources will be sufficient in 2024 to support all proposed budgetary expenditures.

The following table is a summary of 2024 Sources and Uses of Federal Properties and Programs:

**2024 Budgeted Sources and Uses
 Federal Programs and Properties
 (excludes non-KCHA-managed component units)**

<i>Beginning Balance, Unrestricted Cash</i>	\$ 19,104,382
<i>Revenues</i>	
Tenant Revenue	14,462,268
Subsidy from HUD	290,633,731
Other Operating Revenue	45,426,943
Total Operating Revenues	350,522,943
<i>Expenses</i>	
Salaries & Benefits	(34,148,585)
Routine Maintenance, Utilities, Taxes & Insurance	(13,874,591)
Other Social Service Support Expenses & HAP	(281,589,886)
Administrative Support Expenses	(16,320,792)
Total Operating Expenses	(345,933,854)
Net Operating Income	4,589,088
<i>Other Sources/(Uses) of Cash</i>	
Net Non-Operating Income (Expense)	9,833,642
Capital Projects and Acquisitions	(17,237,178)
Net Transfers In From (Out to) Other Funds	(2,378,545)
Other Sources/(Uses)	(1,272,911)
Total Other Sources/(Uses) of Cash	(11,054,992)
Net Change in Unrestricted Cash	(6,465,904)
<i>Ending Balance, Unrestricted Cash</i>	\$ 12,638,478

The decline in unrestricted cash is mainly due to the planned use of MTW reserves in 2024.

Programs that fall within the Federal funding sphere include:

- Housing Choice Vouchers
- Public Housing
- MTW-driven Activities
 - Resident Service Programs
 - Social Impact Initiatives
 - Homeless Initiatives

Housing Choice Vouchers

Approximately 70% of the Housing Choice Vouchers KCHA have been awarded are funded and administered within the MTW program. These 8,471 vouchers carry contractual funding provisions whereby KCHA retains budget authority for all included revenue and can deploy it for any allowed program expense. In contrast, the remaining 3,550 vouchers are designated as Special Purpose Vouchers (SPVs) and are funded using a model whereby any budget authority not spent on HAP reverts back to HUD.

Since HUD increased the 2023 budget authority across all voucher programs by 17% instead of our estimate of 5%, we are able to assist more families in 2023 and 2024.

HUD Contract Level 2023 – 12,019 Vouchers
Estimated Families served in 2023 – 12,657
Estimated Families served in 2024 – 13,101

Out of this revenue stream, KCHA subsidizes the rent of program participants by making monthly payments directly to landlords, and it pays for the costs of administering the program.

More families provided with housing assistance, safer circumstances, and prevention of homelessness.

Public Housing

Low Income Public Housing is a national subsidized housing program serving people at 30% of Area Median Income and below. It operates on a combination of tenant revenue and Operating Fund Subsidy provided by HUD. In 2024, KCHA is eligible, based on HUD's funding formula, to receive \$13.4 million of Operating Fund Subsidy. We anticipate receiving 92% of eligible funding due to congressional underfunding, or \$12.0 million. Of this amount \$3.9 million will be used for debt repayment and other costs associated with the Energy Performance Contract. The remaining funds will be used to partially offset the gap between the costs of operating the properties and the rents received from tenants. The deficit will be funded with transfers from the MTW program.

Resident Services and Social Impact

The Resident Services and Social Impact departments have a combined 2024 budget authority of \$16.5 million, with 67 full-time equivalent (FTE) employees. Funding for these departments is funded from the MTW block grant, various local and national grants, and Public Housing Operating Fund subsidy.

The two departments manage a number of critical programs including:

- Homeless Housing Initiatives (\$3.4 million)
- General Support of Residents (\$4.0 million)
- Education Programs (\$1.9 million)
- Workforce Development (\$1.8 million)
- Research & Evaluation and other Social Impact Initiatives (\$557,699)

Some key initiatives in 2024 are:

- Health Programming
- Research and Evaluations
- Education and Digital Equity
- New youth leadership curriculum and pilot program
- Neighborhood Early Learning Connectors in Bellevue and Kent
- Federal Communications Commission grant to pilot efforts aimed to increase resident awareness and enrollment of the Affordable Connectivity Program (ACP)
- Support KCHA's upcoming MTW activity on Homeownership
- Support KCHA's Special Purpose Voucher customers with housing search and stabilization services to help them exit homelessness or avoid return to homelessness
- 57 new Foster Youth Independence (FYI) vouchers to support young adults exiting foster care
- Multi service brought to the Skyway community
- Meal delivery program

Local Properties and Programs

Local Properties and Programs are those that receive no direct federal support. Although some of the properties may accept Housing Choice Voucher HAP payments towards tenant rents, the Net Cash Flow from these properties has no associated federally-imposed restrictions and may be used for any purpose within KCHA's mission.

Properties and programs that are considered Local include:

- **Asset-Managed Portfolio**
 - Workforce Housing Properties owned outright by KCHA
 - Mobile Home Parks
 - Workforce Housing Properties that are owned in partnership with tax credit investors are excluded from both the budget and the quarterly financial statements. There are seven properties in this group with 855 units.
- **Housing Management Portfolio**
 - Project-Based Section 8 properties, some of which are owned in partnership with tax credit investors
 - Non-federally subsidized properties
- **Weatherization and Home Repair Programs**
- **Overhead captured in the Central Office Cost Center (COCC)**

The following table summarizes the 2024 budget for Local Properties and Programs:

2024 Budgeted Sources and Uses
Local Programs and Properties
(In \$1,000's; excludes non-KCHA-managed component units)

<i>Beginning Balance, Unrestricted Cash</i>	\$125,115.6
<i>Revenues</i>	
Tenant Revenue	\$148,420.5
Subsidy from HUD	486.8
Other Operating Revenue	37,805.9
Total Operating Revenues	186,713.3
<i>Expenses</i>	
Salaries & Benefits	(53,790.7)
Routine Maintenance, Utilities, Taxes & Insurance	(33,618.2)
Other Social Service Support Expenses & HAP	(11,537.3)
Administrative Support Expenses	(22,701.3)
Total Operating Expenses	(121,647.5)
Net Operating Income	65,065.8
<i>Other Sources/(Uses) of Cash</i>	
Net Non-Operating Income (Expense)	(16,929.5)
Capital Projects and Acquisitions	(40,169.5)
Net Transfers In From (Out to) Other Funds	1,665.8
Other Sources/(Uses)	(18,118.3)
Total Other Sources/(Uses) of Cash	(73,551.6)
Net Change in Unrestricted Cash	(8,485.8)
<i>Ending Balance, Unrestricted Cash</i>	\$116,629.8

Asset-Managed Workforce Housing

The Workforce Housing portfolio included in the budget reflect properties owned outright by KCHA, but excludes those owned in partnership with tax credit investors, as well as the mobile home park portfolio. KCHA currently has 47 separate properties in this portfolio, with 7,818 units. These properties are managed by outside fee-based property management companies. All properties have some form of debt outstanding, and the servicing of this debt comes from the cash flow of each of the properties. In addition, each property makes monthly contributions to replacement reserve accounts, self-funds capital repair and rehabilitation projects, and pays management fees to the Central Office Cost Center (COCC). After all such expenses, the 2024 net cash flow from these properties is projected to be \$6.325 million. This cash flow has been enhanced by favorable financing terms achieved on recent bond issuances and through debt placement with local technology companies.

Mobile Home Parks

KCHA owns five mobile home parks with a total of 654 homes. The 2024 budget includes \$2.9 million of capital expenditures for this portfolio, including \$1.6 million for the planned expansion of the Rainier View Park in Black Diamond.

Project-based Section 8 Properties

There are currently 1,229 units in this portfolio, including properties owned in partnership with tax credit investors but managed and controlled by KCHA. With a few exceptions, they operate similarly to public housing but with a different form of subsidy. 1,213 of these units carry Project-Based Section 8 contracts. Some of the most significant properties in this group are:

- MKCRF properties-509 units
- Birch Creek-262 units
- Spiritwood Manor-104 units
- Hidden Village-78 units

This group produces significant net cash flow, and the budget includes a transfer of \$4.8 million from this portfolio to the COCC.

Non-Federally-Subsidized Properties

There are 128 units in this portfolio, spread over 10 separate locations. These properties receive no direct subsidies, and serve a variety of tenants, including elderly, disabled and transitional.

Weatherization and Housing Repair program

This program provides energy conservation improvements to low income residents of King County living in single-family residences, mobile homes, and multifamily housing. It also provides repairs to single-family homes through the City of Bellevue's Housing Repair program. The 2024 budget includes construction activity of \$9.3 million to weatherize or repair approximately 480 to 500 housing units and is funded through six separate federal, state and local grants and contracts. KCHA manages the biggest weatherization program in Washington State.

KING COUNTY HOUSING AUTHORITY
2024 Budget (Cash Basis)
 (excludes non-KCHA-managed component units)

EXHIBIT A

Line #	Operations and Capital					Development
	2024 Proposed Budget	2023 Adopted Budget	Dollar Change	Percent Change		
	144,219,992					1,854,838
	Beginning Balance, Unrestricted Cash					
	Revenues					
1	Tenant Revenue	162,882,788	159,706,305	3,176,482	2.0%	-
2	Operating Fund Subsidy from HUD	12,987,245	12,013,697	973,548	8.1%	-
3	Section 8 Subsidy from HUD	278,133,301	243,263,150	34,870,150	14.3%	-
4	Other Operating Revenue	83,232,886	88,733,407	(5,500,521)	-6.2%	1,271,042
	Total Operating Revenues	537,236,219	503,716,559	33,519,660	6.7%	1,271,042
	Expenses					
5	Salaries & Benefits	(87,939,292)	(75,742,061)	(12,197,231)	16.1%	(796,916)
6	Routine Maintenance, Utilities, Taxes & Insurance	(47,492,775)	(42,822,479)	(4,670,296)	10.9%	(7,000)
7	Other Social Service Support Expenses & HAP	(293,127,219)	(268,019,260)	(25,107,959)	9.4%	-
8	Administrative Support Expenses	(39,022,066)	(36,055,487)	(2,966,579)	8.2%	(416,779)
	Total Operating Expenses	(467,581,352)	(422,639,287)	(44,942,065)	10.6%	(1,220,695)
	Net Operating Income	69,654,867	81,077,272	(11,422,405)	-14.1%	50,347
9	Non-operating Revenue	26,819,347	24,081,681	2,737,666	11.4%	19,745,163
10	Non-operating Expenses	(33,915,235)	(36,146,622)	2,231,387	-6.2%	(4,060,892)
	Net Income	62,558,979	69,012,331	(6,453,352)	-9.4%	15,734,618
	Other Sources/(Uses) of Cash					
11	Capital Projects and Acquisitions	(57,406,694)	(28,536,613)	(28,870,081)	101.2%	(62,058,380)
12	Changes in Designated Cash	2,304,142	(1,395,234)	3,699,376	-265.1%	(330,985)
13	Changes in Restricted Cash	(10,170)	2,153,249	(2,163,419)	-100.5%	(1,173,116)
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	Ending Balance, Unrestricted Cash	129,268,294				5,632,138

2024 Capital Budget
By Responsible Department

CONSTRUCTION ACTIVITIES

Managed by the Capital Construction Department

Public Housing Properties	\$11,126,376	
MKCRF Properties	343,500	
Other Properties	349,511	
Central Office Projects	875,606	
Placeholder for Pre-Construction Design Work	<u>858,750</u>	13,553,744

Managed by the Resident Services Department

Various Relocation Expenses	<u>0</u>	0
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Managed by the Housing Management Department

Unit Upgrade Program	5,794,591	
Other Projects	<u>2,729,575</u>	8,524,166

Managed by the Asset Management Department

Projects at Workforce Housing Properties	27,122,247	
Projects at Mobile Home Properties and Other	<u>2,981,000</u>	30,103,247

