



HYBRID MEETING OF THE BOARD OF COMMISSIONERS

**Monday, September 16, 2024
3:00 pm**

Webinar Meeting:

**[https://kcha-
org.zoom.us/j/89098690917?pwd=SaeuoeCSFUyr
hhfXrHSBDiFzKJV8nm.1](https://kcha-org.zoom.us/j/89098690917?pwd=SaeuoeCSFUyrhhfXrHSBDiFzKJV8nm.1)**

Webinar ID: 890 9869 0917

Phone: (253) 215-8782



HYBRID MEETING OF THE BOARD OF COMMISSIONERS AGENDA

Monday, September 16, 2024 - 3:00 p.m.

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

I. Call to Order

II. Roll Call

III. Public Comment

IV. Approval of Minutes

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A. Board Meeting Minutes – August 19, 2024

V. Approval of Agenda

VI. Consent Agenda

A. Voucher Certification Reports for July 2024

2

VII. Resolutions for Discussion

A. Resolution 5774

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Authorizing an approximate \$1.5 million Loan to an affiliate of Gardner Global for development of the Skyway Town Center project in Skyway

VIII. Briefings & Reports

A. Increasing Voucher Program Participant Success	4
B. Asset Management Overview Report	5
C. Second Quarter Executive Dashboard	6
D. Second Quarter Financial Report	7
E. Second Quarter Write-Off Report	8

IX. President/CEO Report

X. Executive Session

- A. To receive and evaluate complaints or charges brought against a public officer or employee (RCW 42.30.110 (1) (f))

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.

T A B N U M B E R

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

Monday, August 19, 2024

I. CALL TO ORDER

The monthly meeting of the King County Housing Authority Board of Commissioners was held as a hybrid meeting on Monday, August 19, 2024. There being a quorum, the hybrid meeting was called to order by Chair Barnes at 3:04 p.m.

II. ROLL CALL

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

Excused: Commissioner Richard Harmon

III. PUBLIC COMMENT

None.

IV. APPROVAL OF MINUTES

A. Board Meeting Minutes – July 22, 2024

On motion by Commissioner Richard Jackson, and seconded by Commissioner Regina Elmi, the Board unanimously approved the July 22, 2024, meeting minutes.

V. APPROVAL OF AGENDA

On motion by Commissioner Richard Jackson, and seconded by Commissioner Regina Elmi, the Board unanimously approved the August 19, 2024, hybrid Board of Commissioners' meeting agenda.

VI. CONSENT AGENDA

A. Voucher Certification Reports for June 2024

On motion by Commissioner Richard Jackson, and seconded by Commissioner TerryLynn Stewart, the Board unanimously approved the August 19, 2024, hybrid Board of Commissioners' meeting consent agenda.

VII. BRIEFINGS AND REPORTS

A. 2023 Resident Characteristics Presentation

Emily Quinn, Senior Manager of Research and Evaluation gave highlights of the analysis.

- New entries outpace exits; the median time on subsidy is 8 years.
- Elderly households continue to be KCHA's largest and fastest growing household type.

- KCHA's population reflects communities impacted by poverty; nearly 2/3 of recent entries have experienced homelessness.
- Household incomes are low and not keeping pace with inflation.
- Over half of households exit for aging/health-related and neutral reasons; more than 1/3 do so for negative reasons.
- There are notable differences in characteristics by subsidy type.

B. Fourth Quarter 2023 Procurement Report

Saeed Hajarizadeh, Executive Vice President of Administration gave the report.

The report includes all activity from April through June 2024 that met one of the following criteria:

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

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

C. Moving to Work Plan Update

Grace Wood, MTW Program Manager briefly explained the changes.

KCHA has received an extension to submit our 2025 MTW plan in November.

2025 Plan Highlights

- Direct Rental Assistance
- Policy Updates & Proposals
 - Flexible Rental Assistance
 - MTW Regionalization
 - Continued process improvement evaluation and streamlining
- Programming & Initiatives
 - Youth Violence Prevention Programming
 - Digital Equity Initiatives

VIII. PRESIDENT/CEO REPORT

Robin Walls, President/CEO gave news updates.

- Last week, Grace Wood and I attended a meeting with Representative Shrier who is proposing an affordable program for homeownership. They want to have a special homeownership program where there is an income restriction. As homeowners participate in this program, there would be a covenant locking in affordability that would be attached to the home. It was a good meeting in making connections. As we are expanding our homeownership program, there are future partnerships there.
- We have been meeting with each of the regions with property management staff. Around safety and security and training around mental health and supportive services. They are on the front lines as we have residents with multiple needs. Those needs can range from mental health to the challenge with residents as they age in place. We have been exploring additional skill sets that we have not potentially hired for with supportive services in mental health. We will continue to explore that in 2025.
- We have had continued police activity at Cascade and Riverton Terrace. It's unclear exactly what has happened.
- We concluded the interview process for the Executive Vice President for Human Resources, Chief People Officer and we selected Tonya Harlan.

IX. KCHA IN THE NEWS

None.

X. COMMISSIONER COMMENTS

None.

XI. ADJOURNMENT

Chair Barnes adjourned the meeting at 4:29 p.m.

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

ROBIN WALLS
Secretary

T A B N U M B E R



To: Board of Commissioners

From: Mary Osier, Accounting Manager

Date: August 27, 2024

Re: **VOUCHER CERTIFICATION FOR JULY 2024**

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
August 27, 2024

Bank Wires / ACH Withdrawals		5,885,549.76
	<i>Subtotal</i>	5,885,549.76
Accounts Payable Vouchers		
Key Bank Checks - #352411-352867		5,597,126.55
Tenant Accounting Checks - #12195-12216		50,044.68
	<i>Subtotal</i>	5,647,171.23
Payroll Vouchers		
Checks - #93857-93905		68,492.26
Direct Deposit		2,462,539.61
	<i>Subtotal</i>	2,531,031.87
Section 8 Program Vouchers		
Checks - #650249-650792		540,868.27
ACH - #615349-617984		22,560,180.33
	<i>Subtotal</i>	23,101,048.60
Purchase Card / ACH Withdrawal		436,302.74
	<i>Subtotal</i>	436,302.74
	GRAND TOTAL	\$ 37,601,104.20

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	
Cottonwood	07/01/2024	18,513.28	AP - Payroll - OCR	
Cove East	07/01/2024	40,253.32	AP - Payroll - OCR	
Juanita View	07/01/2024	11,857.99	AP - Payroll - OCR	
Henry House	07/01/2024	15,551.21	AP - Payroll - OCR	
NIA	07/01/2024	36,750.43	AP - Payroll - OCR	
SALMON CREEK	07/01/2024	29,868.17	AP - Payroll - OCR	
SEOLA CROSSING LLC	07/01/2024	61,521.17	AP - Payroll - OCR	
SEOLA CROSSING LLC	07/01/2024	29,224.01	AP - Payroll - OCR	
ALPINE RIDGE	07/03/2024	18,227.64	AP - Payroll	
ARBOR HEIGHTS	07/03/2024	10,139.17	AP - Payroll	
Argyle	07/03/2024	31,396.24	AP - Payroll	
Aspen Ridge	07/03/2024	11,155.50	AP - Payroll	
Auburn Square	07/03/2024	34,868.75	AP - Payroll	
Ballinger Commons	07/03/2024	130,484.41	AP - Payroll	
Bellepark	07/03/2024	6,727.89	AP	
Carriage House	07/03/2024	46,167.12	AP - Payroll	
Carrington	07/03/2024	12,820.05	AP - Payroll	
CASCADIAN	07/03/2024	299,867.55	AP - Payroll	
Colonial Gardens	07/03/2024	9,699.70	AP - Payroll	
Emerson	07/03/2024	89,248.23	AP - Payroll	
FAIRWOOD	07/03/2024	18,186.72	AP - Payroll	
GILMAN SQUARE	07/03/2024	27,154.30	AP - Payroll	
Hampton Greens	07/03/2024	36,326.21	AP	
HERITAGE PARK	07/03/2024	11,969.63	AP - Payroll	
Kendall Ridge	07/03/2024	4,055.66	AP	
Landmark	07/03/2024	3,868.73	AP	
LAURELWOOD	07/03/2024	14,230.85	AP - Payroll	
Meadowbrook	07/03/2024	28,813.08	AP - Payroll	

Meadows	07/03/2024	20,843.75	AP - Payroll	
Newporter	07/03/2024	18,364.14	AP - Payroll	
OVERLAKE	07/03/2024	41,796.49	AP - Payroll	
Parkwood	07/03/2024	12,984.66	AP - Payroll	
Pinewood Village	07/03/2024	15,611.60	AP - Payroll	
Plum Court	07/03/2024	37,088.63	AP - Payroll	
RAINIER VIEW I	07/03/2024	22,115.21	AP	
RAINIER VIEW II	07/03/2024	16,379.40	AP	
Riverstone	07/03/2024	112,224.64	AP	
Salish	07/03/2024	15,261.70	AP - Payroll	
SALMON CREEK	07/03/2024	9,301.65	Monthly Bank fees	
SALMON CREEK	07/03/2024	1,685.18	Monthly Bank fees	
SALMON CREEK	07/03/2024	1,053.59	Monthly Bank fees	
Sandpiper East	07/03/2024	43,454.49	AP - Payroll	
SI VIEW	07/03/2024	12,117.16	AP	
SOUTHWOOD SQUARE	07/03/2024	9,321.14	AP - Payroll	
Sterling Ridge	07/03/2024	25,381.97	AP - Payroll	
Surrey Downs	07/03/2024	17,498.15	AP - Payroll	
Tall Cedars	07/03/2024	10,798.65	AP	
Timberwood	07/03/2024	73,468.20	AP - Payroll	
Vashon Terrace	07/03/2024	6,383.89	AP	
Villages at South Station	07/03/2024	152,815.07	AP - Payroll	
Walnut Park	07/03/2024	19,725.66	AP - Payroll	
WINDSOR HEIGHTS	07/03/2024	44,201.38	AP - Payroll	
Woodridge Park	07/03/2024	22,804.60	AP - Payroll	
Woodside East	07/03/2024	18,187.70	AP	
ALPINE RIDGE	07/05/2024	8,731.62	AP	
Aspen Ridge	07/05/2024	7,371.25	AP	
Colonial Gardens	07/05/2024	5,614.14	AP	
HERITAGE PARK	07/05/2024	8,951.63	AP	
Parkwood	07/05/2024	6,683.41	AP	
Plum Court	07/05/2024	7,398.74	AP	
RAINIER VIEW II	07/05/2024	1,819.80	AP	
Salish	07/05/2024	9,020.07	AP	
SALMON CREEK	07/05/2024	6,997.13	AP	
SI VIEW	07/05/2024	1,778.10	AP	
Vashon Terrace	07/05/2024	808.80	AP	
Bellepark	07/10/2024	27,656.54	AP - Payroll	
Hampton Greens	07/10/2024	61,831.95	AP - Payroll	
Kendall Ridge	07/10/2024	86,507.47	AP - Payroll	

Landmark	07/10/2024	37,899.20	AP - Payroll	
Riverstone	07/10/2024	125,043.18	AP - Payroll	
Woodside East	07/10/2024	69,291.54	AP - Payroll	
ALPINE RIDGE	07/11/2024	1,298.00	AP	
ARBOR HEIGHTS	07/11/2024	2,201.00	AP	
ARBOR HEIGHTS	07/11/2024	485.78	AP	
Aspen Ridge	07/11/2024	11,141.93	AP	
Auburn Square	07/11/2024	7,368.60	AP	
Carriage House	07/11/2024	10,126.58	AP	
Carrington	07/11/2024	33,628.07	AP	
CASCADIAN	07/11/2024	4,802.18	AP	
FAIRWOOD	07/11/2024	12,308.69	AP	
HERITAGE PARK	07/11/2024	10,407.64	AP	
LAURELWOOD	07/11/2024	6,575.67	AP	
Meadows	07/11/2024	12,447.56	AP	
Newporter	07/11/2024	7,297.75	AP	
OVERLAKE	07/11/2024	34,783.92	AP	
Parkwood	07/11/2024	8,394.68	AP	
Pinewood Village	07/11/2024	10,640.39	AP	
Plum Court	07/11/2024	494.75	AP	
RAINIER VIEW I	07/11/2024	1,219.21	AP	
RAINIER VIEW II	07/11/2024	1,500.00	AP	
Salish	07/11/2024	50,046.16	AP	
Sandpiper East	07/11/2024	12,187.34	AP	
SOUTHWOOD SQUARE	07/11/2024	3,503.00	AP	
Sterling Ridge	07/11/2024	24,285.38	AP	
Timberwood	07/11/2024	29,094.28	AP	
Vashon Terrace	07/11/2024	2,496.60	AP	
Walnut Park	07/11/2024	8,645.54	AP	
WINDSOR HEIGHTS	07/11/2024	48,601.47	AP	
Woodridge Park	07/11/2024	18,919.55	AP	
Argyle	07/17/2024	49,261.44	AP - Payroll	
Ballinger Commons	07/17/2024	157,229.72	AP - Payroll	
Bellepark	07/17/2024	8,958.98	AP	
Emerson	07/17/2024	89,154.58	AP - Payroll	
GILMAN SQUARE	07/17/2024	63,465.75	AP - Payroll	
Hampton Greens	07/17/2024	13,769.60	AP	
Kendall Ridge	07/17/2024	108,526.24	AP	
Landmark	07/17/2024	375.02	AP	
Meadowbrook	07/17/2024	127,249.98	AP - Payroll	

Riverstone	07/17/2024	23,875.23	AP	
Surrey Downs	07/17/2024	49,412.25	AP - Payroll	
Villages at South Station	07/17/2024	73,644.95	AP - Payroll	
Woodside East	07/17/2024	4,732.85	AP	
ALPINE RIDGE	07/18/2024	8,611.93	AP - Payroll	
ARBOR HEIGHTS	07/18/2024	43,778.15	AP - Payroll	
Aspen Ridge	07/18/2024	15,088.63	AP - Payroll	
Auburn Square	07/18/2024	33,217.96	AP - Payroll	
Carriage House	07/18/2024	27,970.87	AP - Payroll	
Carrington	07/18/2024	25,001.67	AP - Payroll	
CASCADIAN	07/18/2024	33,311.98	AP - Payroll	
Colonial Gardens	07/18/2024	21,590.52	AP - Payroll	
Cottonwood	07/18/2024	99,583.97	AP - Payroll	
Cove East	07/18/2024	133,759.18	AP - Payroll	
FAIRWOOD	07/18/2024	20,275.15	AP - Payroll	
Henry House	07/18/2024	17,927.79	AP - Payroll	
HERITAGE PARK	07/18/2024	16,973.25	AP - Payroll	
Juanita View	07/18/2024	47,099.53	AP - Payroll	
LAURELWOOD	07/18/2024	17,574.29	AP - Payroll	
Meadows	07/18/2024	15,736.42	AP - Payroll	
Newporter	07/18/2024	23,287.91	AP - Payroll	
NIA	07/18/2024	52,149.80	AP - Payroll	
OVERLAKE	07/18/2024	73,990.17	AP - Payroll	
Parkwood	07/18/2024	33,580.09	AP - Payroll	
Pinewood Village	07/18/2024	25,614.34	AP - Payroll	
Plum Court	07/18/2024	22,507.29	AP - Payroll	
RAINIER VIEW I	07/18/2024	7,231.22	AP - Payroll	
RAINIER VIEW II	07/18/2024	3,519.55	AP - Payroll	
Salish	07/18/2024	15,985.30	AP - Payroll	
SALMON CREEK	07/18/2024	53,070.55	AP - Payroll	
Sandpiper East	07/18/2024	32,056.43	AP - Payroll	
SEOLA CROSSING LLC	07/18/2024	80,726.85	AP - Payroll	
SEOLA CROSSING LLC	07/18/2024	50,034.28	AP - Payroll	
SI VIEW	07/18/2024	1,048.49	AP - Payroll	
SOUTHWOOD SQUARE	07/18/2024	24,128.48	AP - Payroll	
Sterling Ridge	07/18/2024	43,906.75	AP - Payroll	
Timberwood	07/18/2024	29,471.61	AP - Payroll	
Vashon Terrace	07/18/2024	1,227.75	AP - Payroll	
Walnut Park	07/18/2024	73,715.26	AP - Payroll	
WINDSOR HEIGHTS	07/18/2024	59,117.11	AP - Payroll	