DEVELOPMENT/ACQUISITION ACTIVITIES

Managed by the Development Department

Acquisitions	60,000,000	
Hope VI Properties	605,305	
Pre-development Activities-Issaquah Trailhead	2,000,000	
Pre-development Activities-Other	<u>3,223,112</u>	65,828,417

OTHER ACTIVITIES

Technology Expenditures	1,000,000	
Vehicles & Other	<u>455,500</u>	1,455,500

TOTAL BUDGETED CAPITAL EXPENDITURES		<u>\$119,465,074</u>
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KCHA 2024 BUDGET

DECEMBER 19, 2023



GUIDING PRINCIPLES

- Expand and preserve the supply of affordable housing
- Promote economic opportunity and self-reliance
- Strengthen the internal infrastructure of KCHA to support the mission
- Organizational planning that puts equity and inclusion at the forefront
- Help the region address homelessness

KEY BUDGET HIGHLIGHTS

- Annual Operating Revenue at \$537.2 million, a 6.7% increase over 2023
- Operating Expenses at \$467.6 million, a 10.6% increase over 2023
- More emphasis on staff training in all departments
- Increased security at all properties
- Continued development activities – Kirkland Heights, Issaquah Trailhead, Skyway Resource Center, Sterling Ridge, and Henry House Apts
- Inflation remains elevated above historic levels
- Interest rates remain high

KING COUNTY HOUSING AUTHORITY
2024 Budget (Cash Basis)
(excludes non-KCHA-managed component units)

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		Operations and Capital				Development
		2024	2023	Dollar	Percent	
		Proposed Budget	Adopted Budget	Change	Change	
<i>Other Sources/(Uses) of Cash</i>						
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Net Change in Unrestricted Cash		(14,951,698)	(4,177,001)	(10,774,697)	258.0%	3,777,300
Ending Balance, Unrestricted Cash		129,268,294				5,632,138
Beginning Balance, Designated Cash		92,831,603				-
Changes in Designated Cash		(2,304,142)				330,985
Ending Balance, Designated Cash		90,527,461				330,985
Beginning Balance, Restricted Cash		31,094,301				31,453,364
Changes in Restricted Cash		10,170				1,173,116
Ending Balance, Restricted Cash		31,104,471				32,626,480

Line 11 – Capital Projects – Capital projects increasing across all programs to address needed repairs and upgrades.

HUD FUNDING

Select HUD Programs Impacting KCHA

Discretionary Programs (\$ Millions)	FY 2022 Enacted	FY 2023 Enacted	FY 2024 Proposed	FY 2024 NAHRO	FY 2024 House	FY 2024 Senate	FY 2024 Enacted
Public Housing Operating Fund	\$5,036	\$5,109	\$5,113	\$5,407	\$5,103	\$5,530	*
Public Housing Capital Fund	\$3,200	\$3,200	\$3,225	\$5,000	\$3,180	\$3,200	
Section 8 Housing Assistance Payment Renewals	\$24,095	\$26,402	\$27,840	\$27,840	\$27,375	\$27,766	
Administrative Fees	\$2,411	\$2,778	\$3,202	\$3,202	\$2,734	\$2,781	
Community Development Block Grant	\$3,300	\$3,300	\$3,300	\$4,200	\$3,300	\$3,300	
HOME Investment Partnerships Program	\$1,500	\$1,500	\$1,800	\$2,500	\$500	\$1,500	

*Congress is postponing 2024 appropriations until Feb 2024 with temporary Continuing Resolutions

HOUSING CHOICE VOUCHERS

Key Assumptions:

- 5% HUD inflation factor estimated for 2024
- 7% Expected increase in average HAP costs
- 99% budgetary funding prorate
- Absorbed nearly 1,000 port-in vouchers in Q4 of 2023 to help offset reserves and unanticipated 17% funding increase

INTERNALLY MANAGED HOUSING UNITS

- 4626 Units under management
- Public Housing Subsidy-budgeted at 95% prorate
- Revenues increase by 2% primarily attributable to the escalation in tenant rent driven by rise in Social Security income and wages
- Restructure to improve internal support and better maintain physical plant
- Unit Upgrade team to complete 135 units
- Investing in major improvements to properties by Capital Construction totaling \$13.6 million

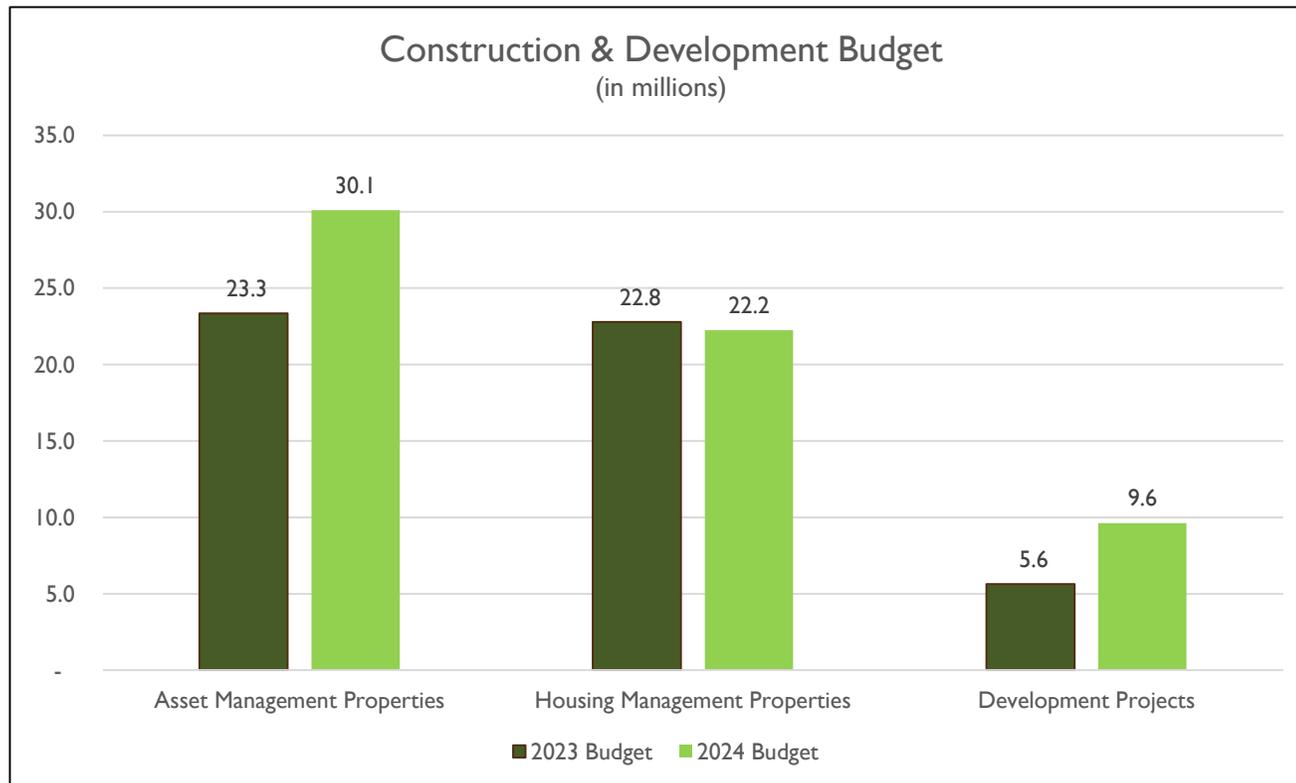
ASSET MANAGEMENT

- 7818 units under management (plus 927 Tax Credit units not in KCHA budget)
- Average 4% rent increase across the portfolio
- Overall operating expenses are budgeted with 6% increase
- 12% increase in turnover related costs due to increase in supplies and labor rates
- Major capital improvements planned in Workforce Housing portfolio totaling \$10.8 million across 60 projects in 32 properties
- Occupancy rate of 97% budgeted

WEATHERIZATION PROGRAM

- Weatherization Program budget of \$11.5 million with \$9.3 million spent on home upgrades throughout King County for eligible homeowners. Approximately 400 Multi-family and 80 to 100 single family or mobile home units will be completed in 2024.

CONSTRUCTION & DEVELOPMENT BUDGET



- Total Expenditure of \$62.0M forecasted for 2024, an increase of 20% over last year
- Capital Projects at Housing Management Properties did not increase year over year due to reductions in the volume of small maintenance projects
- Development Projects of \$9.6M include work at the Greenbridge site, Sandpiper East, Skyway Resource Center and Issaquah Trailhead

WORKFORCE

- Staff increased by 42 FTEs from last year which includes 26.5 added at 2023 mid year
- These additions are needed to address improved customer service, added security, software upgrade and automation, and restructuring.
- For comparison, Seattle Housing Authority had 696 FTEs in its 2023 budget

PERSONNEL COSTS

- Salaries & Benefits of KCHA Staff = \$72.3M
- Salaries & Benefits of External Property Management Companies = \$16.6M
- Cost of Living Adjustment – 6.5% COLA based on the Consumer Price Index for Clerical Workers (CPI-W Half I) from January to October with 5% forecast for November 2024.
- Medical Premiums – A 3.56% increase in the premium paid per employee is forecasted for 2024, rising from \$15,117 to \$15,656.
- Retirement – Employer contribution for the Public Employees Retirement System (PERS) pension remains unchanged from the previous year at 10.39%.
- Merit Pool – KCHA continues to fund a 2% merit pool for employees who receive a minimum performance rating of “Standards Exceeded”.

OTHER IMPACTS TO BUDGET

- Software Conversion of Yardi for Financials, Rental Assistance & Property Management expected to be completed by October 1, 2024
- Human Resource Information System(HRIS) Ceridian implementation to begin in Q2 2024 and be completed by Q4

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5762

AUTHORIZING APPROVAL OF THE COMPREHENSIVE OPERATING AND CAPITAL BUDGETS FOR CALENDAR YEAR BEGINNING JANUARY 1, 2024

WHEREAS, the Executive Director has submitted Comprehensive Operating and Capital Budget for the Calendar Year beginning January 1, 2024 (Calendar Year 2024); and

WHEREAS, the Board of Commissioners has determined that the proposed expenditures are necessary for the efficient and economical operation of the Housing Authority for the purpose of serving low-income families; and

WHEREAS, the Budget indicates sources of funding adequate to cover all proposed expenditures; and

WHEREAS, all proposed rental charges and expenditures will be consistent with provisions of the Washington State Housing Authority Law (RCW 35.82) and the Annual Contributions Contract (where applicable); and

WHEREAS, the Authority hereby certifies that no employee of the Housing Authority is serving in a variety of positions which will exceed 100% of his/her time. This certification includes the proration of an employee's time between the various programs administered by the Housing Authority of the County of King; and

WHEREAS, the Authority certifies that none of the funds in the budget authorized under Section 8 (only with respect to the tenant-based rental assistance program) and Section 9 of the United States Housing Act of 1937 will be used for any amount of salary for any employee that exceeds the annual rate of basic pay payable for a position at Level IV of the Federal Executive Schedule; and

WHEREAS, the Authority certifies that a drug-free workplace is provided to employees as required by the Drug-Free Workplace Act of 1988; and

WHEREAS, the Authority certifies that no Federally appropriated funds will be paid on behalf of the Housing Authority to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal

contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan or cooperative agreement.

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 following expenditures are hereby authorized for the Calendar Year beginning January 1, 2024:

	<u>Expenses</u>	<u>Capital</u>	<u>Total</u>
Federal Programs	\$349,904,765	\$17,237,178	\$367,141,943
Local Programs	151,591,821	40,169,517	191,761,338
Development Activities	5,281,587	62,058,380	67,339,966
Total 2024 Expenditures	<u>\$506,778,173</u>	<u>\$119,465,074</u>	<u>\$626,243,247</u>

SECTION 2: The Detail of Budgeted Revenues and Expenses as found in Exhibit A are hereby incorporated into this resolution.

ADOPTED AT A SPECIAL MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC MEETING THIS 19th DAY OF DECEMBER, 2023.

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

ROBIN WALLS
Secretary-Treasurer

KING COUNTY HOUSING AUTHORITY

EXHIBIT A

2024 Budget (Cash Basis)

(excludes non-KCHA-managed component units)

	Operations and Capital			Development
	Federal Programs	Local Programs	2024 Proposed Budget	
Beginning Balance, Unrestricted Cash	19,104,382	125,115,611	144,219,992	1,854,838
Revenues				
Tenant Revenue	14,462,268	148,420,520	162,882,788	.
Operating Fund Subsidy from HUD	12,987,245	.	12,987,245	.
Section 8 Subsidy from HUD	277,646,487	486,814	278,133,301	.
Other Operating Revenue	45,426,943	37,805,942	83,232,886	1,271,042
Total Operating Revenues	350,522,943	186,713,276	537,236,219	1,271,042
Expenses				
Salaries & Benefits	(34,148,585)	(53,790,707)	(87,939,292)	(796,916)
Routine Maintenance, Utilities, Taxes & Insurance	(13,874,591)	(33,618,183)	(47,492,775)	(7,000)
Other Social Service Support Expenses & HAP	(281,589,886)	(11,537,333)	(293,127,219)	.
Administrative Support Expenses	(16,320,792)	(22,701,274)	(39,022,066)	(416,779)
Total Operating Expenses	(345,933,854)	(121,647,498)	(467,581,352)	(1,220,695)
Net Operating Income	4,589,088	65,065,779	69,654,867	50,347
Non-operating Revenue	13,804,553	13,014,794	26,819,347	19,745,163
Non-operating Expenses	(3,970,911)	(29,944,324)	(33,915,235)	(4,060,892)
Net Income	14,422,730	48,136,249	62,558,979	15,734,618
Other Sources/(Uses) of Cash				
Capital Projects and Acquisitions	(17,237,178)	(40,169,517)	(57,406,694)	(62,058,380)
Changes in Designated Cash	706,474	1,597,668	2,304,142	(330,985)
Changes in Restricted Cash	197,947	(208,117)	(10,170)	(1,173,116)
Changes in Receivables	919,711	(1,101,584)	(181,873)	(13,022,331)
Changes in Other Assets	.	81,748	81,748	.
Changes in Debt	(360,000)	(19,757,332)	(20,117,332)	61,443,147
Changes in Other Liabilities	(2,737,043)	1,269,322	(1,467,721)	2,471,570
Changes in Equity
Total Other Sources/(Uses) of Cash	(18,510,089)	(58,287,812)	(76,797,901)	(12,670,095)
Transfer In from (Out to) Other Funds				
Transfers In from Other Funds	18,971,551	18,915,881	37,887,432	712,777
Transfers Out to Other Funds	(21,350,097)	(17,250,113)	(38,600,209)	.
Net Transfer In/(Out)	(2,378,545)	1,665,768	(712,777)	712,777
Net Change in Unrestricted Cash	(6,465,904)	(8,485,794)	(14,951,698)	3,777,300
Ending Balance, Unrestricted Cash	12,638,478	116,629,816	129,268,294	5,632,138
Beginning Balance, Designated Cash				
Beginning Balance, Designated Cash	9,366,194	83,465,409	92,831,603	-
Changes in Designated Cash	(706,474)	(1,597,668)	(2,304,142)	330,985
Ending Balance, Designated Cash	8,659,720	81,867,741	90,527,461	330,985
Beginning Balance, Restricted Cash				
Beginning Balance, Restricted Cash	7,065,543	24,028,758	31,094,301	31,453,364
Changes in Restricted Cash	(197,947)	208,117	10,170	1,173,116
Ending Balance, Restricted Cash	6,867,596	24,236,875	31,104,471	32,626,480

2024 Capital Budget
By Responsible Department

CONSTRUCTION ACTIVITIES

Managed by the Capital Construction Department

Public Housing Properties	\$11,126,376	
MKCRF Properties	343,500	
Other Properties	349,511	
Central Office Projects	875,606	
Placeholder for Pre-Construction Design Work	<u>858,750</u>	13,553,744

Managed by the Housing Management Department

Unit Upgrade Program	5,794,591	
Other Projects	<u>2,729,575</u>	8,524,166

Managed by the Asset Management Department

Projects at Workforce Housing Properties	27,122,247	
Projects at Mobile Home Properties and Other	<u>2,981,000</u>	30,103,247

DEVELOPMENT/ACQUISITION ACTIVITIES

Managed by the Development Department

Acquisitions	60,000,000	
Hope VI Properties	605,305	
Pre-development Activities-Issaquah Trailhead	2,000,000	
Pre-development Activities-Other	<u>3,223,112</u>	65,828,417

OTHER ACTIVITIES

Technology Expenditures	1,000,000	
Vehicles & Other	<u>455,500</u>	1,455,500

TOTAL BUDGETED CAPITAL EXPENDITURES		<u>\$119,465,074</u>
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To: Board of Commissioners

From: Annie Pennucci, Associate VP of Research, Evaluation, & Program Development

Date: December 5, 2023

Re: KCHA Community Indicators Dashboard

At the December 2023 Board Meeting, staff will present an updated version of the Community Indicators Dashboard. KCHA's Community Indicators Dashboard is intended to provide the Board with a broad backdrop of community trends to inform KCHA's program and policy design, resource allocation decisions, and approaches for measuring agency impact. The dashboard was first introduced at the 2018 Board Retreat and is updated at least once a year as new data become available.

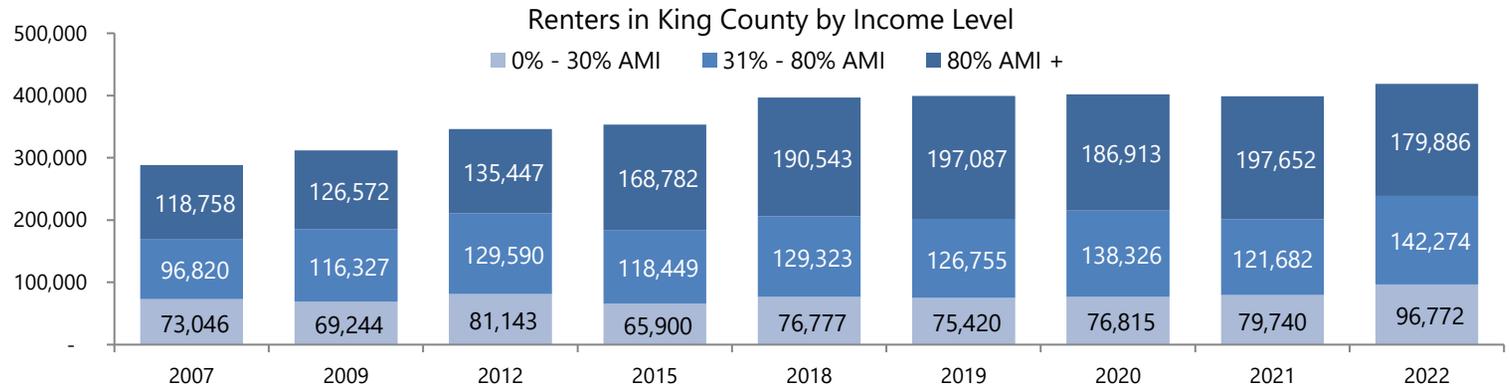
The current iteration of the dashboard provides context in three domains: 1) rent burdens among extremely low-income and moderately low-income households; 2) annual counts of homelessness from the county's Point in Time (PIT) count and school districts' annual reporting; and 3) racial disproportionality among people experiencing poverty and homelessness. The Community Indicators Dashboard includes graphs, maps, and narrative providing context, definitions, and analysis of the covered trends.

We look forward to reviewing these indicators with the Board and discussing their usefulness for understanding KCHA's impact.

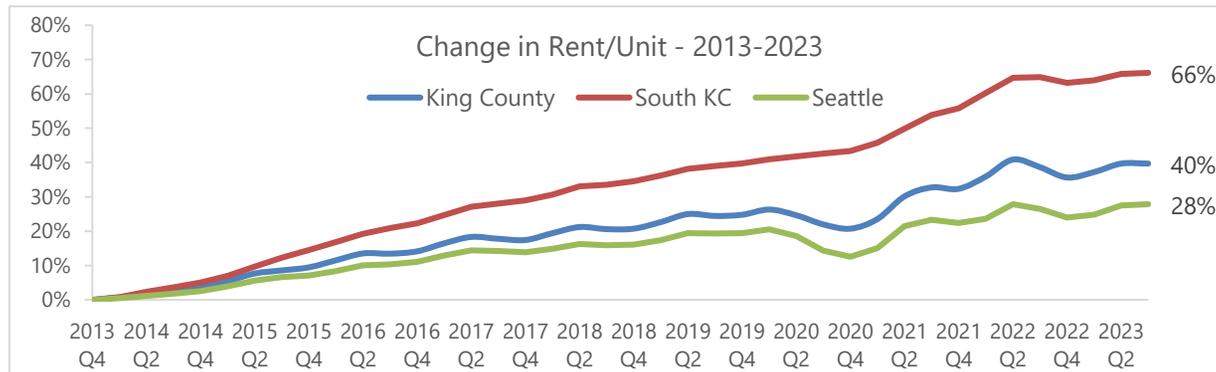
King County Housing Authority Community Indicators Dashboard: Context

In recent decades, King County and the greater Puget Sound region have been the center of economic growth and transformation, rapidly expanding with high-paying jobs and accompanying population growth. Since 2007, King County has added over 130,000 new renter households—a 45% increase. The growth has been primarily driven by higher-income households: those earning over 80% of Area Median Income or AMI made up 71% of the increase in renter households between 2007 and 2021. More recently, between 2021 and 2022, growth in the number of renter households was concentrated among low-income households: the number of moderate income households (31%-80% AMI) increased by over 20,000, and extremely low-income (0%-30% AMI) grew by over 17,000, while the number of high-income households dropped. The need for affordable housing in King County has never been greater.

Growth in Renters is Primarily Driven by Middle and High Income Households (80% AMI or Higher) ¹



The region is experiencing steadily rising rent, increasing by over 40% across King County since 2013. South King County in particular has experienced considerable rent increases (by 66% since 2013), likely associated with the area's historically lower costs likely drawing an influx of people into the area. Average rents temporarily declined in 2020 with conditions surrounding the COVID-19 pandemic such the rent increase moratorium, but rebounded in 2021 after the moratorium was lifted. Average rents dropped slightly in 2022 but are rising again in 2023.



\$2,041

Costar King County Rent estimate for Q3 (to date) 2023

KCHA's Community Indicators dashboard highlights related indicators that are impacted by these rental market trends, including rent burdens among low-income households in King County, homelessness, and racial disparities in poverty and homelessness.

¹ American Community Survey (ACS), One-Year Public Use Microdata Sample (PUMS). U.S. Census Bureau. 2007 - 2022. <https://www.census.gov/programs-surveys/acs/data/pums.html>.