Woodridge Park	07/18/2024	60,712.25	AP - Payroll	
Bellepark	07/24/2024	46,847.67	AP - Payroll	
Hampton Greens	07/24/2024	30,519.94	AP - Payroll	
Kendall Ridge	07/24/2024	107,340.65	AP - Payroll	
Landmark	07/24/2024	92,059.90	AP - Payroll	
Riverstone	07/24/2024	44,273.68	AP - Payroll	
Woodside East	07/24/2024	35,488.37	AP - Payroll	
ALPINE RIDGE	07/25/2024	744.80	AP	
ARBOR HEIGHTS	07/25/2024	15,193.82	AP	
Auburn Square	07/25/2024	18,590.26	AP	
Carriage House	07/25/2024	21,048.19	AP	
Carrington	07/25/2024	1,076.68	AP	
CASCADIAN	07/25/2024	49,445.70	AP	
Colonial Gardens	07/25/2024	5,982.38	AP	
FAIRWOOD	07/25/2024	8,709.29	AP	
HERITAGE PARK	07/25/2024	599.14	AP	
LAURELWOOD	07/25/2024	7,200.59	AP	
Meadows	07/25/2024	12,819.09	AP	
Newporter	07/25/2024	14,501.65	AP	
OVERLAKE	07/25/2024	10,206.99	AP	
Parkwood	07/25/2024	1,085.78	AP	
Pinewood Village	07/25/2024	3,822.46	AP	
Plum Court	07/25/2024	17,435.50	AP	
Salish	07/25/2024	30,125.16	AP	
Sandpiper East	07/25/2024	5,399.30	AP	
Sterling Ridge	07/25/2024	6,619.69	AP	
Tall Cedars	07/25/2024	43,350.42	AP	
Timberwood	07/25/2024	31,391.74	AP	
Walnut Park	07/25/2024	31,119.90	AP	
WINDSOR HEIGHTS	07/25/2024	9,914.19	AP	
Woodridge Park	07/25/2024	13,175.31	AP	
Argyle	07/31/2024	134,345.63	AP - Payroll	
Ballinger Commons	07/31/2024	341,653.59	AP - Payroll	
Bellepark	07/31/2024	3,487.19	AP	
Bellepark	07/31/2024	320.00	AP	
Emerson	07/31/2024	64,349.43	AP - Payroll	
GILMAN SQUARE	07/31/2024	32,191.34	AP - Payroll	
Hampton Greens	07/31/2024	124,584.10	AP	
Kendall Ridge	07/31/2024	9,436.91	AP	
Landmark	07/31/2024	7,945.48	AP	

Meadowbrook	07/31/2024	28,262.93	AP - Payroll	
Riverstone	07/31/2024	19,782.00	AP	
Surrey Downs	07/31/2024	18,619.62	AP - Payroll	
Villages at South Station	07/31/2024	43,352.53	AP - Payroll	
Woodside East	07/31/2024	73,754.63	AP	
<i>Total</i>	191 Wires	\$ 6,450,534.98		

T A B N U M B E R

3



TO: Board of Commissioners

FROM: Tim Walter

DATE: September 6, 2024

RE: **Resolution 5774** – Authorizing an approximate \$1.5 million Loan to an affiliate of Gardner Global for development of the Skyway Town Center project in Skyway

Resolution 5774 authorizes KCHA’s President/CEO to enter into loan and other related agreements to provide a predevelopment loan of approximately \$1.5 million to an affiliate LLC of Gardner Global (“Gardner Global”), the developer of a proposed mixed-income multi-family resident project with ground floor retail/commercial space in Skyway (the “Skyway Town Center project”). The loan proceeds will be used to acquire two parcels of land comprising .63 acres of property that, when combined with a parcel already owned by Gardner Global, will be the 1.93-acre site comprising the Skyway Town Center project. In addition to the land acquisition, loan proceeds will also be used to cover other third-party predevelopment costs associated with the land acquisition, planning, and engineering for the project.

Background

Skyway and the Skyway Town Center project

Skyway is the unincorporated urban area between Seattle and Renton that, like White Center, has experienced historic public and private under-investment in community infrastructure and services. Skyway has a racially diverse population of just over 18,000 residents where 70% are people of color and have household incomes that are more than 20% lower than the countywide average. Over 30% of the children in Skyway live below the poverty line, nearly triple the rate of King County overall. Despite its high poverty rate, Skyway has very little subsidized or rent restricted rental housing other than KCHA’s Aspen Ridge Apartments and the privately owned Creston Point and Green Tree/Park Villa Apartments.

Skyway has been targeted for substantial investment by King County. King County Councilmember Girmay Zahilay has been a strong and vocal advocate for increased County investment in Skyway and his advocacy been extremely helpful in securing funding for both the Skyway Resource Center and the 30-unit Vue Terrace Homeownership projects that KCHA has also been working on in Skyway.

The Skyway Town Center Project, which is located near the center of the Skyway commercial district about one block north of the Skyway Resource Center, was first envisioned in 2018 by a community-based organization called Skyway Solutions as a

mixed-use signature project in central Skyway with 200-400 units of mixed income workforce and affordable housing, retail businesses and a plaza for community events. The project is envisioned as an economic catalyst for Skyway that will provide affordable housing, services and neighborhood amenities not currently available in this community.

The site is currently composed of two ownerships: the “Temple Property” which is already owned by Gardner Global and the two adjacent parcels, the “Mini-Mart and Storage Yard” property that is under contract to be purchased by Gardner Global with a closing date of no later than September 20th. Gardener Global paid \$2.3 million for the Temple Property which is now a church in a former grocery store building and is under contract to pay \$975,000 for the Mini-Mart and Storage Yard parcels.

A major impediment to development of the two properties, is that the soils for both properties were contaminated by a long-time dry-cleaning business that once occupied the Mini-Mart building. Expensive soils cleanup will be required before any development can occur on the site.

Although the project is at very early, preliminary stage, Gardner Global, has secured site control for the contaminated parcels, which is prerequisite for securing grants from the Washington State Department of Ecology for site investigation and cleanup of the properties.

Contaminated Soils Cleanup

The site is under a cleanup order from the Washington State Department of Ecology, which requires the cleanup be undertaken under a complex process associated with the Model Toxics Control Act (MTCA) which has the benefit of making the property eligible for state grants for investigation, engineering and cleanup. Gardner Global received an initial \$400,000 soil investigation grant and has recently secured a subsequent \$1.3 million grant from the State for further investigatory and engineering work. One of the conditions for receiving the state funding is that 50% of the housing units developed on the remediated property be affordable to households earning no more than 80% of the area median income (AMI). Additional grants for the actual cleanup are also possible and will be necessary for Global Gardner to fully consummate the soil clean-up and remediation work. The results of the Phase II Environmental Site Assessment (ESA), indicate that soil, groundwater, and soil gas at the Mini-Mart and Storage Yard parcels have been significantly impacted by on-property releases associated with the former dry-cleaner operation. While the site may have also been contaminated by other businesses historically occupying the site, it appears decades of hazardous chemicals leaching or spilling into the ground from the dry-cleaning operation has caused extensive soil contamination both underneath and around the properties. Where contamination exceeds the MTCA cleanup levels, development and implementation of a cleanup action under MTCA will be necessary to pursue a No Further Action (NFA) determination. Gardner Global’s environmental consultant recommends the following activities occur during design, cleanup, and preconstruction planning phases of the project:

1. Supplemental soil, groundwater, soil gas sampling and testing to further define the boundaries of solvent releases from the historic dry cleaner.
2. Utilizing the environmental data from the Phase II ESA, the supplemental data, and past data from other investigations, develop a regulatory/cleanup action

approach and prepare a Remedial Investigation/Feasibility Study and Cleanup Action Plan (RIFS-CAP) to be submitted as part of the cleanup documentation to the Department of Ecology.

3. Prepare an Environmental Materials Management Plan (EMMP) for use by the general contractor and their subcontractors during construction, to guide the handling and disposal of the known contaminated soil and groundwater, and any additional contaminated or impacted media.

Once the cleanup plan is approved by the Washington State Department of Ecology, the cleanup will commence. A final Cleanup Action Report will need to be completed that complies with the Model Toxics Control Act (MTCA, WAC 173-340) as well as all of the conditions required by a Prospective Purchaser Consent Decree with the State.

Gardner Global

Gardner Global is a relatively small BIPOC owned real estate services firm headed up by Jaebadiah Gardner, who was formerly a developer for Community Roots Housing, a medium sized, affordable housing development organization based in Seattle. Gardner Global has a couple of projects in their pipeline and has received loans from both the Amazon Housing Equity Fund and the Washington State Housing Finance Commission for these other projects. Like many emerging developers, Gardner Global has limited access to private equity and debt financing. Nonetheless, Gardner Global is committed to the soil cleanup/remediation work and redevelopment of central Skyway and has assembled the preliminary elements of the project i.e. land acquisition financing and cleanup grants and has worked closely with King County and the State of Washington who are supportive of the cleanup and the redevelopment vision.

Loan Terms

Interest on the 5-year loan will be at a variable rate interest rate indexed to the Secured Overnight Financing Rate (SOFR) increased by a spread of 2%. SOFR is a primary index used by banks as an index for variable rate loans and is the replacement index to a previously industry wide index known as LIBOR (London Interbank Overnight Rate). Interest will accrue during the term of the loan with a small interest payment being due quarterly with the balance of the accrued interest payable at maturity. The loan will be secured by a deed-of-trust on the adjoining parcel of land already owned by Gardener Global. KCHA will enter into a regulatory agreement with Gardener Global, consistent with our statutory requirements when making loans to for-profit housing developers, requiring that 50% of the housing units developed on the acquired parcels be both rented to and affordable to low-income households for a term of not less than 20 years. KCHA will additionally charge a 1% origination fee for the issuance of the loan. Loan proceeds will be made from KCHA's unrestricted cash reserves.

Strategic Rational

KCHA's primary purpose in making this loan is to facilitate the cleanup of the site to ensure that it can be developed sometime in the future by Gardner Global or possibly another developer. The Mini-Mart and Storage Yard property must be acquired in order to comply with the conditions of both the cleanup order and the grant from the

Washington State Department of Ecology since the dry cleaner operation has contaminated both properties. Without soils cleanup, redevelopment is precluded, and the same existing, aging buildings will remain in place and stall the development and revitalization of Skyway.

Secondly, the KCHA loan will ensure that low-income housing is eventually built on the Mini-Mart and Storage Yard site. The regulatory agreement associated with the KCHA loan requires that 50% of the housing developed on the Mini-Mart and Storage Yard property have rents affordable to low-income households. This requirement will apply to any successors in ownership. The grant funding from the State through the Dept of Ecology for soils cleanup and remediation also brings with it an additional requirement that 50% of the units developed on both properties be affordable to households with incomes at or below 80% of AMI.

This loan is also a strong indication of KCHA's commitment to invest in underserved communities in King County.

Risk Considerations

This Skyway Town Center project is at a very preliminary stage without a conceptional site plan and with unproven feasibility, is on a contaminated site needing cleanup and remediation, and will be developed by developer with limited capital and limited large project experience. For these reasons, there is risk that the project and Gardner Global, despite their best efforts, may not be able to secure the debt or equity refinancing needed to pay off the KCHA loan in 5 years when the loan comes due.

Related risks are as follows:

- Skyway has had very little new rental housing or commercial development. The market rents for multifamily housing and retail space are difficult to project and could adversely affect project feasibility.
- The scope and cost of the soil cleanup and remediation is yet to be determined but is likely in the multimillion-dollar range. The cost could be more than can be supported through State of Washington grants.
- Gardner Global is highly motivated and is committed to the Skyway Town Center project which could be a catalyst for the revitalization of Skyway. Nonetheless, Gardner Global still needs to secure significant additional capital to complete the remediation and development of the project and is relatively inexperienced for a project of this scale. While there is considerable community support for a catalyst project such as the Skyway Town Center, Gardner Global and more specifically Jaebadiah Gardener, has had a rocky relationship with some leaders within Skyway. Once the master plan for the site is finalized, additional community outreach and engagement will be needed to ensure there is strong community support for the project envisioned by Gardner Global.

These risks are mitigated by the following:

- To provide a greater level of security for the loan, KCHA will hold a deed-of-trust on the Temple Property which was purchased in 2022 for \$2.3 million and is currently unencumbered. Although the actual value of the property is uncertain due to the contaminated soils, this adjacent property has less soil contamination than the Mini-Mart and Storage Yard property and is the more valuable of the two properties. In the event of default, KCHA could take possession of the Temple Property.
- Acquisition of the Mini-Mart and Storage Yard property will open the door for additional state cleanup funding and is a necessary step in the process of securing additional funding. Cleanup of the contaminated soils on the two properties is critical to any future development. Although cleanup is contemplated in connection with the actual development and construction of the Skyway Town Center project, another scenario could be a standalone cleanup project and then making the clean site available for redevelopment.
- KCHA's loan and regulatory agreement will require the development of low-income housing and give KCHA a voice in the development of the project. This may help to assuage concerns the community has with gentrification and development that does not meet the needs of the community.
- There is strong political support for additional investment in Skyway. Because of the historic under investment in Skyway, and new state and county policies to support BIPOC communities and developers, additional financing for both Gardner Global and this project is likely.
- In a worst-case scenario, in the event the developer is unable to fully pay off the loan or the security/collateral is insufficient to satisfy the entire balance due, it is still likely some amount would be repaid or collected thereby leaving only a portion or de minimus amount of the loan as truly uncollectable. Given the relatively small amount of the loan, any potential loss associated with an uncollectable balance would not create a financial hardship for KCHA.

HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5774

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING, AUTHORIZING A LOAN TO BE MADE TO 12536 RENTON AVENUE LLC, OR AN AFFILIATE THEREOF, TO FINANCE A PORTION OF THE COSTS OF ACQUIRING REAL PROPERTY IN UNINCORPORATED KING COUNTY, WASHINGTON, APPROVING THE EXECUTION AND DELIVERY OF DOCUMENTS RELATING TO THE LOAN, AND DETERMINING RELATED MATTERS.

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

Section 1. Recitals and Findings. The Board of Commissioners (the “Board”) of the Housing Authority of the County of King (the “Authority”) finds and determines that:

(a) Statutory Authorization. The Authority is authorized by the Housing Authorities Law (chapter 35.82 RCW) to, among other things: (i) “make and execute contracts and other instruments, including but not limited to partnership agreements” (RCW 35.82.070(1)); (ii) “delegate to one or more of its agents or employees such powers or duties as [the Authority] may deem proper” (RCW 35.82.040); and (iii) “make . . . loans for the acquisition, construction, reconstruction, rehabilitation, improvement, leasing or refinancing of land, buildings, or developments for housing for persons of low income” (RCW 35.82.070(19)). For purposes of 35.82.070(19), “development” includes land, buildings, or both.

(b) The Project. 12536 Renton Avenue LLC, a Washington limited liability company, has requested that the Authority make a loan to 12536 Renton Avenue LLC or an affiliate thereof (the “Borrower”) in the principal amount of not to exceed \$1,500,000 (the “Loan”) to finance all or a portion of the cost of acquiring real property located at 12500 Renton Avenue South, Seattle, Washington and 12536 Renton Avenue South, Seattle, Washington (King County Parcel Numbers 0231000005 and 0231000012), located in an unincorporated area of King County, Washington, commonly known as Skyway (the “Property”) in anticipation of developing the Property as a residential rental project to provide housing for persons of low income (the “Project”). In addition to the Property, the Borrower is the fee owner of property located adjacent to the Property at 12600 Renton Avenue South, Seattle, Washington (King County Parcel Number 0231000011), in unincorporated King County, Washington (the “Collateral Property”).