Community Indicator: Homelessness

Point-in-Time Count

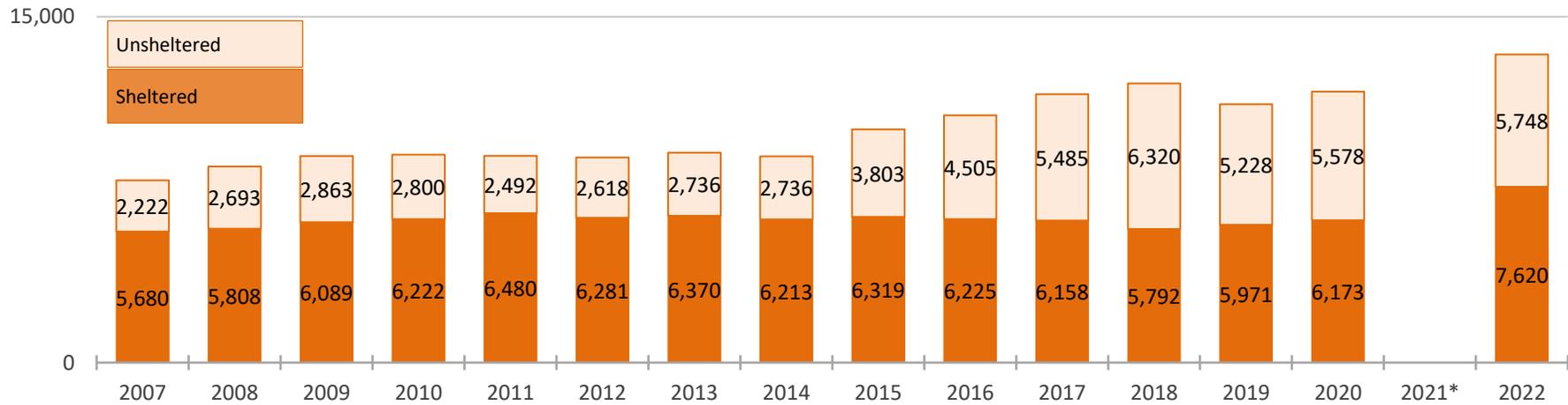
At a single point in time each year, King County counts the number of people experiencing homelessness by walking and driving through streets, parks, and other areas to identify unsheltered individuals. Additionally, the county’s Homeless Management Information System (HMIS) provides an estimate of the number of people living in shelters and transitional housing. While the PIT methodology changed in 2017 and again in 2022, limiting the ability to precisely estimate historical trends, the PIT Count still illustrates the severity of the ongoing crisis.

In 2022 the methodology continued to include HMIS for sheltered individuals, but replaced the “walking and driving” approach with “respondent driven sampling” for the unsheltered count.³ An estimated 13,368 individuals were experiencing homelessness in King County in March 2022, with increases in both the sheltered and unsheltered populations compared with prior years. The PIT Count was not conducted in 2021 due to the COVID-19 pandemic, and the King County Regional Homelessness Authority opted not to conduct the count—required by HUD every two years—in 2023.

As of 2022
13,368

people were experiencing homelessness in King County

King County Point-in-Time Count⁴



*Due to the COVID-19 pandemic, the PIT count was not conducted in 2021.

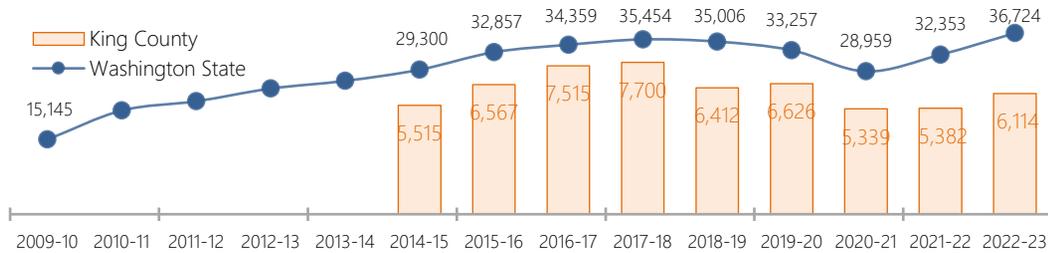
³ King County Regional Homelessness Authority 2022 Point-in-Time Count. <https://kcrha.org/wp-content/uploads/2022/06/PIT-2022-Infograph-v7.pdf>

⁴ All Home King County and U.S. Department of Housing and Urban Development. Point-in-Time (PIT) Estimates of Homelessness by Continuum of Care Program. 2007 - 2020. <https://www.hudexchange.info/resource/3031/pit-and-hic-data-since-2007> and KCHRA 2022 Point-in-Time Count.

Students Experiencing Homelessness

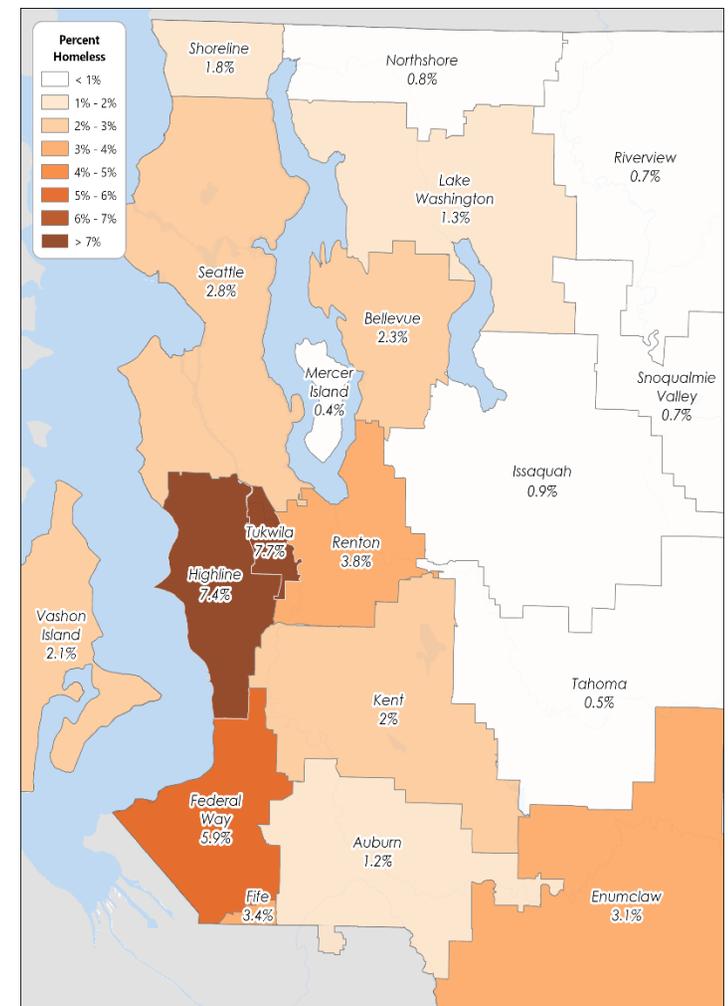
Washington’s K-12 public school districts began reporting the incidence of homelessness in the mid-2000s. State and federal laws have evolved, with increasing emphasis on consistent reporting and academic outcomes. The U.S. Department of Education definition of homelessness is broader than the HUD definition used in the PIT Count, and includes doubled-up families and those who are “couch surfing” and living in motels.

K-12 Students Experiencing Homelessness in Washington State and King County



Both statewide and in King County, the student homelessness count has increased since first collected, although changes in the methodology used to produce estimates of student homelessness from the state Office of Superintendent of Public Instruction (OSPI) make it difficult to precisely measure trends. The observed drop in the statewide and King County counts during the pandemic were likely not due to a decrease in actual prevalence, but instead, disengagement and disenrollment from school. These dynamics were a concern for all students during the pandemic, particularly for more vulnerable families. Since resuming in-person, the count has rebounded and is at its highest ever statewide.

Locally, southwest King County has some of the highest rates of student homelessness (see map). In the 2022-23 school year, student homelessness rates ranged from less than 1% in northeast King County to 7.7% in Tukwila School District and 7.4% in Highline. The statewide rate is 3.4%.

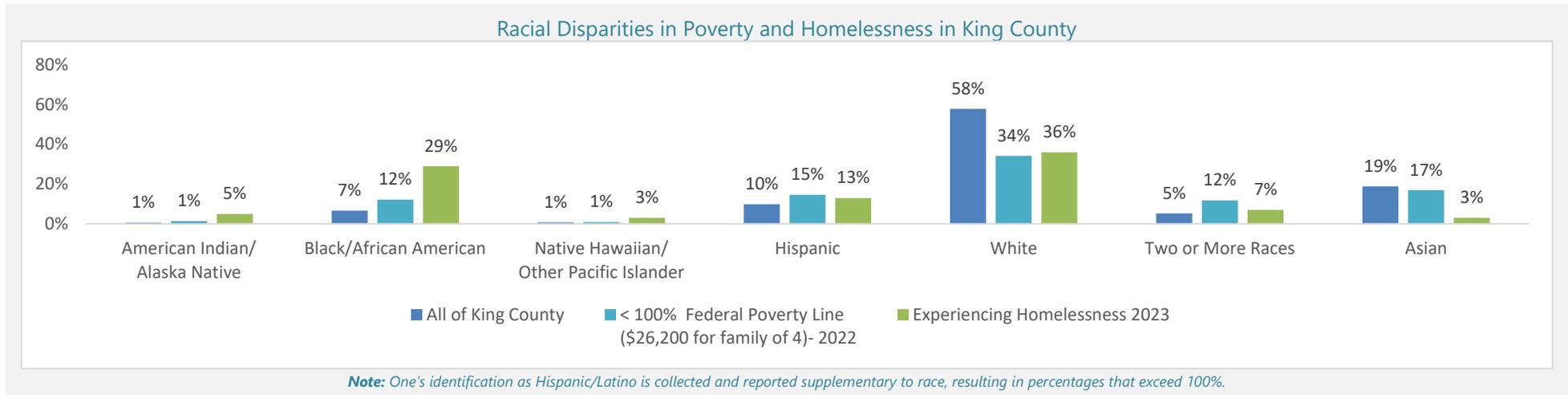


Students Experiencing Homelessness by School District (2022-23)

Community Indicator: **Racial Disparities in Poverty & Homelessness**

Racial Disparities

The history of federal housing policy in the United States is inseparable from race. Following centuries of slavery and displacement, throughout the late 19th and 20th centuries, federal, state, and local governments continued to use public policy to disenfranchise and segregate people of color, including through redlining, racial covenants, mortgage underwriting, and zoning policy. The systemic and structural remnants of these policies are evident today in statistics on poverty and homelessness.



People of color are overrepresented in poverty, compared to their share of the total population, particularly Black/African American households (12% vs 7%), Hispanic/Latinx (15% vs 10%), and two or more races (12% vs 5%). Starker disparities emerge in the experience of homelessness, and are not explained by poverty alone: American Indian/ Alaskan Native and Black/African American households are represented in even higher relative proportions among those experiencing homelessness (5% vs 1% in poverty and 29% vs 12% respectively).

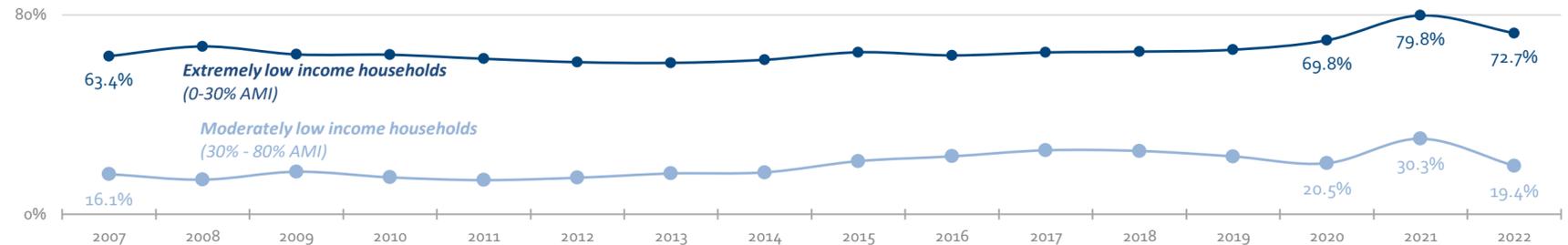
These numbers support the need for housing policy to incorporate an equity lens to focus attention and support to the most affected communities, from both a service provision and outcomes perspective. To ensure that existing racial disparities are not reinforced, housing programs must provide equitable access, treatment, and outcomes through a variety of means including tailored outreach, program design, and service delivery.

KCHA's Community Indicators Dashboard is intended to provide a broad backdrop of community trends to inform KCHA's program and policy design, resource allocation decisions, and approaches for measuring agency impact. The dashboard provides context in three domains: 1) severe rent burden among extremely low-income and moderately low-income households; 2) annual counts of sheltered and unsheltered homelessness from the county's Point in Time (PIT) count and school district annual reporting; and 3) racial disproportionality among people experiencing poverty and homelessness. Data included in this dashboard are the latest available.

Rent Burden in King County*

Extremely low-income households consistently experience severe rent burdens, spending more than 50% of their income on rent.¹

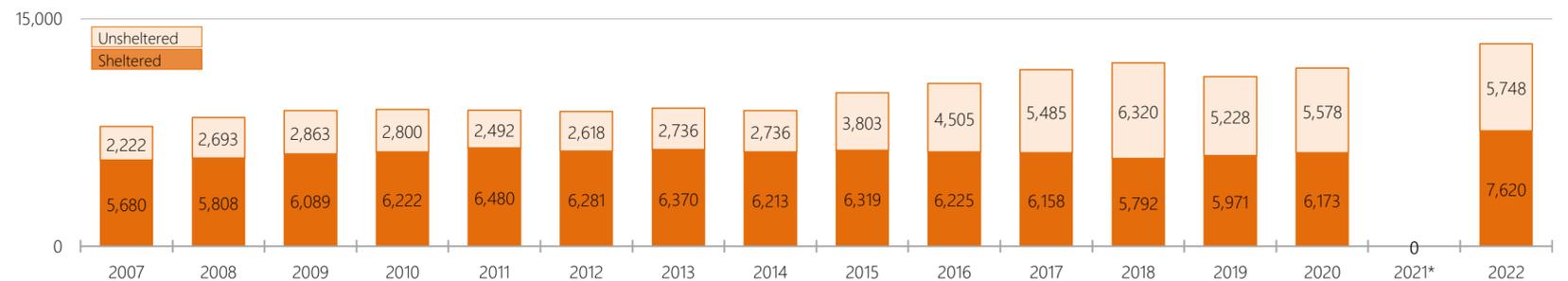
72.7% of extremely low-income renters in King County were severely rent burdened in 2022.



Homelessness in King County

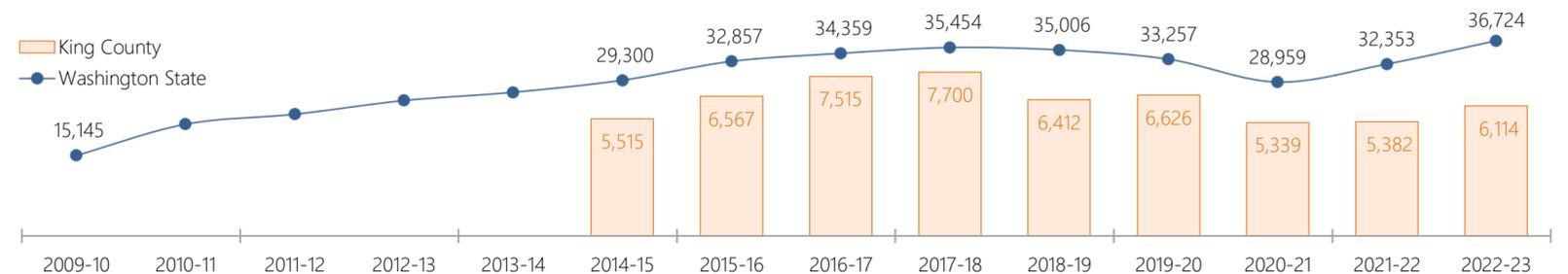
The number of unsheltered individuals in King County remains high, and is two and a half times greater than in 2007.²

As of 2022, **13,368** people were experiencing homelessness in King County.



*Due to the COVID-19 Pandemic, the PIT count was not conducted in 2021.

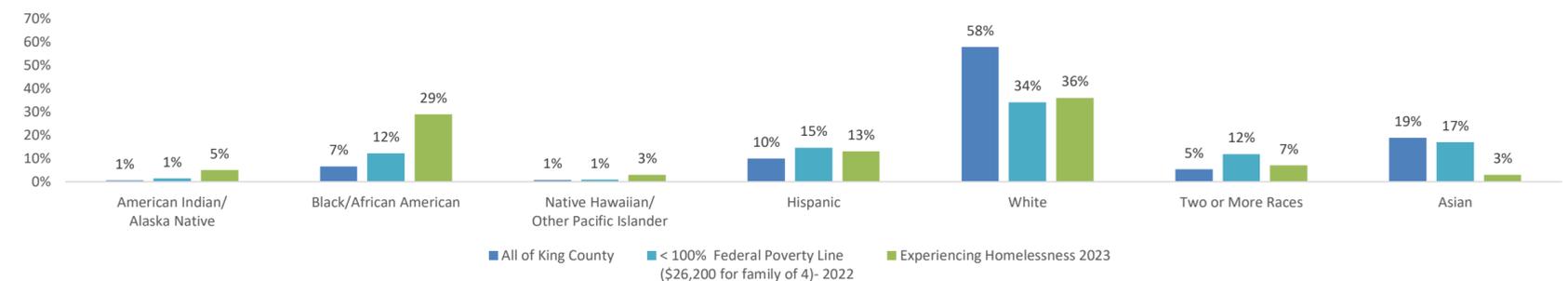
The student homelessness count is increasing following undercounts during the pandemic. In the 2022-23 school year, **6,114** students experienced homelessness in King County.³



Racial Disparities in King County

People of color are disproportionately represented among people experiencing poverty and homelessness.⁴

Though only **7%** of the King County population, Black/African American people comprise **29%** of people experiencing homelessness



Notes & Data Sources

* All King County statistics include the city of Seattle.

¹ U.S. Census Bureau. American Community Survey (ACS), One-Year Public Use Microdata Sample (PUMS). 2007 - 2022. <https://www.census.gov/programs-surveys/acs/data/pums.html>.

² King County Regional Homelessness Authority, All Home King County, and HUD Point-in-Time (PIT) Estimates of Homelessness by Continuum of Care Program. 2007 - 2022.

³ Washington State Office of Superintendent of Public Instruction, Report Card Data, Enrollment_Trend_Programs_Dashboard.csv (State Total). Downloaded August 2023.

⁴ U.S. Census Bureau. American Community Survey (ACS). 2014-2018. and King County Regional Homelessness Authority online data dashboard for October 2023.

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Households Served

point in time as of September 2023¹

23,915

Finance

	Budgeted	Actual	Actual to Budget	
Revenue year-to-date	\$379,431,997	\$384,381,240	101.3%	
Expenditure year-to-date	\$315,775,925	\$308,365,784	97.7%	
LGIP Rate Investments	3.91%	5.39%	+ 1.48%	
Non-LGIP Investments	3.91%	2.38%	-1.53%	

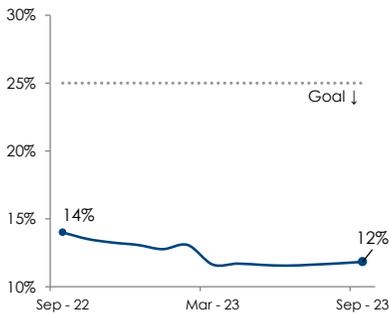
Housing Management

	Scope	Target	Sept '23	
Public Housing Occupancy ²	3,766 units	98.0%	98.7%	
Local Programs Occupancy	8,715 units	96.5%	98.5%	
Total Units Online ³	12,541 units	11,105	12,541	

Housing Choice Voucher Program Operations

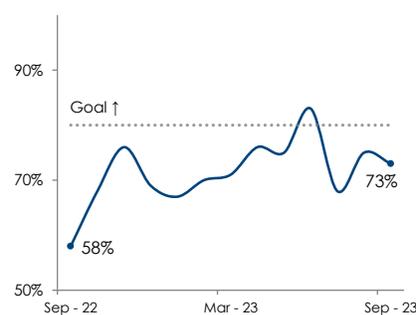
Shelter Burden

Households paying more than 40% of income for rent and utilities.



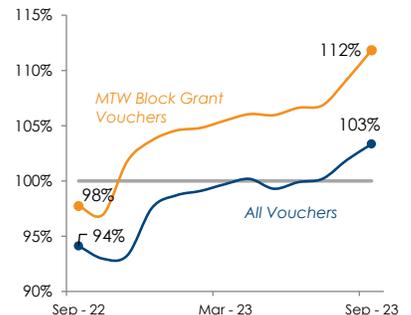
Shopping Success⁴

Lease-up within 240 days after voucher issuance, by cohort.



Utilization Rate⁵

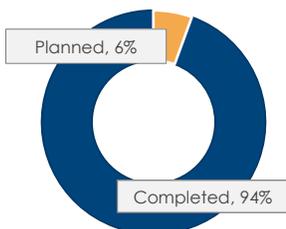
Percentage of HUD ACC leased by month.



Focus Areas

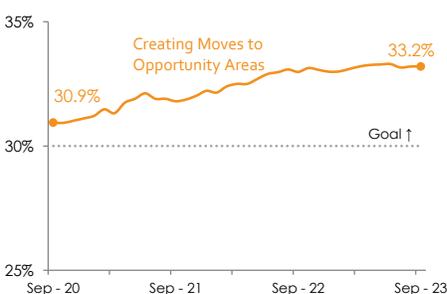
Inclusion Now Training

Percentage of staff who have completed Inclusion Now (I).



Opportunity Area Access

Percentage of households with children living in high opportunity areas.



Notes

- 1) Includes households in federally subsidized programs, workforce housing, and local programs.
- 2) Excludes 49 units in portfolio where turnover is not tracked monthly.
- 3) 11,105 represents the agency's acquisition stretch goal by the end of 2020.
- 4) Represents success of latest cohort to reach 240 days after voucher issuance.
- 5) Does not include Emergency Housing Vouchers.

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To: Board of Commissioners

From: Saeed Hajarizadeh, EVP of Administrative Services
Tesh Assefa, Financial Reporting Manager

Date: December 18, 2023

Re: **Third Quarter 2023 Financial Report**

Financial Highlights

Federal Programs

- Housing Choice Voucher Funding increased by 17% in 2023
- Properties managed by KCHA averaged a 98% lease-up
- Salaries cost continue below budget due to un-filled positions
- Capital activities generally below budget due to slow supply chain issues, plus some projects are moving to 2024

Local Programs

- Lower spending and grant reimbursements on weatherization projects
- Operating expenses are expected close to budget by year end

Development

- Non-operating revenue higher than expected due to unanticipated developer fees for Abbey Ridge and Ballmer Group, plus Washington State Department of Commerce capital grant for Skyway USB Redevelopment project
- Home and lot sales price participation exceeded target and also due to proceeds from sale of vacant parcel of land in Skyway

Please see Notes at the end of each category for specific line items that we felt needed explanation.

KCHA Financial Glossary:

Net Operating Income – Difference between amount of money collected through rents and subsidies, and operating expenses of the same projects and programs. It represents what we earned and spent on core operations before taking into account other sources of income or expense.

Net Income – Accounts for operating income less incoming and outgoing non-operating items like interest income, interest expense and other non-operating activities. External funders, partners, and the public view the above as how KCHA is performing and making comparisons to other PHA's in the industry, year over year.

Adjustments to Cash - Or sometime referred to as “below the line” represents cash inlays and outlays for items that are not operational, such as borrowing funds and spending funds on capitalized items, which could be major improvements to buildings or course of construction costs before buildings are put in operation.