(c) Additional Findings. The Authority has determined that it is in the best interest of the Authority to provide the Loan to the Borrower. The financial assistance to be provided by the Authority pursuant to this resolution is necessary to support the poor and infirm. The Board further finds that the Loan to is important for the feasibility of the Project and is necessary to enable the Authority to carry out its powers and purposes under the Housing Authorities Law.

Section 2. **Authorization to Lend Money; Authorization for Housing Authority Loan Documents.** The Authority is authorized to lend to the Borrower up to \$1,500,000 of available Authority funds to provide financing for acquisition of the Property and planning, design, and other predevelopment activities relating to the Project. The Authority's President/Chief Executive Officer, Executive Vice President of Administration/Chief Administrative Officer, and Senior Vice President of Development and Asset Management (collectively, the "Authorized Officers" and each, an "Authorized Officer"), and each of them acting alone, are authorized on behalf of the Authority to determine the source (or sources) of funds for the Loan and the terms of the Loan, and to negotiate, execute, deliver and, if applicable, file (or cause to be executed and delivered and, if applicable, filed) on behalf of the Authority, documents pertaining to and evidencing the Loan (collectively, the "Housing Authority Loan Documents") in such forms as any Authorized Officer may approve. The Housing Authority Loan Documents are currently expected to include a Loan Agreement, to be between the Authority and the Borrower, a Promissory Note to be made by the Borrower payable to the Authority, a Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing encumbering the Collateral Property under which the Authority will be the beneficiary and the Borrower will be grantor, a Hazardous Substances Warranty/Indemnity Agreement to be made by the Borrower for the benefit of the Authority, and a Regulatory Agreement to be between the Authority and the Borrower to govern the use of the Project for at least 20 years. The Authorized Officers (and each of them acting alone) are further authorized and directed to take any other action and to execute such other documents as may be required to be taken or executed by the Authority, under the provisions of or as necessary to carry out the transactions contemplated by the Housing Authority Loan Documents (including the amendment of any such documents if necessary to further the purposes thereof or resolve ambiguities therein). An Authorized Officer's signature on a Housing Authority Loan Document or other instrument contemplated by this resolution shall be construed as the Authority's approval of such Housing Authority Loan Document or other instrument.

Section 3. **Supplemental Authorization.** The Authorized Officers, and each of them acting alone, are authorized on behalf of the Authority to: (i) determine that any document authorized by this resolution is, at the time such document otherwise would be executed, no longer necessary or desirable and, based on such determination, cause the Authority not to execute or deliver such document; (ii) execute and deliver and, if applicable, file (or cause to be delivered and/or filed) any government forms, affidavits, certificates, letters, documents, agreements and instruments that such officer determines to be necessary or advisable to give effect to this resolution and to consummate the transactions contemplated herein; and (iii) notwithstanding any other Authority resolution, rule, policy, or procedure, to create, accept, execute, send, use, and rely upon such tangible medium, manual, facsimile, or electronic documents, records and signatures under any security procedure or platform, as in such Authorized Officer's judgment may be necessary or desirable to give effect to this resolution and to consummate the transactions contemplated herein.

Section 4. **Execution of Duties and Obligations.** The Board authorizes and directs the Authorized Officers, and each of them acting alone, and all other proper officers, agents, attorneys and employees of the Authority to carry out, or cause to be carried out, all obligations of the Authority under the Housing Authority Loan Documents and other instruments authorized by this resolution, and to perform or cause to be performed such other acts as they shall consider necessary

or advisable in connection with the Loan, or in order to give effect to this resolution and the transactions contemplated herein.

Section 5. Increase in Authority Participation. The Authorized Officers, and each of them acting alone, are authorized to decrease the principal amount of the Loan authorized by this resolution by any amount, and to increase the amount of the Loan by an amount up to \$150,000 more than the maximum amount of the Loan stated in this resolution.

Section 6. Acting Officers Authorized. Any action required or authorized by this resolution to be taken by the President/Chief Executive Officer may, in the absence of such person, be taken by the Executive Vice President of Administration/Chief Administrative Officer or Executive Vice President of Housing Operations/Chief Operations Officer of the Authority.

Section 7. Ratification and Confirmation. All actions of the Authority and its officers prior to the date hereof and consistent with the terms of this resolution are ratified and confirmed.

Section 8. Effective Date. This resolution shall be in full force and effect from and after its adoption and approval.

**ADOPTED AT A REGULAR MEETING OF THE BOARD OF COMMISSIONERS
OF THE HOUSING AUTHORITY OF THE COUNTY OF KING AT AN OPEN PUBLIC
MEETING THIS 16th DAY OF SEPTEMBER, 2024.**

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

DOUGLAS J. BARNES, Chair
Board of Commissioners

ATTEST:

ROBIN WALLS
President/CEO and Secretary-Treasurer

CERTIFICATE

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

1. That the attached Resolution No. 5774 (the “Resolution”) is a true and correct copy of the resolution of the Board of Commissioners of the Authority as adopted at a regular meeting of the Authority held at the regular meeting place on September 16, 2024 (the “Meeting”), and duly recorded in the minute books of the Authority;

2. That the public was notified of access options for remote participation in the Meeting [via the Authority’s website]; and;

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

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of September, 2024.

Robin Walls

Secretary-Treasurer and President/Chief Executive
Officer of the Authority

T A B N U M B E R

Increasing HCV Participant Success: Going Beyond Payment Standards






Pam Taylor
SVP of Housing Choice
Vouchers Programs



Tyler Shannon
Senior Research &
Data Analyst



Eric Lane
Senior Administrative
Program Manager

A photograph of a modern, two-story house with blue horizontal siding and white vertical siding on the upper level. The house has several windows with white frames. In the foreground, there is a concrete retaining wall and a garden bed with various plants. A large, semi-transparent white circle is overlaid on the right side of the image, containing the text.

**How does
KCHA
measure
participant
success?**

Increasing HCV Participant Success:

Payment Standards Approach

KCHA has historically reviewed Payment Standards twice a year as a lever to address participant success. While Payment Standards are an effective tool, we recognize there are other levers within our control, and will be taking a broader look at the analysis to improve outcomes for participants.



Multi-Tiered Payment Standards Goals

Support Shopping Success



Limit Shelter Burden

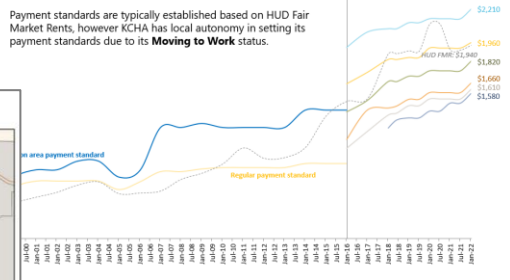
Increase Geographic Choice

Support Containment

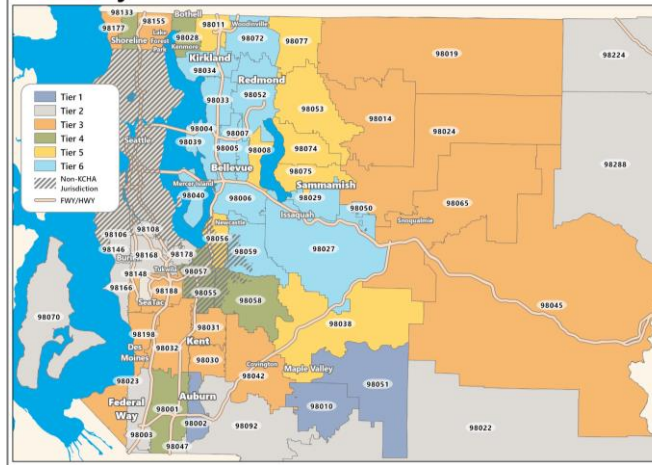
Payment Standards over Time

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.

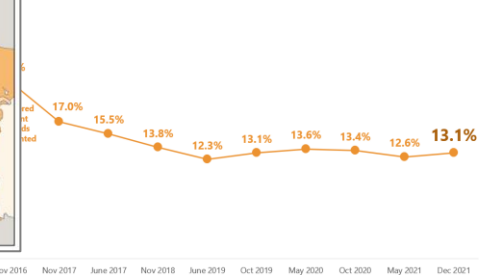


KCHA Payment Standard Tiers



burden increasing for first time since May 2020

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



Increasing HCV Participant Success:

How long are participants searching?

KCHA's use of MTW flexibilities to extend search times for voucher holders has had mixed results. While well-intentioned, these generous extensions have led to some unintended consequences. As a result, families may spend **8** months searching for a unit leaving them in unstable housing situations for extended periods. This prolonged search time can be detrimental for households experiencing homelessness.

The needs and challenges of the populations currently served has grown over time. The families have more complex circumstances than in the past. The voucher has become a more permanent form of assistance. KCHA will have to shift its thinking to address this reality.



**1 out of every
5 families never find
a unit.**



Increasing HCV Participant Success:

How are nationwide leasing rates?

PIH OFFICE OF PUBLIC & INDIAN HOUSING Housing Choice Voucher - Leasing

Select a State:

All

Select a Public Housing Authority:

All

MTW?:

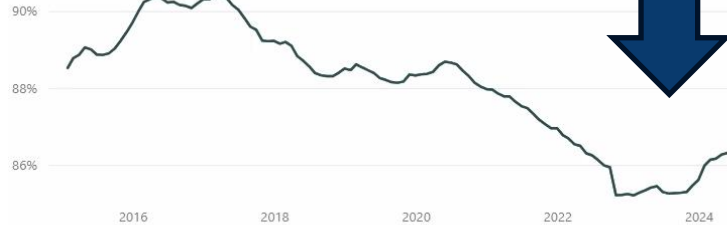
All

Clear All Filters:



Unit Leasing Percentage since 2015

● Selection % Leasing ● National % Leasing



Current Reported Leasing

2,331,664

12 Month Attrition Rate as of 12/31/23

8.74%

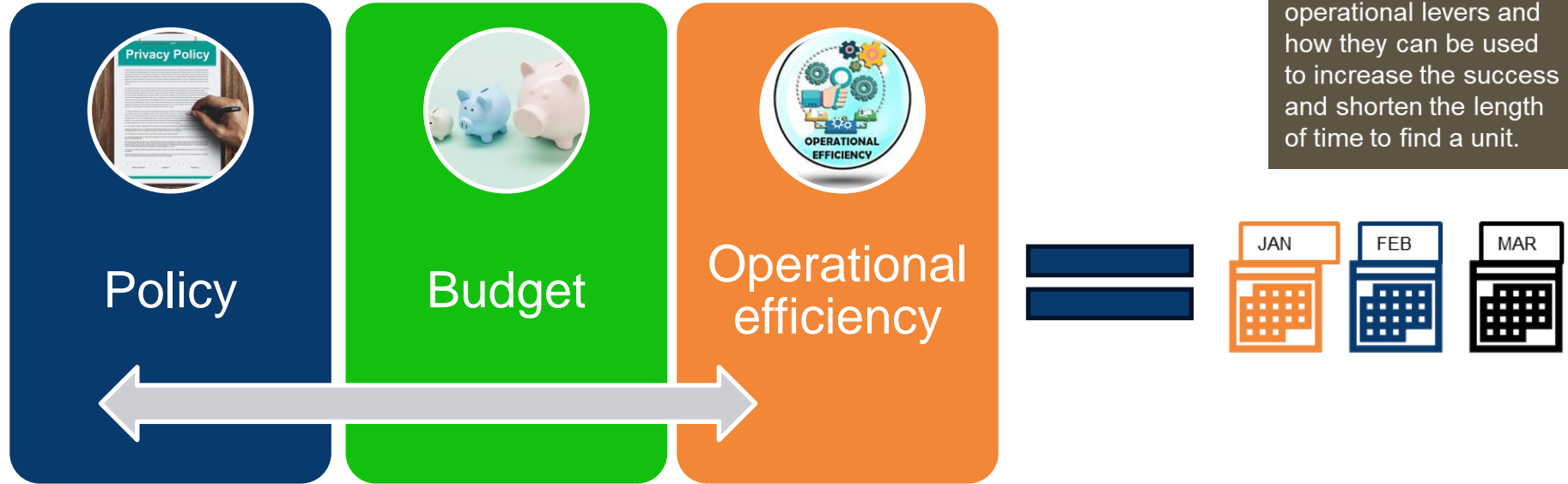
Average Per Unit C



Increasing HCV Participant Success:

What are other tools to move the needle?

In the coming months you are going to hear more about policy, budget, and other operational levers and how they can be used to increase the success and shorten the length of time to find a unit.



Increasing HCV Participant Success:

Junk fees are in the news?

***“Here, me being a single mom, it’s just, it’s not- I can’t do it anymore,”
“I’m done treading water. I need to thrive.”***

KCHA is exploring ways to enhance its calculation of tenant buying power by incorporating additional fees beyond just the base rent. This comprehensive approach aims to provide a more accurate picture of the total housing costs faced by participants.

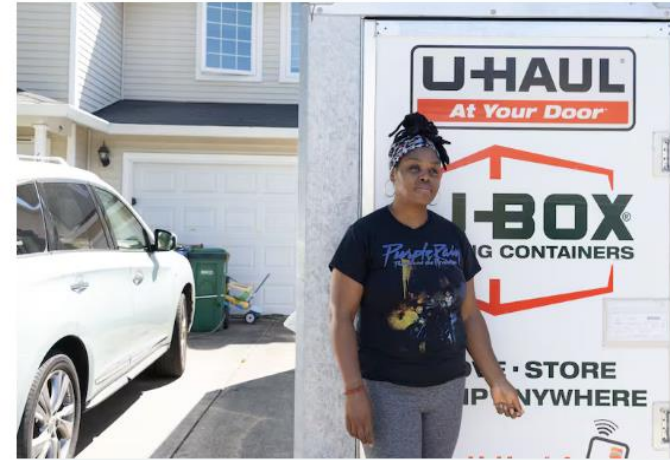


Washington state renters say ‘junk fees’ being used to retaliate, discriminate



By Kelsey Turner (InvestigateWest)
Aug. 10, 2024 6 a.m.

The Evergreen State lacks regulations that exist in other states to prevent excessive fees



Shayne Hodges stands in front of a shipping container while preparing to move to Georgia from her Vancouver, Wash., home on Wednesday, July 31, 2024. (Amanda Loman/InvestigateWest)
Amanda Loman / InvestigateWest

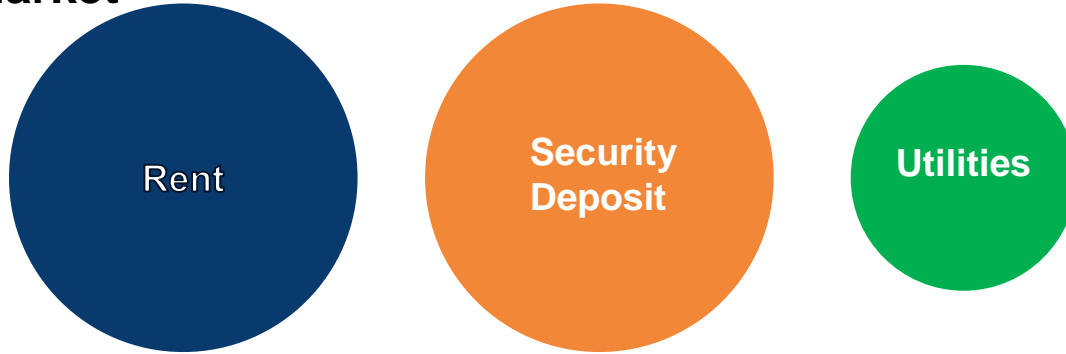
In the midst of a summer heat wave in July 2023, Vancouver, Washington, resident Shayne Hodges walked out to her porch and saw a notice posted on her front door.