Overall Summary – A combination of all operating programs and properties, both Federal and locally funded.

Federal Summary – Includes all federal programs such as Section 8 Housing Choice Vouchers mainly covering rental assistance, Public Housing, Capital Fund Program, and several other Federal grants to house and assist families towards self-reliance or improved living circumstances.

Local Summary – All other properties and programs owned by KCHA and managed either by KCHA Property Management or Asset Management via third party private management companies. This category is sometimes referred to as Workforce Housing.

Development – This statement shows a summary of all development activities handled by our Development Department. Much of the financial activities of this department are below-the-line, construction related and as such are tracked in a balance sheet as “work-in-process” and do not impact net operating income.

Balance Sheets

Balance sheets are shown in local, Federal, and development categories. It is a snapshot of all existing assets and liabilities. It provides a comprehensive view of our financial health which helps in decision making, compliance, and financial analysis.

Moving to Work

Finally, we share a summary of KCHA's Moving to Work funds, showing both sources and uses. One of the most important features of being an MTW agency is financial flexibility to use funds where they are needed depending on local housing needs.

King County Housing Authority

**Income Statement with Cash Adjustments
Combined Operations (excluding development activity)
For the Period Ended September 30, 2023**

	2023	2023	% of
	YTD	YTD	YTD
	Actual	Budget	Budget
Operating Revenues			
1 Tenant Revenue	\$122,023,833	\$119,617,437	102%
2 Operating Subsidy from HUD-HCV	182,898,855	181,897,945	101%
3 Operating Subsidy from HUD-PH	10,290,172	9,010,272	114% (1)
4 Port-In Income	40,819,925	36,541,923	112% (2)
5 Other Operating Income	28,348,456	32,364,420	88% (3,4)
6 Total Operating Income	<u>384,381,240</u>	<u>379,431,997</u>	101.3%
Operating Expenses			
7 Salaries	40,047,009	42,868,653	93% (5)
8 Benefits	13,094,500	14,599,650	90% (5)
9 Occupancy Expenses	28,180,573	32,398,438	87% (6)
10 Maintenance Projects	0	0	NM
11 HAP Expense-KCHA	151,201,378	148,261,664	102%
12 HAP Expense-Ports In	40,716,846	36,541,923	111% (2)
13 Other Social Service Expenses	11,930,370	13,949,752	86% (3)
14 Administrative Expenses	23,195,109	27,155,845	85% (7)
15 Total Operating Costs	<u>308,365,784</u>	<u>315,775,925</u>	98%
16 Net Operating Income	76,015,456	63,656,072	119%
Non-Operating Revenues			
17 Non-Operating income	13,622,855	17,933,124	76% (8)
18 Total Non-Operating Income	<u>13,622,855</u>	<u>17,933,124</u>	76%
Non-Operating Expenses			
19 Interest Payments	25,358,616	24,727,272	103%
20 Non-Operating Expenses	(18,484,059)	2,619,696	NM (9)
21 Total Non-Operating Expenses	<u>6,874,557</u>	<u>27,346,968</u>	25%
22 Net Non-Operating Income (Loss)	6,748,297	(9,413,845)	NM
23 Net Income(Loss)	82,763,754	54,242,227	153%
Adjustments to Cash - Sources (Uses)			
24 Principal Payments	(12,120,692)	(30,895,564)	39% (10,11)
25 Capital Expenditures	(35,806,259)	(19,654,397)	182% (12)
26 Acquisitions/LIHTC Return to KCHA	0	0	NM
27 Change (to)/from Designated Cash	(3,859,782)	(1,085,629)	356% (13)
28 Change (to)/from Restricted Cash	(6,823,851)	(735,153)	928% (14)
29 Transfers In/(Out)	(20,796,406)	(9,310,264)	223% (10)
30 Other Changes in Debt	0	0	NM
31 Others Sources/(Uses of Cash)	18,412,868	2,758,478	668% (15)
32 Total Adjustments to Cash	<u>(60,994,123)</u>	<u>(58,922,529)</u>	104%
33 Net Change in Unrestricted Cash	\$21,769,631	(\$4,680,302)	NM
34 Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	117,533,961		
35 Ending Cash Balance-Unrestricted/Held by Mgmt Agent	139,303,592		

- 1) Public Housing Operating subsidy through September exceeded target as actual is based on the 2023 subsidy request. Actual funding depends congress's budget appropriation and prorata level.
- 2) Port ins/out were higher than expected in the budget. We had additional 1018 port ins issued in the first nine months of the year. We are reducing port-in by around the same amount during the last three months.
- 3) Mainly due to lower spending and grant reimbursements on weatherization projects.
- 4) MKCRF capital projects were less than target resulting in lower capital transfer and reimbursements.
- 5) Salaries and benefits were below target due to unfilled positions.
- 6) Maintenance expenses and utilities are lower than budgeted due to slower spending on maintenance contracts but expected to catch up with budget by year-end.
- 7) Various categories were under target: Professional services, travel and training, and computer equipment. Professional services is below budget mainly due to timing of invoices, but expected to increase in the fourth quarter as more invoices are received and processed.
- 8) HUD Capital Fund Program (CFP) grant revenue was below target. Some of the CFP grant financed projects were delayed and postponed to 2024 and other projects were completed at a cost less than anticipated in the budget resulting in less draw from the CFP grant.
- 9) Mainly due to transfer of Kirkland Heights capital assets totaling \$20 million sold to a separate tax credit partnership.
- 10) Transfer of the Kirkland Heights \$11.2 million King County TOD loan was budgeted in the second quarter but occurred in the fourth quarter. Also, due to new debt totaling \$6.1 million for the acquisition of the Plum Court property. Unbudgeted.
- 11) 2021 Refunding Revenue Bond Principal payments were budgeted evenly throughout the year, but actuals are typically paid towards the end of the year. This is partially offset by higher than budgeted principal payments from net cash flow for Spiritwood, Bellevue Manor, and Green River Homes 2.
- 12) The disposal Kirkland Heights capital assets totaling \$20 million upon sale to tax credit partnership was budgeted in second quarter but occurred in the fourth quarter. This is partially offset as HUD CFP grant capital projects were below target due to supply chain issues but expected to increase in the fourth quarter.
- 13) Deposits to replacement reserves were higher than budgeted.
- 14) Mainly due unbudgeted deposits to debt service reserves.
- 15) Mainly due to an increase in accounts payable, accrued interest payable and decrease in prepaid insurance and lease receivable offset by increase in grant receivable.

King County Housing Authority
Income Statement with Cash Adjustments
Federal Programs and Properties
For the Period Ended September 30, 2023

	2023	2023	% of
	YTD	YTD	YTD
	Actual	Budget	Budget
Operating Revenues			
5 Tenant Revenue	10,709,747	10,202,645	105%
6 Operating Subsidy from HUD-HCV	182,583,967	181,581,357	101%
7 Operating Subsidy from HUD-PH	10,290,172	9,010,272	114% (1)
8 Port-In Income	40,819,925	36,541,923	112% (2)
9 Other Operating Income	6,078,528	4,982,355	122% (3)
Total Operating Income	<u>250,482,339</u>	<u>242,318,552</u>	103%
Operating Expenses			
10 Salaries	14,979,331	16,721,090	90% (4)
11 Benefits	5,340,532	6,265,672	85% (4)
12 Occupancy Expenses	8,037,863	8,506,617	94%
13 Maintenance Projects	-	-	NM
14 HAP Expense-KCHA	151,201,378	148,261,664	102%
15 HAP Expense-Ports In	40,716,846	36,541,923	111% (1)
16 Other Social Service Expenses	6,620,446	6,975,049	95%
17 Administrative Expenses	9,916,351	11,320,278	88% (5)
Total Operating Costs	<u>236,812,747</u>	<u>234,592,293</u>	101%
Net Operating Income	<u>13,669,591</u>	<u>7,726,260</u>	177%
Non-Operating Revenues			
21 Non-Operating income	5,305,872	10,457,516	51% (6)
Total Non-Operating Income	<u>5,305,872</u>	<u>10,457,516</u>	51%
Non-Operating Expenses			
19 Interest Payments	3,493,759	3,088,874	113% (7)
22 Non-Operating Expenses	16,872	0	NM
Total Non-Operating Expenses	<u>3,510,630</u>	<u>3,088,874</u>	114%
Net Non-Operating Income (Loss)	1,795,242	7,368,642	24%
Net Income(Loss)	<u>15,464,833</u>	<u>15,094,901</u>	102%
Adjustments to Cash - Sources (Uses)			
18 Principal Payments	(273,741)	(226,250)	121% (8)
23 Capital Expenditures	(8,524,257)	(12,297,184)	69% (6)
30 Acquisitions/LIHTC Return to KCHA	0	0	NM
24 Change in Designated Cash	1,160,327	621,925	187% (9)
25 Change in Restricted Cash	108,039	9,909	1,090% (10)
26 Transfers In/Out	(1,469,772)	(2,704,597)	54% (11)
31 Other Changes in Debt	0	0	NM
27 Others Sources/(Uses of Cash)	3,624,054	113,125	3,204% (12)
Non Operating Net Sources (Uses) of Cash	<u>(5,375,350)</u>	<u>(14,483,072)</u>	37%
Net Change in Unrestricted Cash	<u>\$ 10,089,483</u>	<u>\$ 611,829</u>	1,649%
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	16,090,023		
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	26,179,507		

- 1) Operating subsidy through September exceeded target as current year funding is based on the 2023 subsidy request while budget uses 2022 funding level.
- 2) Port ins/out were higher than expected in the budget. We had additional 1,018 port ins issued in the first nine months of the year.
- 3) \$944K in unbudgeted EHV Admin Fee was received through the third quarter. Also, due to higher than budgeted port-in admin fee.
- 4) Salaries and benefits were below target due to unfilled positions.
- 5) Various categories were under target: Professional services, travel and training, and computer equipment. Professional services is below budget mainly due to timing of invoices, but expected to increase in the fourth quarter as more invoices are received and processed.
- 6) HUD CFP grant revenue was below target. Some of the CFP grant financed projects were delayed and postponed to 2024 and other projects were completed at a cost less than anticipated in the budget resulting in less draw from the CFP grant.
- 7) Mainly due to unbudgeted \$364k interest expense for Salmon Creek.
- 8) Mainly due to unbudgeted \$75k Salmon Creek debt principal payment.
- 9) Mainly due to technical accounting entry to adjust EPC project reserve account.
- 10) The budgeted deposit to EHV reserves has yet to occur. This is partially offset due to less than budgeted draw from the MKCRF collateral deposit.
- 11) Transfer from MTW for Birch Creek bond payment was less than target as management decision was made to use the CFP grant. Also, transfer from MTW for unit upgrades were below target as projects depend on unit availability. Finally, capital construction transfer from MTW was below target due to delay of projects. See note 6.
- 12) Mainly due to decrease in receivables and prepaid insurance, increase in accrued expenses offset by decrease in accounts payable.