A drive-by inspection of her four-bedroom house had found “brown, long and dying grass on the front yards,” the notice said. It meant Hodges wasn’t maintaining the landscaping to the standard set forth by her lease.

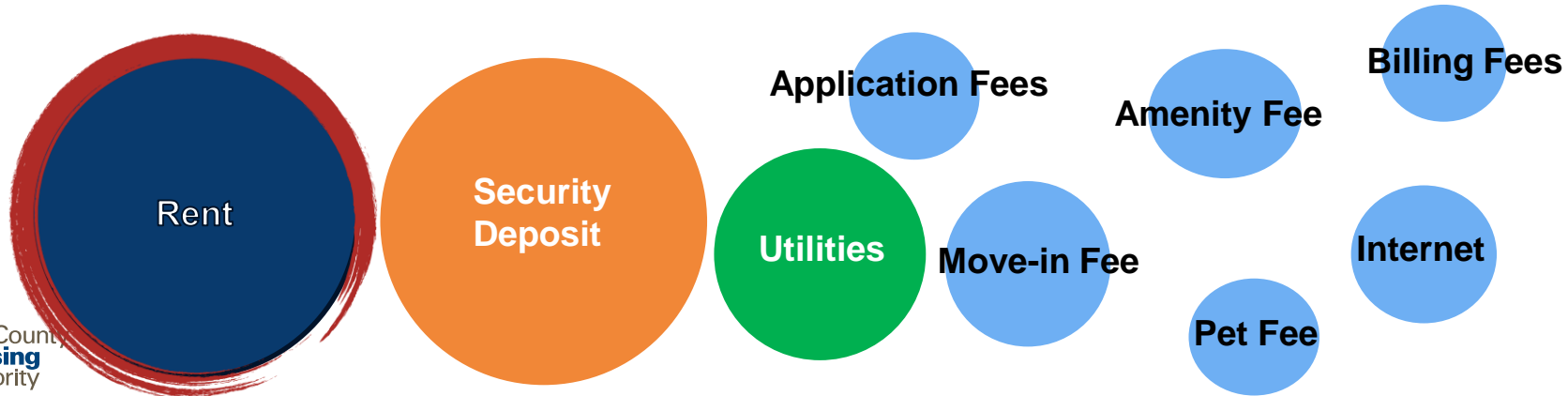
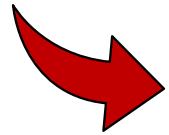
Increasing HCV Participant Success:

What are components of rent?

Reality of the Market



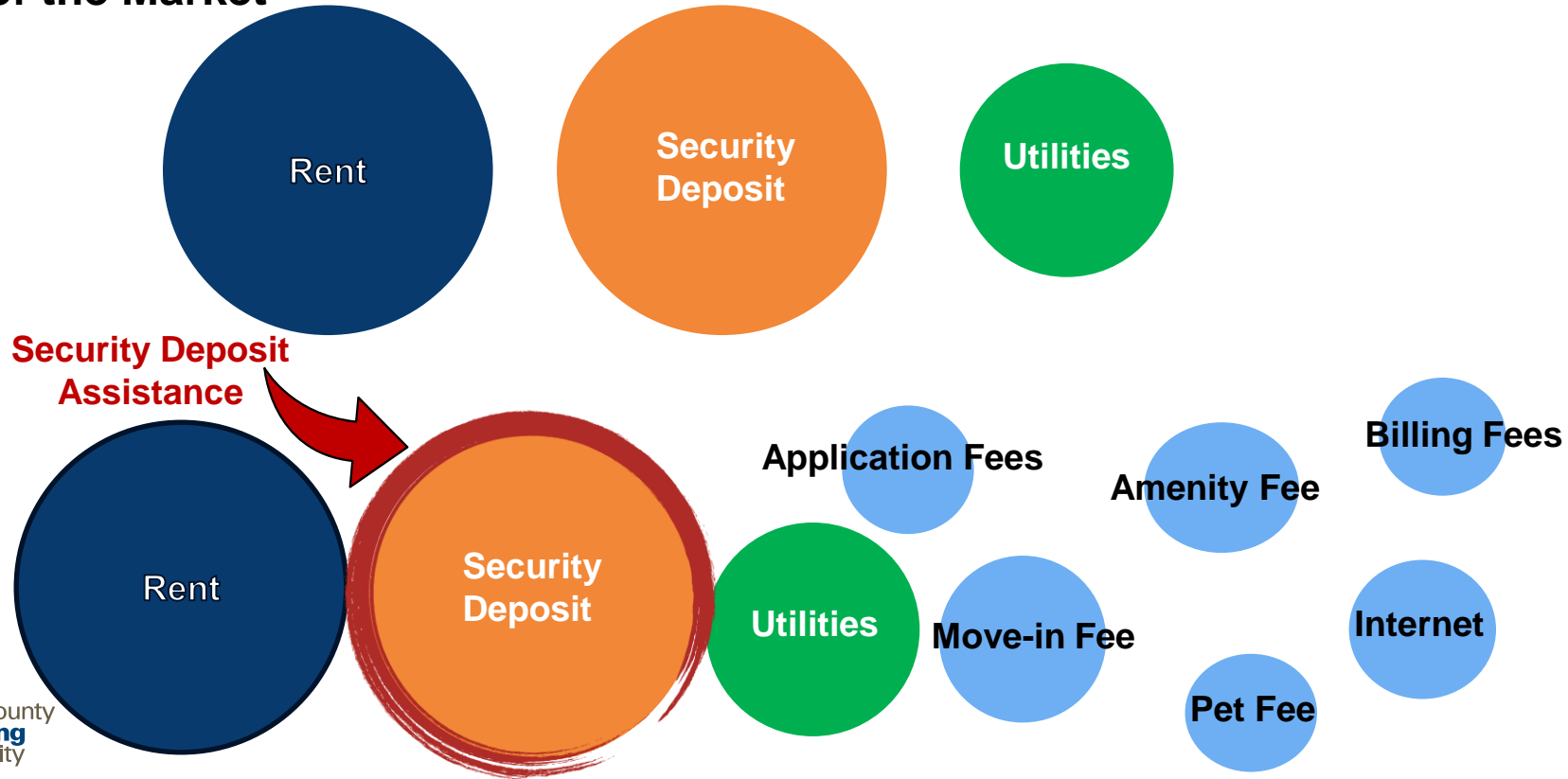
Payment Standards



Increasing HCV Participant Success:

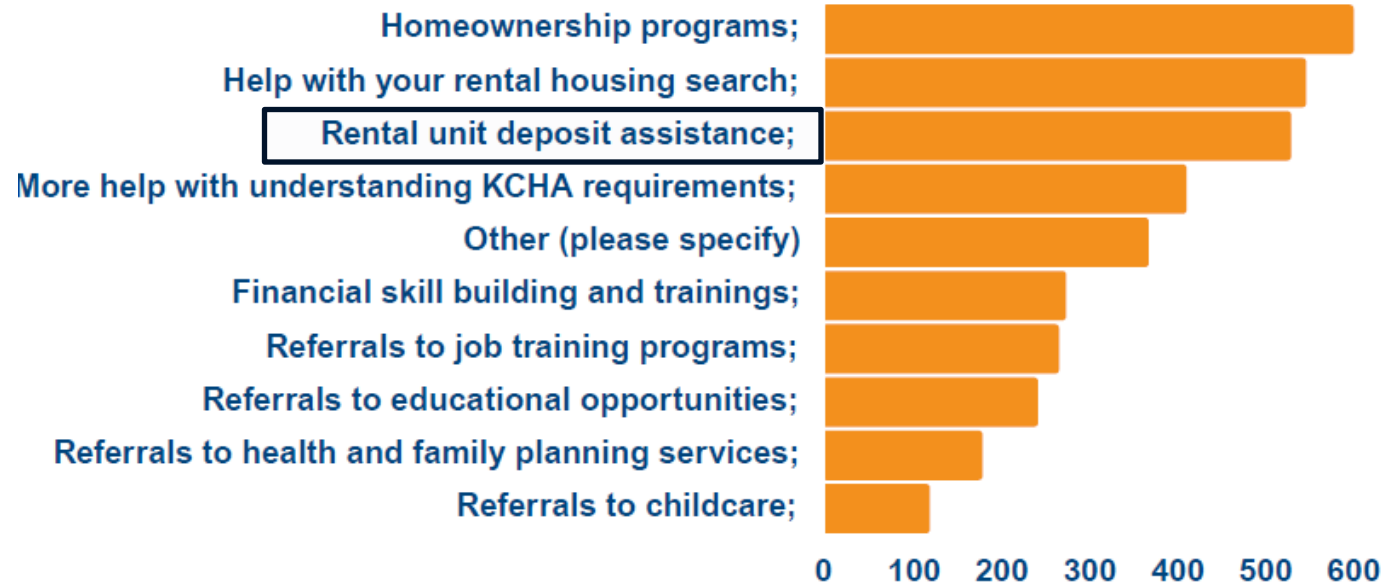
What are components of rent?

Reality of the Market



Increasing HCV Participant Success:

Security Deposit Assistance

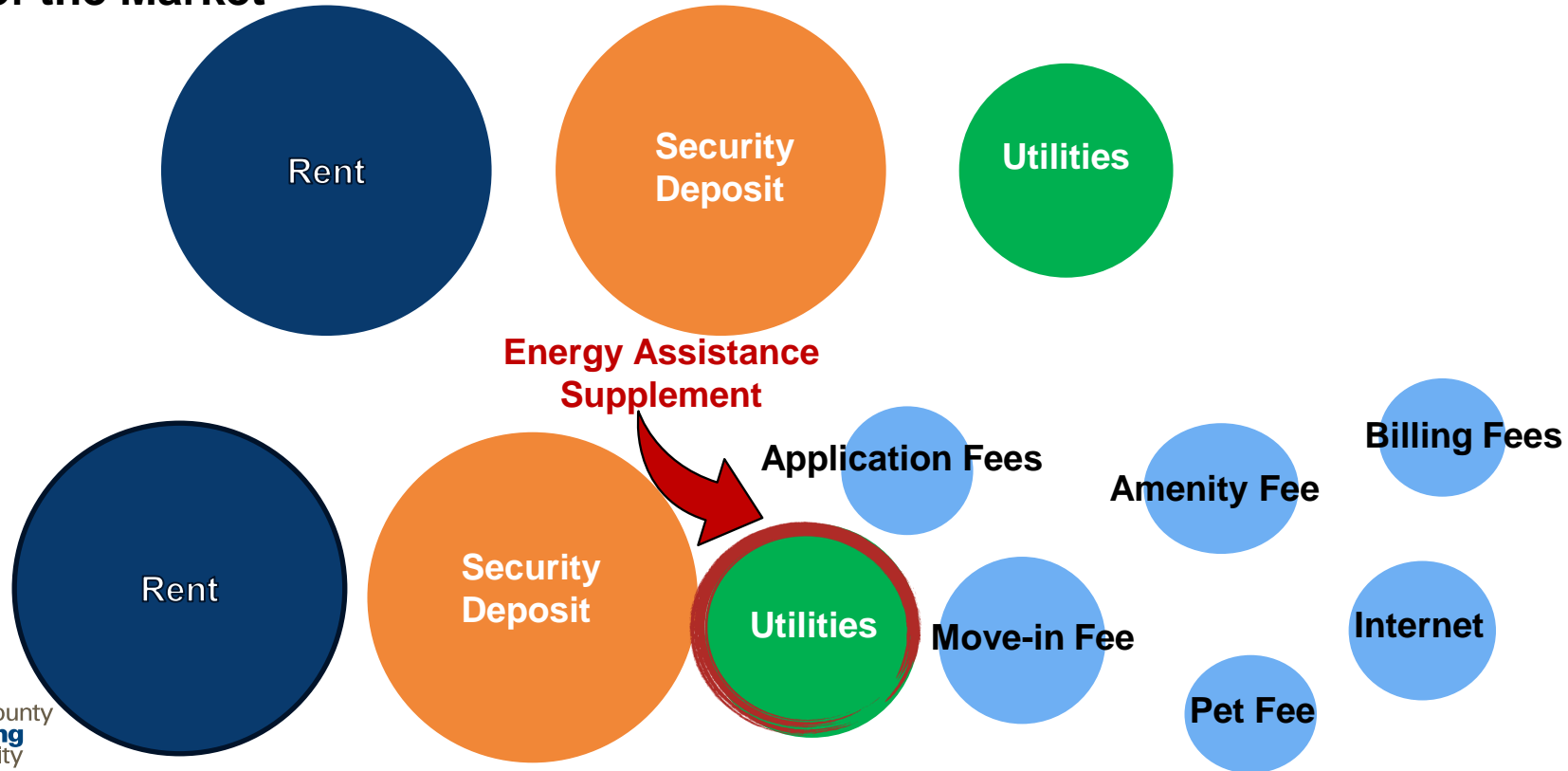


Security deposit assistance is available to new voucher recipients on tenant based (non-port-in clients) & supportive programs. The assistance is intended to cover a portion of the deposit to lessen the barrier at lease up. KCHA's amounts appear to be insufficient and will be looking at increases to better reflect the local rental market.

Increasing HCV Participant Success:

What are components of rent?

Reality of the Market



Increasing HCV Participant Success:

How do utilities play a role?

HUD Requires Housing Authorities to provide utility assistance. KCHA has developed its own formula using MTW flexibility. The utility allowance is reviewed yearly to determine if the average of the increase costs is over a 10% threshold. This will trigger an adjustment to the amounts. The current formula took over a decade to indicate an increase in utilities was necessary and is effective November 2024.

In recent years, we've witnessed significant annual increases in utility costs, with natural gas prices alone surging by an average of 30%. This trend highlights a critical flaw in the calculation methodologies, which fail to accurately reflect the actual living costs. Basic needs has evolved to include essentials such as high-speed internet that should also be considered.



The image shows the standard Wi-Fi logo, which consists of three curved lines above the text 'Wi-Fi'. The logo is centered within a white square that has a black border.

Increasing HCV Participant Success:

How do bedroom size impact success?

How do we determine bedroom size?

LET'S IMAGINE...

Household of 4: Mother and father with 16 year old daughter and 2 year old son

What is the appropriate bedroom size for this family?

- ❖ KCHA Housing Choice Voucher clients are provided a two-bedroom voucher.
- ❖ KCHA Public Housing tenants receive a three-bedroom unit.
- ❖ Industry standard is more like Public Housing across other PHA's.



We hypothesize that the current occupancy standards may potentially create a barriers for families seeking housing. We will be focusing on families requesting bedroom accommodations for kids and the impact of families porting into KCHA requesting Reasonable Accommodations request for separate bedrooms.

Increasing HCV Participant Success:

Payment Standard Review

We are committed to maintaining a robust review process for our payment standards, conducting evaluations twice annually. To enhance the accuracy and reliability of our assessments, we will be refining our approach. This refinement includes incorporating an independent second opinion on the methodology used for market analysis. This additional layer of scrutiny will ensure our payment standards remain competitive and reflective of current market conditions.



Multi-Tiered Payment Standards Effective January 1, 2024



KCHA's payment standards define the highest amount we will pay each month to help a tenant with rent and utilities. They are based on current market rental rates for the King County area.

ZIP CODES & PAYMENT STANDARD TIERS

1. Look for your zip code below to determine the tier for your home.
2. Look at the bottom table for your home type in that tier to find the amount KCHA will pay toward your rent and utilities each month.

ZIP Code	Tier	ZIP Code	Tier	ZIP Code	Tier	ZIP Code	Tier
98001	4	98027	6	98052	6	98108*	2
98002	1	98028	4	98053	5	98126*	2
98003	2	98029	6	98055*	4	98133*	4
98004	6	98030	3	98056*	5	98146*	2
98005	6	98031	3	98057*	4	98148	3
98006	6	98032	3	98058*	4	98155	3
98007	6	98033	6	98059*	6	98166	2
98008	5	98034	6	98065	3	98168	2
98010	1	98038	5	98070	2	98177*	3
98011	5	98039	6	98072	6	98178*	2
98014	3	98040	6	98074	5	98188	3
98019	3	98042	3	98075	5	98198	3
98022*	2	98045	3	98077*	5	98224	2
98023	3	98047*	2	98092*	2	98288	2
98024	3	98051	1	98106*	2	98354*	2

*These ZIP codes partially include non-KCHA jurisdictions and may be either outside King County or within Seattle or Renton city limits.

HOUSING CHOICE VOUCHER MULTI-TIERED PAYMENT STANDARDS

	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

Increasing HCV Participant Success:

What is next?

In the coming months, we will be looking at a holistic analysis to gain deeper insights on how to move the needle around participant success.

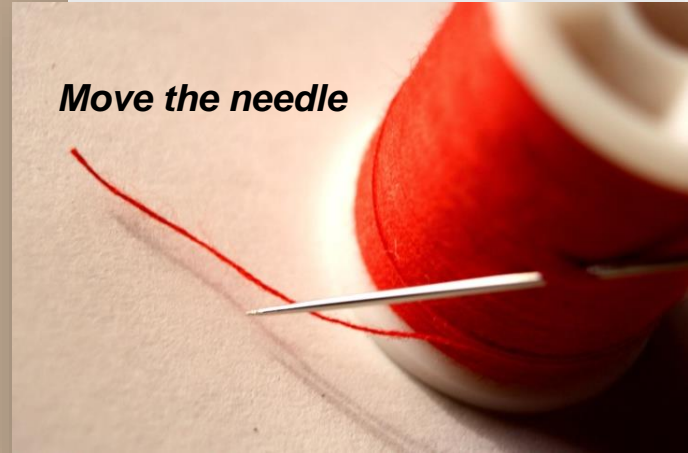


We will provide deeper education on different dimensions of analysis.



We will present policy and budgetary proposals for the Board's consideration. These proposals we believe will enhance a family's success with a voucher. While also sharing the operational adjustments to support these initiatives.

Move the needle



***What questions
do you have?***



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5

Agenda



- Introductions
- Asset Management Overview
- Division Overviews
 - Bond & Home Ownership
 - Tax Credit
 - Capital Improvements
- Highlights
- Questions & Discussion

KCHA Asset Management Department Overview

Wen Xu – Senior VP of Asset Management

Aran Church – Senior Asset Manager (Bond & HOP)

Mary Gonzalez-Hansen – Asset Manager (HOP)

Dave Allan – Senior Asset Manager (Tax Credit)

Darrell Westlake – Capital Construction Program Manager (Capital Improvements)

Tim Walter – Senior VP of Development and Asset Management

KCHA Board of Commissioners Meeting – September 16, 2024



**We transform lives
through housing**

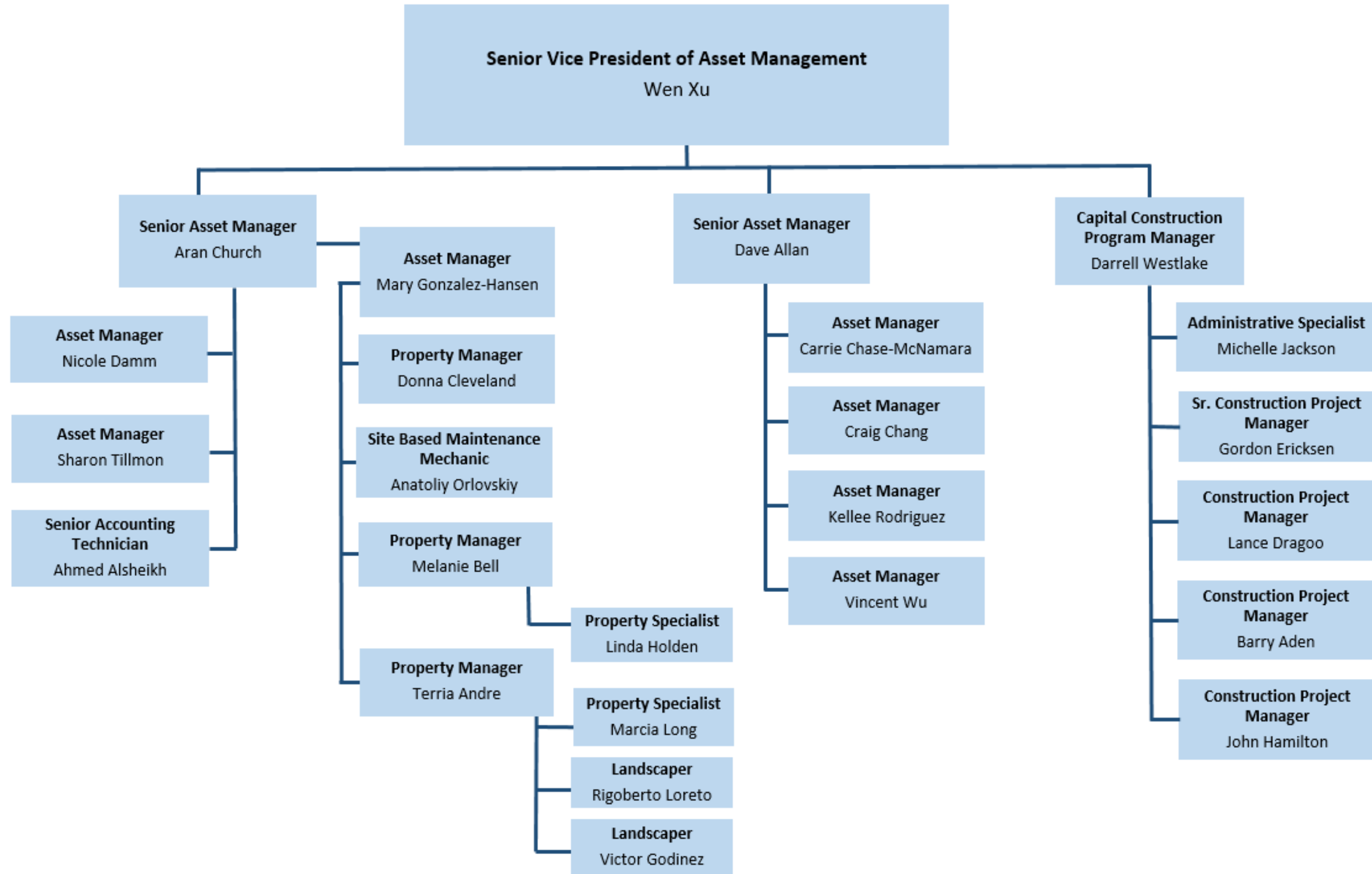
Asset Management Divisions

**Bond & Home
Ownership**

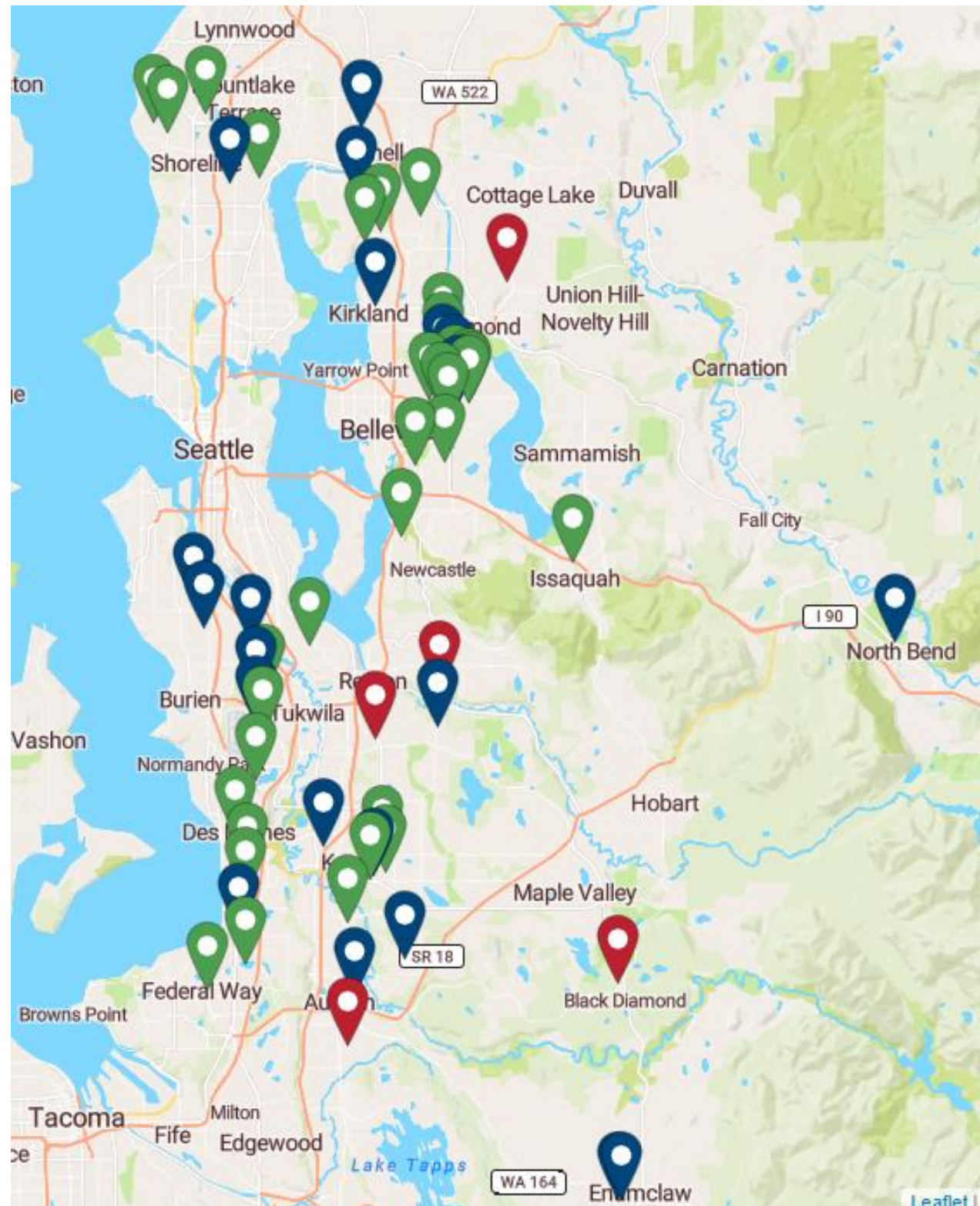
Tax Credit

**Capital
Improvements**

Asset Management Team



Asset Management Properties



- 63 Properties in King County
 - 8,916 Housing Units
 - Average Property Size - 150 Units
 - Largest PHA workforce housing owner in the country
 - Over \$1.1 billion in outstanding tax-exempt bonds/notes financing the portfolio
-
- Tax Credit Housing
 - Bond Financed Housing
 - Manufactured Communities

Property Management

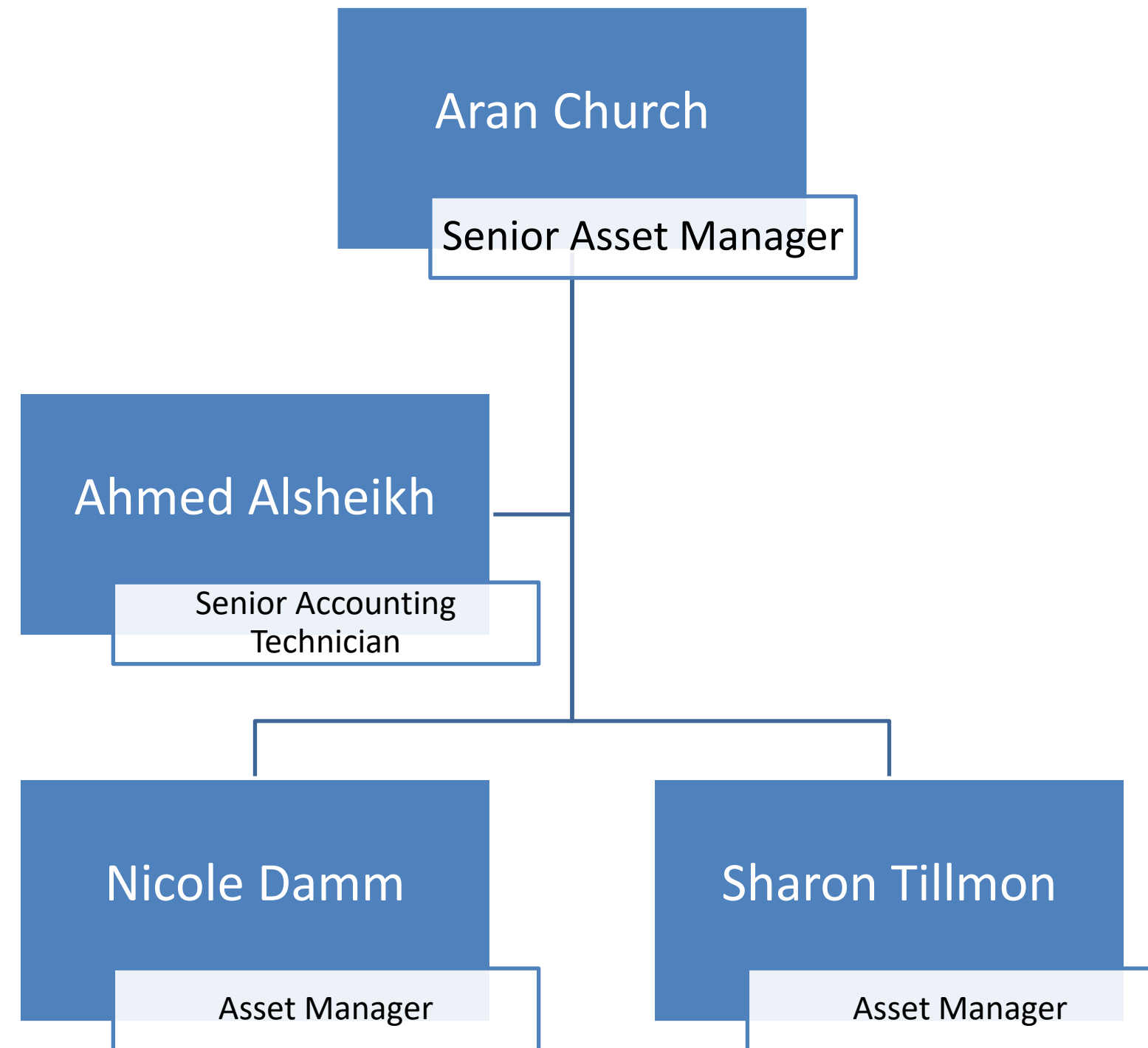


- Contract with six third-party management companies
- In-house management of four senior mobile\manufactured home parks
- Partner with KCHA Housing Management for subsidized Tax Credit housing (Housing Management: Property Management / Asset Management: Ownership Management)

Major Responsibilities for Asset Management

- Day to day oversight
- Direct and oversee work of 3rd party management
- Budgeting and financial performance
- Short-term, medium-term & long-term capital planning
- Capital Improvements
- Regulatory Compliance (IRS/Federal, State, County, etc.)
- Securing project financing
- Debt/Lender/Financial Compliance (Tax-Exempt bond, conventional lender, investor, 3rd party (S&P, etc.), Microsoft, Amazon, etc.)
- Steady delivery of cash flow to support agency

Bond/Workforce Housing Team



Bond Program Overview

KCHA purchases privately owned properties, generally finances with tax-exempt municipal bonds, and then maintains affordability to provide housing for people near their work and schools.