King County Housing Authority
Income Statement with Cash Adjustments
Local Programs and Properties
For the Period Ended September 30, 2023

	2023	2023	% of	
	YTD	YTD	YTD	
	Actual	Budget	Budget	
Operating Revenues				
5 Tenant Revenue	111,314,086	109,414,792	102%	
6 Operating Subsidy from HUD-HCV	314,888	316,588	99%	
7 Operating Subsidy from HUD-PH	-	-	NM	
8 Port-In Income	-	-	NM	
9 Other Operating Income	22,269,928	27,382,065	81%	(1,2)
Total Operating Income	<u>133,898,902</u>	<u>137,113,445</u>	98%	
Operating Expenses				
10 Salaries	25,067,677	26,147,563	96%	
11 Benefits	7,753,968	8,333,978	93%	
12 Occupancy Expenses	20,142,709	23,891,820	84%	(3)
13 Maintenance Projects	-	-	NM	
14 HAP Expense-KCHA	-	-	NM	
15 HAP Expense-Ports In	-	-	NM	
16 Other Social Service Expenses	5,309,924	6,974,704	76%	(1)
17 Administrative Expenses	13,278,758	15,835,568	84%	(4)
Total Operating Costs	<u>71,553,037</u>	<u>81,183,633</u>	88%	
Net Operating Income	<u>62,345,865</u>	<u>55,929,812</u>	111%	
Non-Operating Revenues				
21 Non-Operating income	8,316,983	7,475,608	111%	(5)
Total Non-Operating Income	<u>8,316,983</u>	<u>7,475,608</u>	111%	
Non-Operating Expenses				
19 Interest Payments	21,864,858	21,638,398	101%	
22 Non-Operating Expenses	(18,500,931)	2,619,696	NM	(6)
Total Non-Operating Expenses	<u>3,363,927</u>	<u>24,258,094</u>	14%	
Net Non-Operating Income (Loss)	4,953,056	(16,782,486)	NM	
Net Income(Loss)	<u>67,298,920</u>	<u>39,147,326</u>	172%	
Adjustments to Cash - Sources (Uses)				
18 Principal Payments	(11,846,951)	(30,669,314)	39%	(7,8)
23 Capital Expenditures	(27,282,002)	(7,357,213)	371%	(9)
40 Acquisitions/LIHTC Return to KCHA	-	-	NM	
24 Change in Designated Cash	(5,020,109)	(1,707,554)	294%	(10)
25 Change in Restricted Cash	(6,931,890)	(745,062)	930%	(11)
26 Transfers In/Out	(19,326,634)	(6,605,667)	293%	(7)
41 Other Changes in Debt	-	-	NM	
27 Others Sources/(Uses of Cash)	14,788,814	2,645,353	559%	(12)
Non Operating Net Sources (Uses) of Cash	<u>(55,618,773)</u>	<u>(44,439,457)</u>	125%	
Net Change in Unrestricted Cash	<u>11,680,148</u>	<u>(5,292,131)</u>	NM	
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	101,443,938			
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	113,124,085			

- 1) Mainly due to lower spending and grant reimbursements on weatherization projects.
- 2) MKCRF capital projects were less than target resulting in lower capital transfer and reimbursements.
- 3) Maintenance expenses and utilities are lower than budgeted due to slower spending on maintenance contracts but expected to catch up by year end.
- 4) Various categories were under target: professional services, admin contracts, and computer equipment.
- 5) Due to rising interest rate, interest income on deposits exceeded target. Also, due to unbudgeted CFP grant used for Green River Homes II bond payment. This is partially offset by Dept. of Commerce Grant for Illahee projects yet to be received.
- 6) Mainly due to loss on disposal of Kirkland Heights capital assets totaling \$20 million as the property was sold to a tax credit partnership.
- 7) Transfer of the Kirkland Heights \$11.2 million King County TOD loan was budgeted in the second quarter but occurred in the fourth quarter. Also, due to new debt totaling \$6.1 million for the acquisition of the Plum Court property. Unbudgeted.
- 8) 2021 Refunding Revenue Bond Principal payments were budgeted evenly throughout the year, but actuals are typically paid towards the end of the year. This is partially offset by higher than budgeted principal payments from net cash flow for Spiritwood, Bellevue Manor, and Green River Homes 2.
- 9) The disposal Kirkland Heights capital assets totaling \$20 million upon sale to tax credit partnership was budgeted in second quarter but occurred in the fourth quarter.
- 10) Deposits to replacement reserves were higher than budgeted.
- 11) Mainly due unbudgeted deposits to debt service reserves.
- 12) Mainly due to an increase in accounts payable, accrued interest payable and decrease in prepaid insurance and lease receivable offset by increase in grant receivable.

King County Housing Authority
Income Statement with Cash Adjustments
Development Activity
For the Period Ended September 30, 2023

	2023	2023	% of	
	TYD	YTD	YTD	
	Actual	Budget	Budget	
Operating Revenues				
1 Operating Revenue	1,550,717	940,303	165%	(1)
2 Total Operating Income	1,550,717	940,303	165%	
Operating Expenses				
3 Operating Expenses	808,406	987,444	82%	(2)
4 Total Operating Costs	808,406	987,444	82%	
Net Operating Income (Loss)	742,310	(47,142)	NM	
Non-Operating Revenues				
5 Non-Operating income	5,984,573	4,686,189	128%	(3)
Non-Operating Expenses				
6 Non-Operating Expenses	40,925,324	31,483,862	130%	(4)
7 Interest Payments	1,296,898	1,375,553	94%	
Total Non-Operating Expenses	42,222,222	32,859,415	128%	
Net Non-Operating Income (Loss)	(36,237,649)	(28,173,226)	129%	
Net Income(Loss)	(35,495,338)	(28,220,368)	126%	
Adjustments to Cash - Sources (Uses)				
8 Change in Debt	99,193,420	52,401,185	189%	(5,6)
9 Capital Expenditures	4,516,330	530,023.30	852%	(7)
10 Acquisitions/LIHTC Return to KCHA	-	(51,236,000)	0%	(6)
12 Change in Restricted Cash	(4,603,574)	(401,680)	1146%	(8)
13 Transfers In/Out	20,495,973	9,310,246	220%	(9)
15 Others Sources/(Uses of Cash)	(171,353,058)	(42,442,541)	404%	(10,1:
Non Operating Net Sources (Uses) of Cash	(51,750,909)	(32,071,045)	161%	
Net Change in Unrestricted Cash	(87,246,247)	(60,291,412)	145%	
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	7,134,333			
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	(80,111,914)			

- 1) Home and lot sales price participation exceeded target and also due to proceeds from sale of vacant parcel of land in Skyway.
- 2) Mainly due to lower professional and legal services fees related to the new housing acquisitions. See note 4.
- 3) Unbudgeted Abbey Ridge developer fee income and Ballmer Group and Washington State Department of Commerce capital grant for Skyway USB Redevelopment project. Also, due to unbudgeted Abbey Ridge and Highland Village subordinate debt interest income. Finally, gain on sale of vacant parcel of land in Skyway.
- 4) Gain on sale of Kirkland Heights capital assets to a tax credit partnership exceeded target.
- 5) Mainly due to issuance of \$114.6 million bonds to finance the acquisition and rehab of Kirkland Heights. Unbudgeted.
- 6) \$66.2 million was budgeted for new housing acquisitions through debt financing. Actual acquisitions have yet to occur.
- 7) Mainly due to reimbursement of Kirkland Heights developments cost totaling \$2.7 million by the tax credit partnership. Unbudgeted. Also, due to delay in the Trailhead project actual cost were below target.
- 8) Deposit to program income reserve from Greenbridge Division 8 lot sales proceeds. Unbudgeted.
- 9) The budgeted transfer of Kirkland Heights King County TOD loan totaling \$11.2 million has yet to occur.
- 10) Mainly due to issuance of pass through bonds totaling \$116 million for the rehab of Kirkland Heights property. Also, the actual financing lease entered into for the acquisition of Kirkland heights exceeded budget by \$14 million.
- 11) Due to project delay , the budgeted \$1.5 million internal loan from COCC for Issaquah TOD has not occurred. Also, the budgeted \$1.2 million internal loan from COCC for Skyway Resource Center development won't occur this year as the project is postponed to 2024.

1)

King County Housing Authority
Statement of Financial Position
Combined Operations (excluding development activity)
As of September 30, 2023

	2023 Actual
Cash-Unrestricted	\$99,299,111
Cash-Held by Management Agent	40,004,481
Cash-Designated	106,199,398
Cash-Restricted	<u>34,035,793</u>
Total Cash	279,538,783
Other Current Assets	47,846,742
Long-term Assets	<u>1,796,840,617</u>
Total Other Assets	1,844,687,359
Total Assets	<u><u>\$2,124,226,142</u></u>
Current Liabilities	98,186,363
Long-Term Liabilities	<u>1,192,061,841</u>
Total Liabilities	1,290,248,204
Equity	833,977,939
Total Liabilities and Equity	<u><u>\$2,124,226,142</u></u>

**King County Housing Authority
Statement of Financial Position
Development Activity
As of September 30, 2023**

	2023 Actual
Cash-Unrestricted	<u>\$1,738,734</u>
Cash-Held by Management Agent	0
Cash-Designated	0
Cash-Restricted	<u>31,319,471</u>
Total Cash	<u>33,058,206</u>
Other Current Assets	4,158,564
Long-term Assets	<u>399,610,842</u>
Total Other Assets	<u>403,769,406</u>
Total Assets	<u><u>\$436,827,612</u></u>
Current Liabilities	\$1,892,806
Long-Term Liabilities	<u>234,201,969</u>
Total Liabilities	<u>236,094,775</u>
Equity	200,732,836
Total Liabilities and Equity	<u><u>\$436,827,612</u></u>



Quarterly Financial Report – 9-30-2023

Combined Operations



Income Statement with Cash Adjustments Combined Operations (excluding development activity)	2023 YTD Actual	2023 YTD Budget	% of YTD Budget
Operating Revenues	384,381,240	379,431,997	101%
Operating Expenses	308,365,784	315,775,925	98%
Net Operating Income	76,015,456	63,656,072	119%
Non-Operating Revenues	13,622,855	17,933,124	76%
Non-Operating Expenses	6,874,557	27,346,968	25%
Net Non-Operating Income (Loss)	6,748,297	(9,413,845) NM	
Net Income(Loss)	82,763,754	54,242,227	153%
Adjustments to Cash - Sources (Uses)	(60,994,123)	(58,922,529)	104%
Net Change in Unrestricted Cash	21,769,631	(4,680,302) NM	

Notes:

- Better than expected Federal Revenues and occupancy
- Lower than anticipated non-operating revenues relating to special grants
- Higher than expected non-operating expense - Kirkland Heights transfer to Tax Credit

Federal Programs and Properties

Income Statement with Cash Adjustments Federal Programs and Properties	2023 YTD Actual	2023 YTD Budget	% of YTD Budget
Operating Revenues	250,482,339	242,318,552	103%
Operating Expenses	236,812,747	234,592,293	101%
Net Operating Income	13,669,591	7,726,260	177%
Non-Operating Revenues	5,305,872	10,457,516	51%
Non-Operating Expenses	3,510,630	3,088,874	114%
Net Non-Operating Income (Loss)	1,795,242	7,368,642	24%
Net Income(Loss)	15,464,833	15,094,901	102%
Adjustments to Cash - Sources (Uses)	(5,375,350)	(14,483,072)	37%
Net Change in Unrestricted Cash	10,089,483	611,829	1649%

Notes:

- Housing Choice Voucher Funding increased by 17% in 2023
- Properties managed by KCHA averaged a 98% lease-up
- Salaries cost continue below budget due to un-filled positions
- Capital activities generally below budget due to supply chain issues

Local Programs and Properties

Income Statement with Cash Adjustments Local Programs and Properties	2023 YTD Actual	2023 YTD Budget	% of YTD Budget
Operating Revenues	133,898,902	137,113,445	98%
Operating Expenses	71,553,037	81,183,633	88%
Net Operating Income	62,345,865	55,929,812	111%
Non-Operating Revenues	8,316,983	7,475,608	111%
Non-Operating Expenses	3,363,927	24,258,094	14%
Net Non-Operating Income (Loss)	4,953,056	(16,782,486)	NM
Net Income(Loss)	67,298,920	39,147,326	172%
Adjustments to Cash - Sources (Uses)	(55,618,773)	(44,439,457)	125%
Net Change in Unrestricted Cash	11,680,148	(5,292,131)	NA

Notes:

- Lower spending and grant reimbursements on weatherization projects
- Operating expenses are expected close to budget by year end