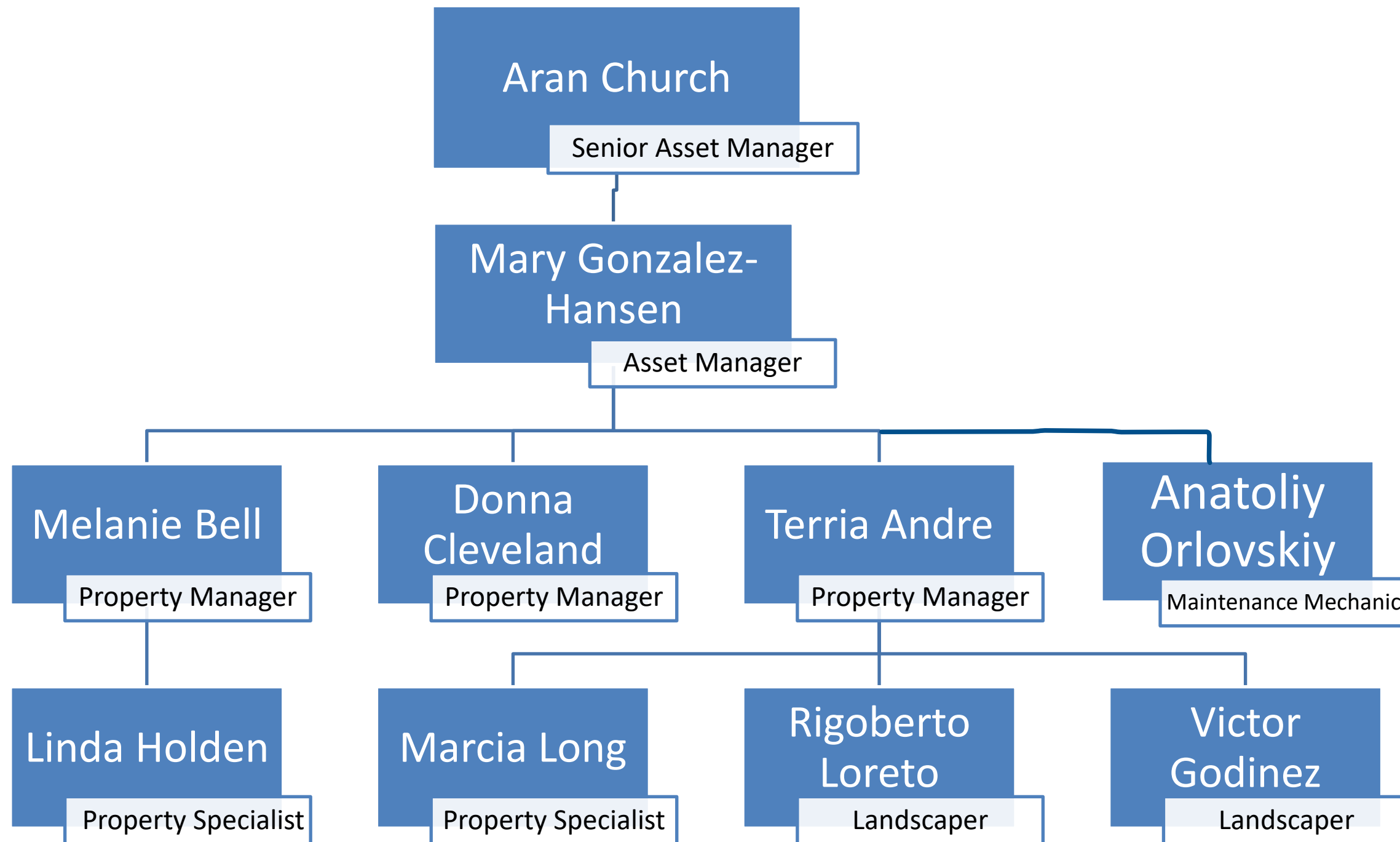


Bond Program

Asset Managers act on behalf of KCHA to:

- Direct third-party management companies
- Direct budgeting and financial performance
- Planning of capital projects
- Ensure compliance
- Manage debt
- Partner with KCHA other departments to further KCHA's mission
- Ensure delivery of projected cash flow

Home Ownership Program Team

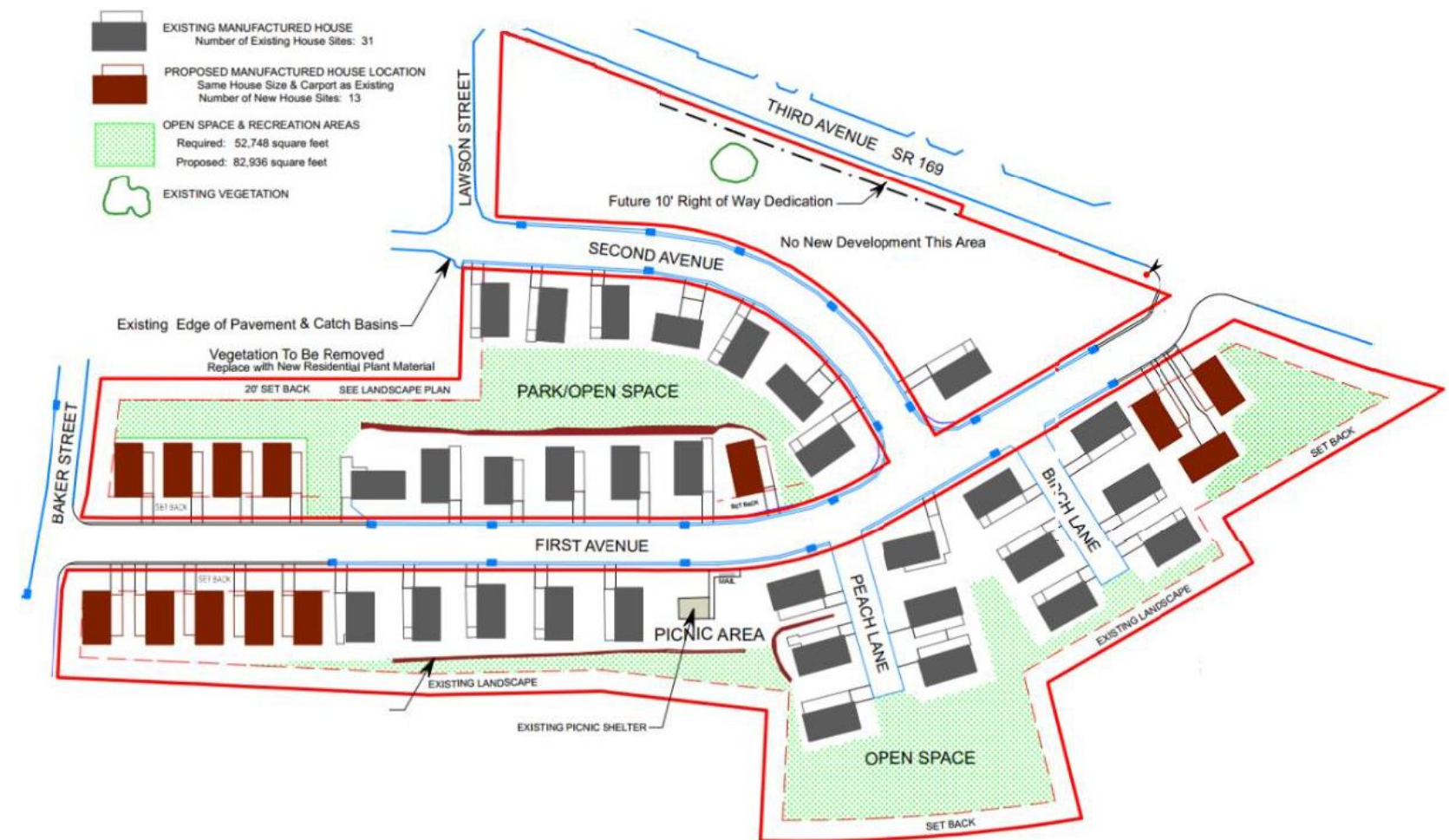


Home Ownership Program Overview

This program consists of five manufactured housing communities, 4 of which are restricted to age 55 and older and one family community. KCHA has owned HOP properties since the late 1980s, with Rainier View being developed on KCHA's first public housing site which had been built in 1940 in Black Diamond.



Rainier View Current Layout



Rainier View Proposed Expansion

Home Ownership Program

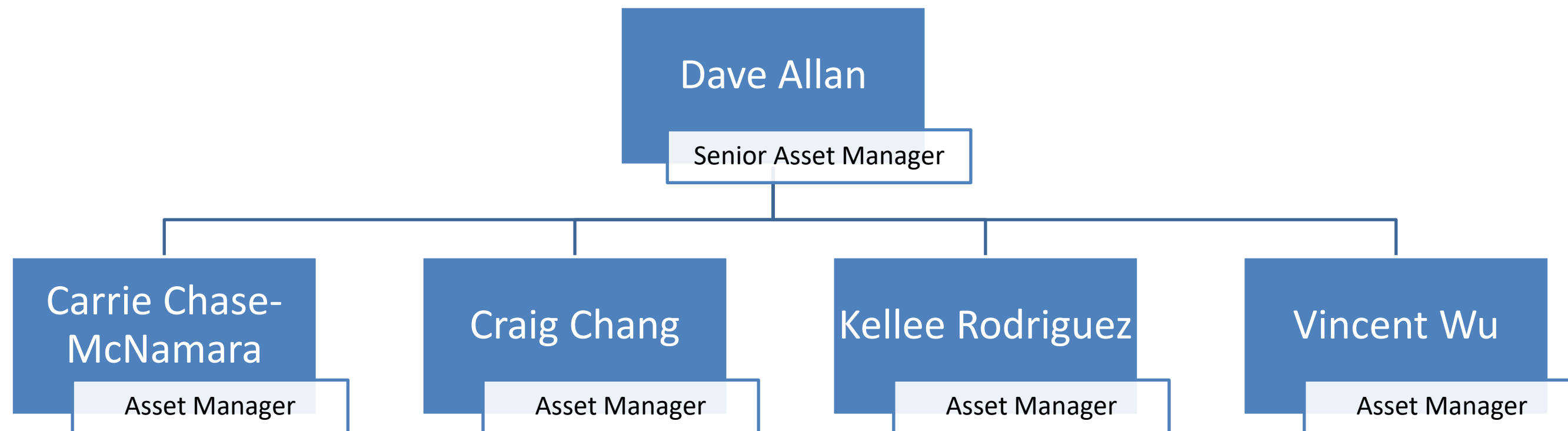
Communities:

- Vantage Glen: 55+ senior community, developed in 1987, 164 units, KCHA managed
- Rainier View: 55+ senior community, developed in 1989, 31 units KCHA managed. In process of adding up to 13 additional units
- Wonderland Estates: 55+ senior community, purchased in 2007, 107 units, KCHA managed
- Friendly Village: 55+ senior community, purchased in 2017, 224 units, KCHA managed
- Tall Cedars: family community, purchased in 1993, 127 units, 3rd party managed

Objectives:

- As financing allows, preserve manufactured home communities from being redeveloped
- Maintain low pad rents

Tax Credit Team



Low Income Housing Tax Credit



- **IRS Program under Section 42 of the Internal Revenue Code**
 - Incentivizes the acquisition, rehabilitation and development of affordable housing
 - Program requires that owners meet affordability restrictions for 30 or more years
- **Partnership with Investors**
 - KCHA partners with investors who can take advantage of the tax credits and tax losses
 - Investors provide KCHA with capital used to acquire, rehab and/or develop new affordable housing
 - Partnerships with investors are in place for approximately 12-15 years then investor partner interest re-acquired by KCHA (Tax Credit restrictions remain after exit)



Tax Credit Partnerships and Properties

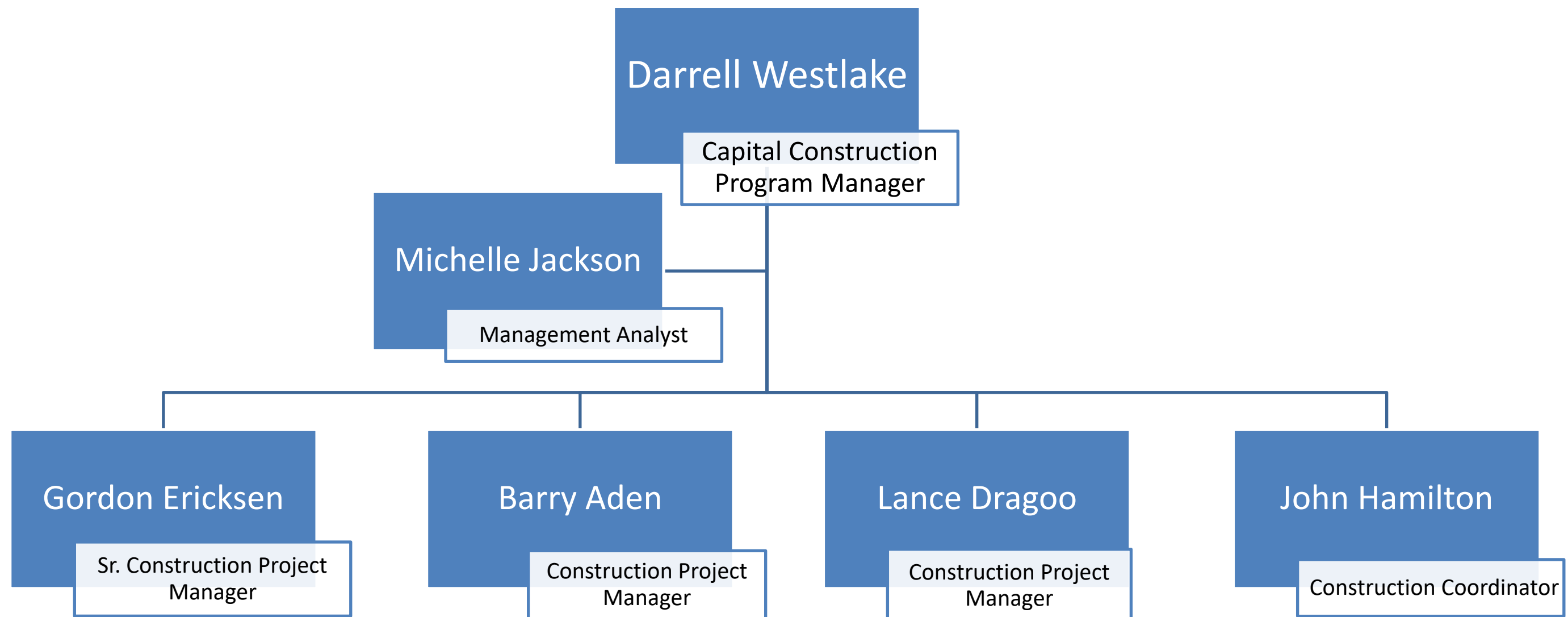
- KCHA has 43 Tax Credit Properties
 - 13 Properties under 11 Partnerships with Investors
 - 7 Properties under 6 Partnerships wholly owned by KCHA
 - 14 “Exited” Properties within Asset Management
 - 11 “Exited” Properties with HM/Compliance

Key Responsibilities for Tax Credit Properties



- All Aspects of Ownership (Financial / Operational)
- Partnership Management
 - General Partner / Managing Member
 - Investor Reporting
 - Audits / Tax Returns
 - Ensure delivery of projected tax credits and tax losses to Investor Partner / Member
- Compliance
 - IRS / Tax Credit
 - Other Regulatory Requirements
- Initial Tax Credit Project Management
 - Coordination
 - Income Certifications
 - Relocation (Partner with Resident Services for KCHA managed projects)
 - Lease-Up and Placing-in-Service

Asset Management - Capital Improvements Team



Capital Improvements Projects

- Bond & Home Ownership Properties
 - 2024 Budget: \$12,625,622
 - 2024 Forecasted Completion: \$8,350,612
- Tax Credit Properties
 - 2024 Budget: \$60,000,000
 - 2024 Forecasted Completion : \$70,000,000
- Non-budgeted Projects
 - 2024 Forecast: \$1,874,040
- Partnerships