Development Activity

Income Statement with Cash Adjustments Development Activity	2023 TYD Actual	2023 YTD Budget	% of YTD Budget
Operating Revenues	1,550,717	940,303	165%
Operating Expenses	808,406	987,444	82%
Net Operating Income (Loss)	742,310	(47,142)	NM
Non-Operating Revenues	5,984,573	4,686,189	128%
Non-Operating Expenses	42,222,222	32,859,415	128%
Net Non-Operating Income (Loss)	(36,237,649)	(28,173,226)	129%
Net Income(Loss)	(35,495,338)	(28,220,368)	126%
Adjustments to Cash - Sources (Uses)	(51,750,909)	(32,071,045)	NA
Net Change in Unrestricted Cash	(87,246,247)	(60,291,412)	145%

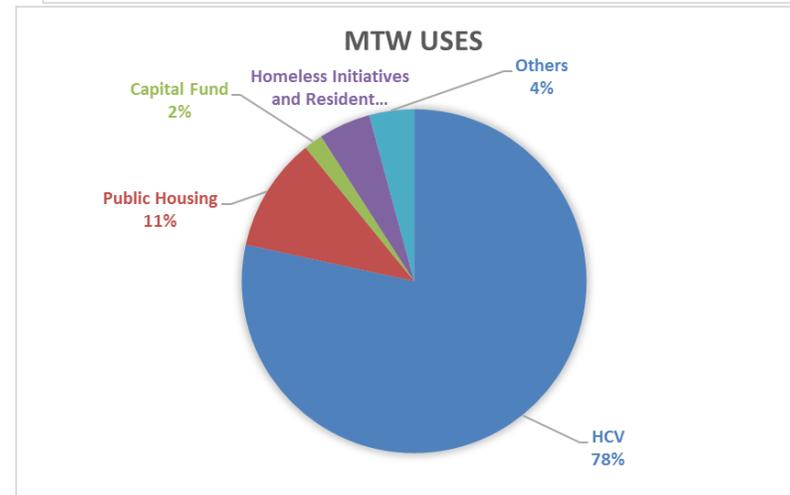
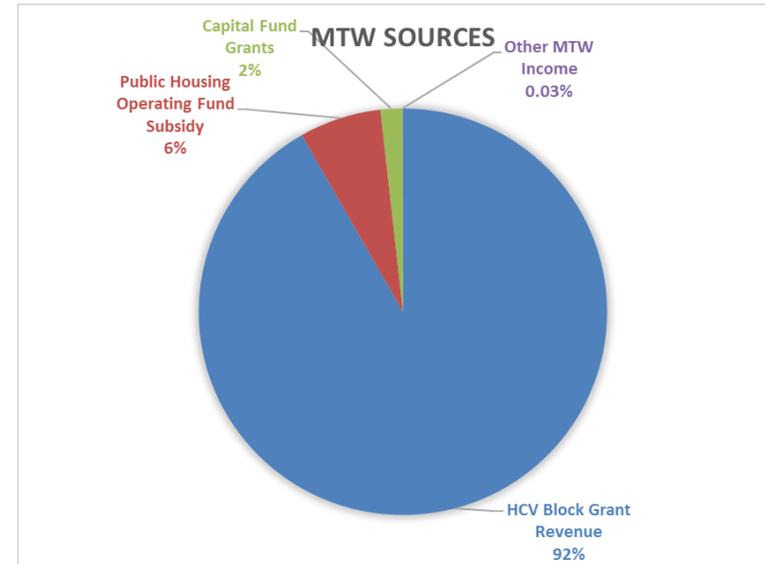
Notes:

- Non-operating revenue higher than expected due to unanticipated developer fees for Abbey Ridge and Ballmer Group, plus Washington State Department of Commerce capital grant for Skyway USB Redevelopment project
- Home and lot sales price participation exceeded target and also due to proceeds from sale of vacant parcel of land in Skyway.

MTW Report



MTW SOURCES	
HCV Block Grant Revenue	145,680,513
Public Housing Operating Fund Subsidy	10,290,172
Capital Fund Grants	2,753,057
Other MTW Income	48,294
Total MTW Sources	158,772,036
MTW USES	
Funding of HAP Payments to Landlords	(114,821,848)
Funding of Section 8 Administrative Costs	(7,519,817)
Transfers to PH AMPs Based on Need	(6,463,697)
Public Housing Operating Expenses	(10,290,172)
Capital Fund Grants	(2,753,057)
Homeless Initiatives	(917,703)
Resident Services	(6,691,734)
Misc. Other Uses	(1,033,157)
Total MTW Uses	(156,017,858)
Variance	2,754,178
Reconciling Items	
Unrestricted net position beginning	(17,667,990)
Change in cash- current year	2,754,178
Unrestricted net position ending	(14,913,812)



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KCHA IN THE NEWS

December 19, 2023

The Columbian

Ombuds program in King County gives those experiencing homelessness an ally in navigating system, resolving problems

[Council for the Homeless in Vancouver says effort is important](#)

By Mia Ryder-Marks, Columbian staff reporter

Published: December 12, 2023, 6:06am

Updated: December 13, 2023, 11:17am



King County Regional Homeless Authority chief ombudsperson Katara Jordan, left, and ombudsperson Em Ishiki work in their downtown Seattle office last month. The authority started an ombuds program for people experiencing homelessness in King County. The program, which launched in 2021, could be a model for Clark County. (Joshua Hart/for The Columbian)

Katara Jordan adjusts her cellphone against her ear with one hand while the other dances across her laptop's keyboard.

She's seated at a small circular table in a downtown Seattle conference-room-turned-office. With each call she takes, Jordan is providing a first-of-its-kind service to people experiencing homelessness in Seattle.

She works for the ombuds program established by the King County Regional Homelessness Authority last year. The program helps people navigate a tangled network of assistance and resolve problems they encounter along the way. No such program exists in Vancouver.

The King County ombuds team members said that with each encounter, they are not only helping people but taking feedback to make the system more effortless for people to maneuver.

“Our main focus is, how can we address this problem to not only be the best for the person calling in, but also, how can we learn so that we can elevate system changes that lead to improvements,” Jordan said.

How it works

The idea for the Seattle-based homeless ombuds program, which employs five people, was conceived in 2019. It’s designed to act as a human resource, investigation and network hub.

As of November, 431 people had reached out to the program: 330 sought support and facilitation, 76 submitted complaints and 25 had general comments or concerns.

Complaints cover a range of issues, including staff mistreatment, shelter living conditions and housing delays. (The ombuds program does not address complaints from housed neighbors or about homeless encampments.)

After a resident experiencing homelessness or using the King County homeless system files a concern, the ombuds team reviews it and decides if it should be referred to another agency, investigated or mediated.

“A majority of the calls we receive are people asking questions ... asking for navigation around services or information about services,” Jordan said. “Even though these are adjacent systems, we get a lot of questions about eviction ... right before someone becomes homeless. So we do our best to try to direct people to those resources that are in a better position to help.”

Within its first year, the ombuds program has connected someone with an emergency housing voucher, helped a family find a missing homeless relative and secured \$2,000 to help a person with moving costs.

One of the first cases ombuds staffer Rafael Hartman handled was a woman who didn’t have a case manager but needed to connect with the King County Housing Authority to reinstate her Section 8 housing voucher. He was able to connect her with services quickly.

“It only took like five minutes, but it was something she was dealing with for about six months,” Hartman said. “I’m not sure where she would be at if she didn’t contact us at the office.”

Navigating services

The Columbian’s homelessness reporters receive calls on a weekly basis from residents who need help navigating the housing system or who have complaints about various agencies.

Other calls go to the Council for the Homeless’ Housing Hotline, a chief resource for those navigating the system. But the hotline is not set up to take complaints about other agencies.

Council for the Homeless said a program like the ombuds program is important.

“We believe that having a clear and transparent process to share concerns, file grievances and register complaints is an important part of any well-functioning (system) and should always be a priority for a community,” Sunny Wonder, deputy director of Council for the Homeless, said in an email.

All of the calls to the council’s housing hotline are requesting service navigation to some extent, with most requesting rental assistance or emergency shelter, Wonder said. The council accepts grievances about Council for the Homeless or the Housing Solution Center through a form on its website, as well as by phone or email.

“For example, if someone felt they were wrongfully denied assistance, (Council for the Homeless) staff would assist with the form and/or review the completed form to identify the specific details of the issue,” Wonder said. “From there, we evaluate if any errors were made and determine what steps need to be taken if an error was made. If no error was made, we would work with the client to identify any other services for which they are eligible.”

Those using the homeless system also said a dedicated ombuds program would be useful.

Alicia Martinez, 38, said a program where people could call in complaints or raise concerns would be nice, because existing resources aren’t always designed for unhoused people.

She said people experiencing homelessness often don’t want to call law enforcement when they have a concern. And knowing which services do what or whom to call can also be hard to untangle, Martinez said, adding many are left to fend for themselves.

An ombuds program could also be helpful for those newly navigating the system. When Martinez became homeless six years ago, she said she was taught the basics from her cousin who was also living outside.

“Homeless people are a close unit. It’s family. We rely on each other,” Martinez said. “But it would be kind of cool to have somewhere else.”

The ombuds program believes that accountability means collaboration.

“Generally, the system needs a lot more support, especially coming out of the post-COVID era. We’ve learned that practices are not universal anymore. There is a lot of power and brilliance in community voice,” said Em Ishiki, who works for the ombuds program.

The program strives to learn from people reaching out, each time gleaning more information about how to improve the housing system. Soon, they hope to start mobile clinics to meet people where they are.

“This is a place where people can go to really raise their concerns and raise their voices,” Jordan said. “That is extremely important, and I think it’s long overdue.”



Bellevue city council approves \$387,000 in incentives to install heat pumps

- [by centersquare](#) December 6, 2023

(The Center Square) – In a push to proliferate more-expensive heat pumps in homes, Bellevue is willing to subsidize up to \$6,400 per unit.

The Bellevue City Council approved an ordinance on Dec. 4 that authorizes a sub-grant agreement with King County and accepts grant funds for the Energy Smart Eastside Heat Pump Program in the amount of \$387,500.

The Energy Smart Eastside Heat Pump Program has \$3.7 million in total grant and municipal funding as of November. The funds are split between King County and the eastside cities, including Bellevue.

While more energy efficient, heat pumps are expensive. According to the Seattle Times, installation can range from \$8,000 to \$40,000 depending on how much additional construction work must happen.

The city will administer the grant funds through the program and is anticipated to benefit residents located in the Cities of Bellevue, Issaquah, Kirkland, Mercer Island and Redmond.

As part of the newly-approved program, homeowners are qualified for a \$500 equipment rebate provided through a partnership with Gensco, a heat pump distributor.

Residents could also receive a \$1,500 equipment rebate to incentivize switching to a heat pump. This program is targeted at middle-income residents [\$190,000 or less annually], according to the [legislation](#).

The Boost Program is for low-income homeowners who qualify for 100% cost coverage for the purchase and installation of heat pumps.

Lastly, there is a referral program as part of the approved ordinance. This program refers affordable housing buildings to the King County Housing Authority Weatherization Program, for whole-building retrofit with insulation and heat pumps.

“Our communities have a lot of homes with aging furnaces, and heat pumps have long offered an energy-efficient replacement option that makes sense,” Bellevue Mayor Lynne Robinson said in a [statement](#). “With the ‘Make the Switch’ incentives, many will see that heat pumps make cents too.”

The Washington State Building Code Council recently adopted amendments to statewide energy codes that place additional regulations around installing natural gas, as [previously reported](#) by The Center Square.

The council originally voted to mandate heat pumps for space and water heating, while prohibiting natural gas lines prior to the adopted amendments last month.

Those that oppose enforcing heat pumps argue they make it more costly to build homes due to heat pumps having high upfront costs.