Bond / HOP Projects



- 40-50 Projects per Year, \$10-20M per year;
 - \$12.6M Budgeted for 2024
- Types of Projects:
 - Extraordinary Maintenance/Repairs
 - Security/Safety
 - Energy Systems & Indoor Air Quality
 - Exterior Envelope, Doors & Windows
 - Elevators
 - Electric Vehicle Charging Stations
 - Solar Installations

Capital Improvements – Tax Credit Projects

- Project Budgets from \$5-100M
- 1-3 Projects in Design/Construction at Any Time
- \$70M Projected for 2024
- Types of Projects*:
 - Major Renovations / New Construction
 - Community & Amenity Improvements
 - Interior Retrofitting
 - Solar Installations

*Not subject to Public Works (however, KCHA pays wages equivalent to residential prevailing wages on initial Tax Credit rehab and new construction)



Recently Completed Tax Credit Projects



- **Abbey Ridge** - Completed 2022 - Cost of \$27.7M,
 - Major renovation of 14 Buildings, 146 Units
 - Infrastructure Improvements
 - Added Solar
- **Bellevue Manor** – Completed 2021 – Cost of \$5.2M
 - Renovation of 66 Senior Apartments
 - Added Fire Sprinklers
 - Added Solar
- **Woodland North** – Completed 2021 – Cost of \$11.3M
 - Renovation of 8 Buildings, 105 Units
 - Major Envelope Improvements
 - Added Solar

Current Tax Credit Project – Kirkland Heights

- Construction Budget \$108.4M
- Adding 96 units for a total of 226
- Completion Projected 2026
- Renovating 25 Existing Buildings
- Adding 48 Apartments to 11 Buildings
- Constructing 2 New Buildings -
Adding 48 New Apartments
- Constructing New Community Center
Building
- Adding Solar & Electric Vehicle
Charging Stations



Current Tax Credit Project – Kirkland Heights



Upcoming Tax Credit Project – Trailhead



Capital Improvements – Non-Budgeted Projects

- Fire Damage
- Flooding & Weather Damage
- Municipal/Code Revisions
- Mechanical Systems



Asset Management Capital Construction - Partnerships



- KCHA Weatherization Program
- Utility Rebates
- Community Grants / Energy Grants / Solar
- Evergreen Sustainable Development Standards (ESDS)

Highlights

- Affordable rents below market
- Continued compliance with all other regulatory and contractual obligations
- Completion of 35-45 capital projects annually
- Completion of \$40M+ in major property rehabs over the last two years
- Provide steady cash flow to support other KCHA programs
- Average occupancy of 98.5%
- Maintained 100% Tax Credit compliance (no Tax Credit recapture)
- Clean audits for all Tax Credit partnerships
- Exited Tax Credit partnerships without tax liability or other equity participation payment

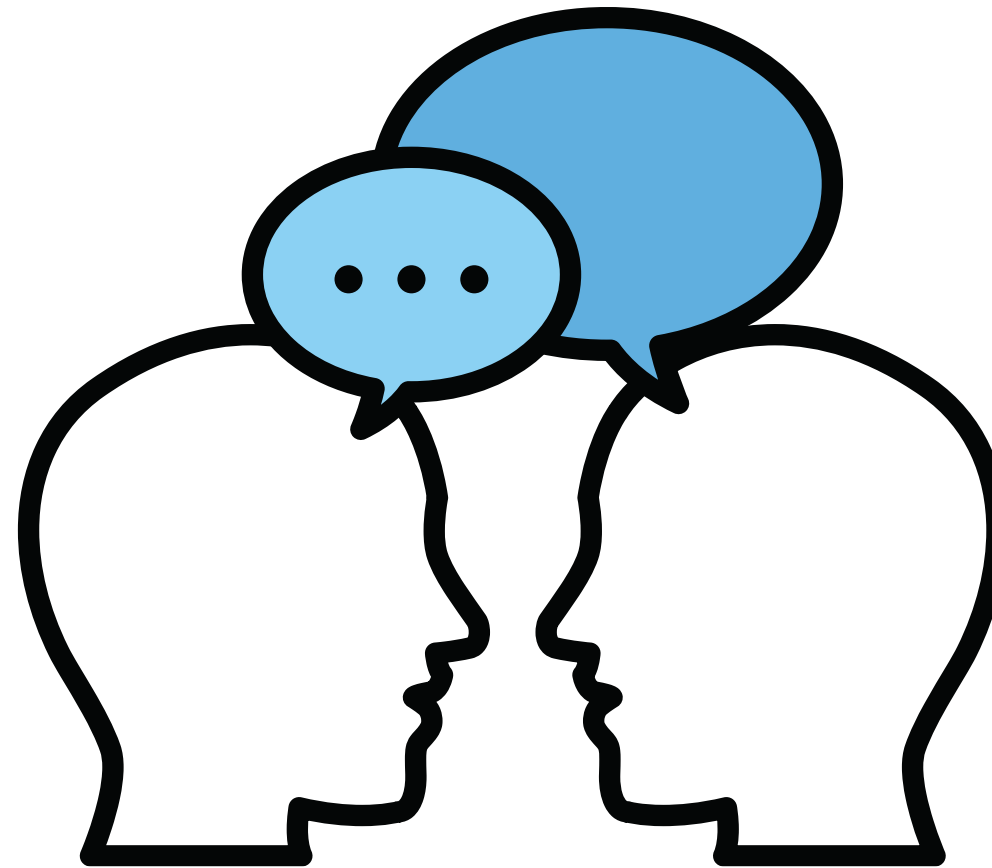
5-Year Rent Increase Analysis

Bond Program Summary	2021	2022	2023	2024	2025
Average Affordable Income as % of AMI:	60%	64%	56%	54%	55%
Average % Above (+) / Below (-) Market Rent:	-21%	-20%	-28%	-25%	-21%
Average Increase:	1%	0%	2%	4%	5%

Home Ownership Program Summary	2021	2022	2023	2024	2025
Average Affordable Income as % of AMI:	25%	25%	22%	21%	21%
Average % Above (+) / Below (-) Market Rent:	-23%	-23%	-33%	-32%	-39%
Average Increase:	0%	0%	3%	4%	4%

Tax Credit Program Summary	2021	2022	2023	2024	2025
Average Affordable Income as % of AMI:	47%	49%	43%	37%	43%
Average % Above (+) / Below (-) Market Rent:	-35%	-35%	-36%	-38%	-40%
Average Increase:	2%	0%	3%	4%	5%

Questions & Discussion



T A B N U M B E R

6



KCHA Executive Dashboard

2024 Q2

April - June 2024

Households Served

point in time as of March 2024¹

24,279

Finance

	Budgeted	Actual	Actual to Budget	
Revenue year-to-date	\$266,165,023	\$278,609,060	104.7%	
Expenditure year-to-date	\$230,509,106	\$220,821,265	95.8%	
LGIP Rate Investments	4.25%	5.40%	+ 1.15%	
Non-LGIP Investments	4.25%	1.94%	-2.31%	

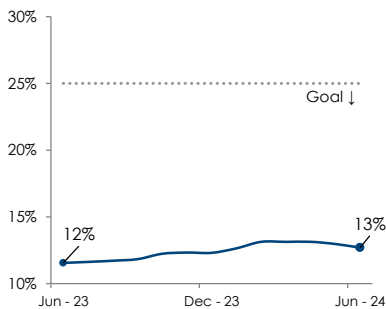
Housing Management

	Scope	Target	Mar '24	
Public Housing Occupancy ²	3,766 units	98.0%	98.6%	
Local Programs Occupancy	8,916 units	96.5%	98.8%	
Total Units Online ³	12,711 units	11,105	12,711	

Housing Choice Voucher Program Operations

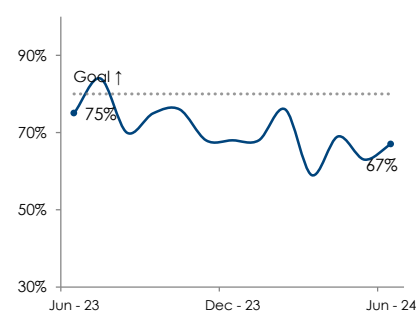
Shelter Burden

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



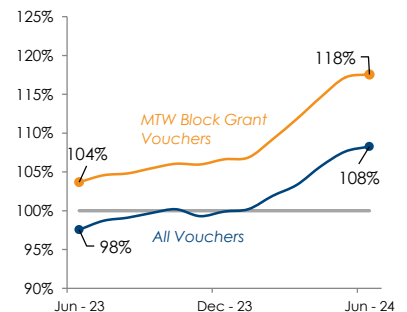
Shopping Success⁴

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



Utilization Rate⁵

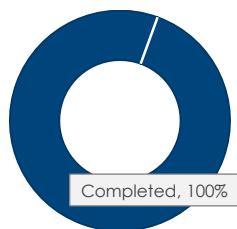
Percentage of HUD ACC leased by month.



Focus Areas

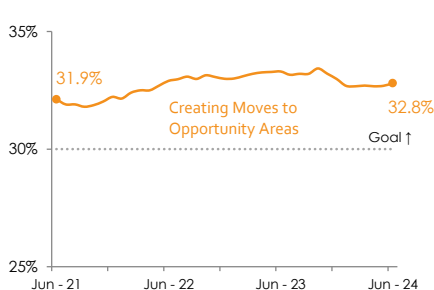
Inclusion Now Training

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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MEMORANDUM

TO: Board of Commissioners

FROM: Wendy Teh
Vice President of Finance

RE: 2024 Second Quarter Financial Report

DATE: September 16, 2024

Executive Summary

Second-quarter 2024 financial results for KCHA, excluding development activities, far outpace budget projections. Operating income is approximately \$12.4 million more than budget with both tenant revenue and block grant revenue exceeding expectations. Operating expenses are 96% of the budget and approximately \$9.7 million less than anticipated. The key drivers include reduced salaries and benefits due to unfilled positions as well as lower spending on maintenance, weatherization projects and administrative costs. As a result, net Income is higher than budget by \$22.1 million.

Financial Highlights

For Federal Programs and Properties, which include Moving to Work (MTW), Housing Choice Vouchers (HCV) and Public Housing (PH), operating revenue was \$10.4 million above the budget. Tenant revenue as well as federal subsidies for both HCV and PH were higher than anticipated. Operating expenses were slightly under budget at 99% of the budgeted total. These combined to result in additional net income of \$11.8 million. Other highlights include:

- Seasonal and periodic maintenance projects were below target, but expected to increase as the year progresses.
- Capital construction projects were below target mainly due to Burndale Homes Office and Envelope project having a late start due to environmental review issues. Also, the Munro Manor Roof and Briarwood Fire Monitoring System Upgrade projects are expected to start in the 3rd quarter.

The Local Programs and Properties had operating revenue that was \$2.0 million above budget. Combined with lower than expected expenditures, net income was \$9.5 million more than budget. The biggest driver of the increased revenue was higher than anticipated tenant revenue while for expenses, unfilled positions resulted in less salaries and benefits. Other notable highlights include:

- Lower spending and grant reimbursements on weatherization projects.

- Various maintenance contract projects were below target, but expected to increase as the year progresses.
- Due to project delays, capital projects are below target. While the Sandpiper site maintenance and construction projects was moved to next year, the Cascadian roof project is expected to be completed in the 4th quarter.

For Development activities, operating revenue was less than budgeted due to lot sales at Greenbridge occurring earlier than anticipated at the end of 2023. Other budget items, including equity transfers to Seola Gardens and Kirkland Heights developer fee and subordinate loans did not occur as anticipated in the first half of 2024 but are expected to take place later in the year. Other highlights include:

- Interest expense on the Kirkland Heights bonds was higher than anticipated in the budget.
- \$3.2 million was budgeted throughout the year for Skyway Resource development. Actual project expenses are expected to catch up with budget in the 4th quarter.

Financial Statements

The Financial Statements below are included to provide detailed financial information for all activities as well as any corresponding notes needed for further explanation.

Income Statements show operating and non-operating income, expenses and net gain or loss. These have been broken out into four separate reports to show differences between KCHA programs and activities. Each individual report highlights the following programs:

1. Combined Operations – Federal and Local Programs, excluding Development activity
2. Federal Programs & Properties – Includes all federal programs such as Housing Choice Vouchers, Public Housing, Capital Fund Program, and several other Federal grants to house and assist families towards self-reliance or improved living circumstances.
3. Local Programs & Properties – Includes properties and programs owned by KCHA and managed either by KCHA Property Management or Asset Management via third party management companies. This category is sometimes referred to as Workforce Housing.
4. Development Activity – Includes all activities handled by our Development department. Most of the financial activities of this department are below-the-line, construction-related and as such are tracked in the balance sheet as “work-in-process” and do not impact net operating income.

The Balance Sheets, which show assets, liabilities and equity, provide a snapshot of KCHA’s finances, and are divided into Combined Operations and Development Activity.

Finally, a detailed summary of MTW Uses and Sources is included. One of the most important features of being an MTW agency is the financial flexibility to use funds where they are needed most depending on local housing needs. The charts show where we are able to use funding streams in a variety of ways to support KCHA goals and initiatives.

King County Housing Authority
Income Statement with Cash Adjustments
Combined Operations (excluding development activity)
For the Period Ended June 30, 2024

	2024 YTD Actual	2024 YTD Budget	% of YTD Budget	
Operating Revenues				
1 Tenant Revenue	\$84,254,187	\$80,752,143	104%	
2 Operating Subsidy from HUD-HCV	147,512,324	138,892,041	106%	
3 Operating Subsidy from HUD-PH	6,999,705	6,493,622	108%	
4 Port-In Income	19,907,965	19,153,243	104%	
5 Other Operating Income	19,934,879	20,873,974	96%	
6 Total Operating Income	278,609,060	266,165,023	104.7%	
Operating Expenses				
7 Salaries	29,133,192	33,026,989	88%	(1)
8 Benefits	9,539,870	10,921,267	87%	(1)
9 Occupancy Expenses	20,266,408	23,724,527	85%	(2)
10 Maintenance Projects	0	0	NM	
11 HAP Expense-KCHA	115,268,859	112,842,891	102%	
12 HAP Expense-Ports In	20,158,523	19,153,243	105%	
13 Other Social Service Expenses	9,281,071	11,207,694	83%	(3)
14 Administrative Expenses	17,173,342	19,632,496	87%	(4)
15 Total Operating Costs	220,821,265	230,509,106	96%	
16 Net Operating Income	57,787,795	35,655,918	162%	
Non-Operating Revenues				
17 Non-Operating income	11,141,604	11,774,096	95%	
18 Total Non-Operating Income	11,141,604	11,774,096	95%	
Non-Operating Expenses				
19 Interest Payments	17,531,652	16,011,973	109%	
20 Non-Operating Expenses	1,221,301	812,933	150%	(5)
21 Total Non-Operating Expenses	18,752,953	16,824,906	111%	
22 Net Non-Operating Income (Loss)	(7,611,350)	(5,050,810)	151%	
23 Net Income(Loss)	50,176,445	30,605,107	164%	
Adjustments to Cash - Sources (Uses)				
24 Principal Payments	(14,798,512)	(11,782,329)	126%	(6)
25 Capital Expenditures	(16,009,243)	(31,674,231)	51%	(7)
26 Acquisitions/LIHTC Return to KCHA	(9,950,000)	0	NM	(8)
27 Change (to)/from Designated Cash	(2,666,922)	1,141,938	NM	(9)
28 Change (to)/from Restricted Cash	1,926	1,366,912	0%	(10)
29 Transfers In/(Out)	(177,721)	(521,865)	34%	(11)
30 Other Changes in Debt	9,950,000	0	NM	(8)
31 Others Sources/(Uses of Cash)	6,642,572	20,179	32,918%	(12)
32 Total Adjustments to Cash	(27,007,900)	(41,449,395)	65%	
33 Net Change in Unrestricted Cash	\$23,168,546	(\$10,844,288)	NM	
34 Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	136,127,134			
35 Ending Cash Balance-Unrestricted/Held by Mgmt Agent	159,295,679			

Footnotes:

- 1) Salaries and benefit were below target due to unfilled positions.
- 2) Seasonal and periodic maintenance projects were below target, but expected to increase as the year progresses.
- 3) Mainly due to lower spending and grant reimbursements on weatherization projects.
- 4) Various categories were under target: professional services, admin contracts, and computer equipment.
- 5) MKCRF capital reimbursement exceeded target. The Juanita Trace roof repair and Eastridge fire monitoring system upgrade projects were budgeted in 2023. However, actual work continued through the 1st half of this year.
- 6) Mainly due to Birch Creek and Spiritwood lease principal payment totaling \$3.5 million from the proceeds of net cash flow distribution. Unbudgeted.
- 7) Due to project delays capital projects are below target. While the Sandpiper site maintenance and construction and Rainier View expansion projects were moved to next year, the Cascadian roof project is expected to be completed in the 4th quarter. Also, the Burndale Home Office and Envelope project have a late start due to environmental review issues. Finally, the Munro Manor Roof and Briarwood Fire Monitoring System Upgrade projects are expected to start in the 3rd quarter.
- 8) Due to acquisition Henry House for \$9.5 million with proceeds of line-of-credit. \$60 million was budgeted for new housing acquisitions through debt financing in the development fund group.
- 9) Deposits to replacement reserves were higher than budgeted. Also, the budgeted draw from Sandpiper property improvement reserve has yet to occur.
- 10) Mainly due to unbudgeted deposits to debt service reserves.
- 11) The budgeted transfer from MTW to support public housing project didn't occur during the 1st half of the year. Transfer is made on need basis.
- 12) Mainly due to decrease in grant and account receivable, increase in deferred liabilities offset by decrease accounts payable and deferred revenue.

**King County Housing Authority
Income Statement with Cash Adjustments
Federal Programs and Properties
For the Period Ended June 30, 2024**

	2024 YTD Actual	2024 YTD Budget	% of YTD Budget	
Operating Revenues				
5 Tenant Revenue	7,638,657	7,233,529	106%	
6 Operating Subsidy from HUD-HCV	147,297,544	138,648,440	106%	
7 Operating Subsidy from HUD-PH	6,999,705	6,493,622	108%	
8 Port-In Income	19,907,965	19,153,243	104%	
9 Other Operating Income	3,603,588	3,528,072	102%	
Total Operating Income	185,447,458	175,056,906	106%	
Operating Expenses				
10 Salaries	10,857,017	12,534,223	87%	(1)
11 Benefits	3,863,269	4,595,681	84%	(1)
12 Occupancy Expenses	5,088,814	6,833,425	74%	(2)
13 Maintenance Projects	-	-	NM	
14 HAP Expense-KCHA	115,268,859	112,842,891	102%	
15 HAP Expense-Ports In	20,158,523	19,153,243	105%	
16 Other Social Service Expenses	5,462,464	5,429,865	101%	
17 Administrative Expenses	7,365,161	8,128,583	91%	(3)
Total Operating Costs	168,064,107	169,517,911	99%	
Net Operating Income	17,383,351	5,538,995	314%	
Non-Operating Revenues				
21 Non-Operating income	3,848,599	5,318,666	72%	(4)
Total Non-Operating Income	3,848,599	5,318,666	72%	
Non-Operating Expenses				
19 Interest Payments	2,294,652	1,985,454	116%	(5)
22 Non-Operating Expenses	(19,930)	0	NM	
Total Non-Operating Expenses	2,274,722	1,985,454	115%	
Net Non-Operating Income (Loss)	1,573,876	3,333,212	47%	
Net Income(Loss)	18,957,227	8,872,207	214%	
Adjustments to Cash - Sources (Uses)				
18 Principal Payments	(13,776)	(220,000)	6%	
23 Capital Expenditures	(4,704,207)	(9,132,121)	52%	(6)
30 Acquisitions/LIHTC Return to KCHA	0	0	NM	
24 Change in Designated Cash	629,850	353,237	178%	(7)
25 Change in Restricted Cash	(486,487)	(237,862)	205%	(8)
26 Transfers In/Out	(394,278)	(1,289,885)	31%	(9)
31 Other Changes in Debt	0	0	NM	
27 Others Sources/(Uses of Cash)	5,002,490	(197,225)	NM	(10)
Non Operating Net Sources (Uses) of Cash	33,592	(10,723,855)	NM	
Net Change in Unrestricted Cash	\$ 18,990,819	\$ (1,851,648)	NM	
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	31,119,704			
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	50,110,522			

Footnotes:

- 1) Salaries and benefit were below target due to unfilled positions.
- 2) Seasonal and periodic maintenance projects were below target but expected to increase as the year progresses.
- 3) Various categories were under target: professional services, admin contracts, and computer equipment.
- 4) Due to delay in capital projects, draws from CFP grant were below target. See note 6.
- 5) Salmon Creek interest on notes payable. Unbudgeted.
- 6) Capital construction projects were below target mainly due to Burndale Home Office and Envelope project having a late start due to environmental review issues. Also, the Munro Manor Roof and Briarwood Fire Monitoring System Upgrade projects are expected to start in the 3rd quarter.
- 7) As the Yardi project progresses, release from technology reserve exceeded target.
- 8) Mainly due unbudgeted deposits to debt service reserves.
- 9) The budgeted transfer from MTW to support public housing project didn't occur during the 1st half of the year. Transfer is made on need basis.
- 10) Mainly due to decrease in grant and account receivable, increase in deferred liabilities offset by decrease accounts payable and deferred revenue.

King County Housing Authority
Income Statement with Cash Adjustments
Local Programs and Properties
For the Period Ended June 30, 2024

	2024 YTD Actual	2024 YTD Budget	% of YTD Budget	
Operating Revenues				
5 Tenant Revenue	76,615,531	73,518,614	104%	
6 Operating Subsidy from HUD-HCV	214,780	243,602	88%	
7 Operating Subsidy from HUD-PH	-	-	NM	
8 Port-In Income	-	-	NM	
9 Other Operating Income	16,331,291	17,345,901	94%	
Total Operating Income	93,161,601	91,108,117	102%	
Operating Expenses				
10 Salaries	18,276,175	20,492,766	89%	(1)
11 Benefits	5,676,600	6,325,586	90%	(1)
12 Occupancy Expenses	15,177,595	16,891,102	90%	
13 Maintenance Projects	-	-	NM	
14 HAP Expense-KCHA	-	-	NM	
15 HAP Expense-Ports In	-	-	NM	
16 Other Social Service Expenses	3,818,607	5,777,829	66%	(2)
17 Administrative Expenses	9,808,181	11,503,913	85%	(3)
Total Operating Costs	52,757,157	60,991,195	86%	
Net Operating Income	40,404,444	30,116,922	134%	
Non-Operating Revenues				
21 Non-Operating income	7,293,005	6,455,430	113%	(4)
Total Non-Operating Income	7,293,005	6,455,430	113%	
Non-Operating Expenses				
19 Interest Payments	15,237,000	14,026,519	109%	
22 Non-Operating Expenses	1,241,231	812,933	153%	(5)
Total Non-Operating Expenses	16,478,231	14,839,452	111%	
Net Non-Operating Income (Loss)	(9,185,226)	(8,384,022)	110%	
Net Income(Loss)	31,219,218	21,732,900	144%	
Adjustments to Cash - Sources (Uses)				
18 Principal Payments	(14,784,736)	(11,562,329)	128%	(6)
23 Capital Expenditures	(11,305,035)	(22,542,110)	50%	(7)
40 Acquisitions/LIHTC Return to KCHA	(9,950,000)	-	NM	(8)
24 Change in Designated Cash	(3,296,773)	788,701	NM	(9)
25 Change in Restricted Cash	488,413	1,604,774	30%	(10)
26 Transfers In/Out	216,558	768,021	28%	(11)
41 Other Changes in Debt	9,950,000	-	NM	(8)
27 Others Sources/(Uses of Cash)	1,640,082	217,404	754%	(12)
Non Operating Net Sources (Uses) of Cash	(27,041,491)	(30,725,540)	88%	
Net Change in Unrestricted Cash	4,177,727	(8,992,640)	NM	
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	105,007,430			
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	109,185,157			

Footnotes:

- 1) Salaries and benefit were below target due to unfilled positions.
- 2) Mainly due to lower spending and grant reimbursements on weatherization projects.
- 3) Various categories were under target: professional services, admin contracts, and computer equipment.
- 4) Draw from CFP grant for Birch Creek bond payment. Unbudgeted.
- 5) MKCRF capital reimbursement exceeded target. The Juanita Trace roof repair and Eastridge fire monitoring system upgrade projects were budgeted in 2023. However, actual work continued through the 1st half of this year.
- 6) Mainly due to Birch Creek and Spiritwood lease principal payment totaling \$3.5 million from the proceeds of net cash flow distribution. Unbudgeted.
- 7) Due to project delays capital projects are below target. While the Sandpiper site maintenance and construction project was moved to next year, the Cascadian roof project is expected to be completed in the 4th quarter. Also, the Rainier View expansion project started late due to city permit issues and expected to be completed in Spring of 2025.
- 8) Due to acquisition Henry House for \$9.5 million with proceeds of line-of-credit. \$60 million was budgeted for new housing acquisitions through debt financing in the development fund group.
- 9) Deposits to replacement reserves were higher than budgeted. Also, the budgeted draw from Sandpiper property improvement reserve has yet to occur.
- 10) Mainly due unbudgeted deposits to debt service reserves.
- 11) The Birch Creek debt payment was budgeted to made using MTW transfer, but management decision was made to use CFP grant instead.
- 12) Mainly due to increase in accrued interest payable and payroll liabilities, decrease in prepaid insurance offset by decreases in accounts payable.

King County Housing Authority
Income Statement with Cash Adjustments
Development Activity
For the Period Ended June 30, 2024

	2024 TYD Actual	2024 YTD Budget	% of YTD Budget	
Operating Revenues				
1 Operating Revenue	110,676	646,009	17%	(1)
2 Total Operating Income	110,676	646,009	17%	
Operating Expenses				
3 Operating Expenses	470,811	611,422	77%	(2)
4 Total Operating Costs	470,811	611,422	77%	
Net Operating Income (Loss)	(360,135)	34,587	NM	
Non-Operating Revenues				
5 Non-Operating income	7,064,606	8,779,175	80%	(3)
Non-Operating Expenses				
6 Non-Operating Expenses	0	0	NM	
7 Interest Payments	3,579,593	2,409,718	149%	(4)
Total Non-Operating Expenses	3,579,593	2,409,718	149%	
Net Non-Operating Income (Loss)	3,485,014	6,369,457	55%	
Net Income(Loss)	3,124,879	6,404,044	49%	
Adjustments to Cash - Sources (Uses)				
8 Change in Debt	(540,000)	31,387,758	NM	(5)
9 Capital Expenditures	(1,509,745)	(2,097,939.70)	72%	(6)
10 Acquisitions/LIHTC Return to KCHA	-	(30,024,000)	0%	(5)
12 Change in Restricted Cash	(737,537)	(586,558)	126%	(7)
13 Transfers In/Out	189,095	521,881	36%	(8)
15 Others Sources/(Uses of Cash)	(9,010,492)	(11,125,222)	81%	(9)
Non Operating Net Sources (Uses) of Cash	(11,608,680)	(12,255,066)	95%	
Net Change in Unrestricted Cash	(8,483,801)	(5,851,022)	145%	
Beginning Cash Balance-Unrestricted/Held by Mgmt Agent	3,377,359			
Ending Cash Balance-Unrestricted/Held by Mgmt Agent	(5,106,442)			

Footnotes:

- 1) The current year budgeted home and lot sales occurred earlier than anticipated in the 4th quarter of 2023.
- 2) Professional and legal services fees related to the new housing acquisitions expected to occur in subsequent quarters.
- 3) The budgeted Kirkland Heights developer fee income has yet to occur.
- 4) Interest on Kirkland Heights bonds was higher than anticipated in the budget.
- 5) \$60 million was budgeted for new housing acquisitions through debt financing. The acquisition of Henry House for \$9.9 million occurred in the 2nd quarter and reported in the Local properties fund group.
- 6) \$3.2 million was budgeted throughout the year for Skyway Resource development. Actual project expenses are expected to catch up with budget in the 4th quarter.
- 7) Deposit to Program Income reserves from process of home and lot sales proceeds has yet to occur. See note 1.
- 8) The budgeted equity transfer to support the Seola Gardens operations is expected to occur in subsequent quarters.
- 9) Mainly due to subordinate debt yet to be advanced for development of Kirkland Heights

King County Housing Authority
Statement of Financial Position
Combined Operations (excluding development activity)
As of June 30, 2024

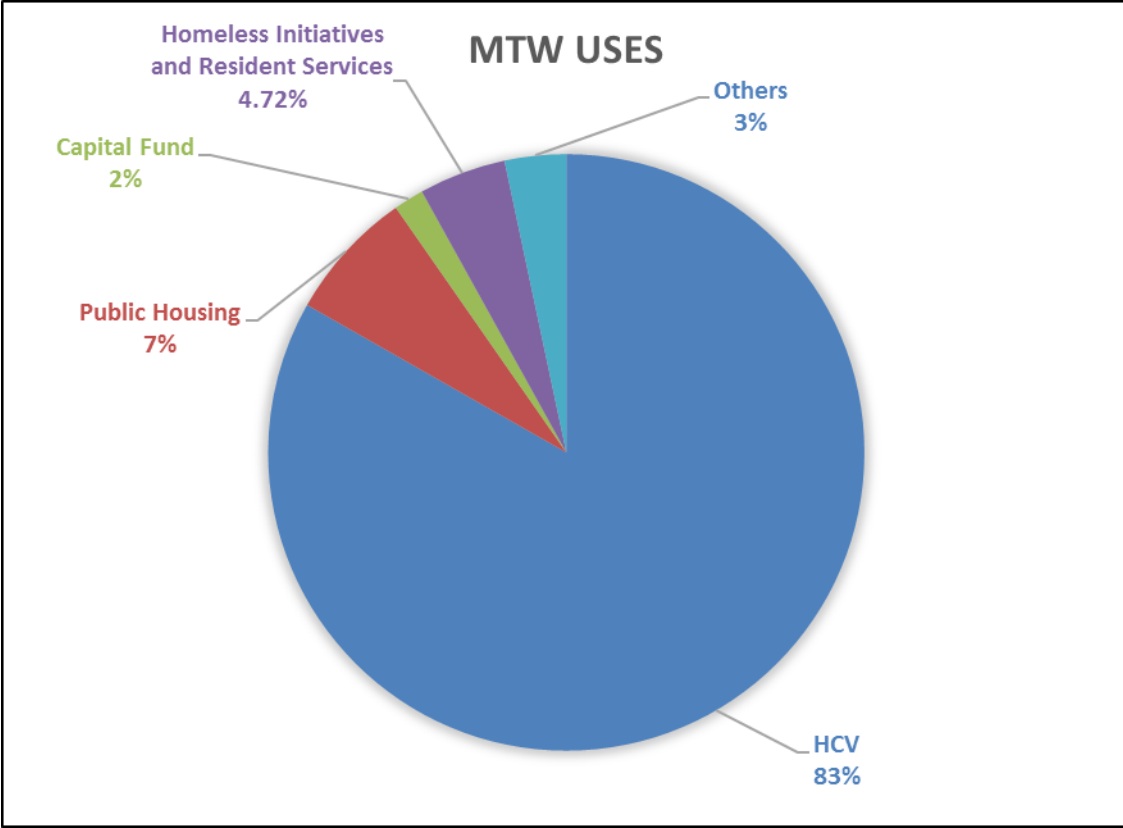
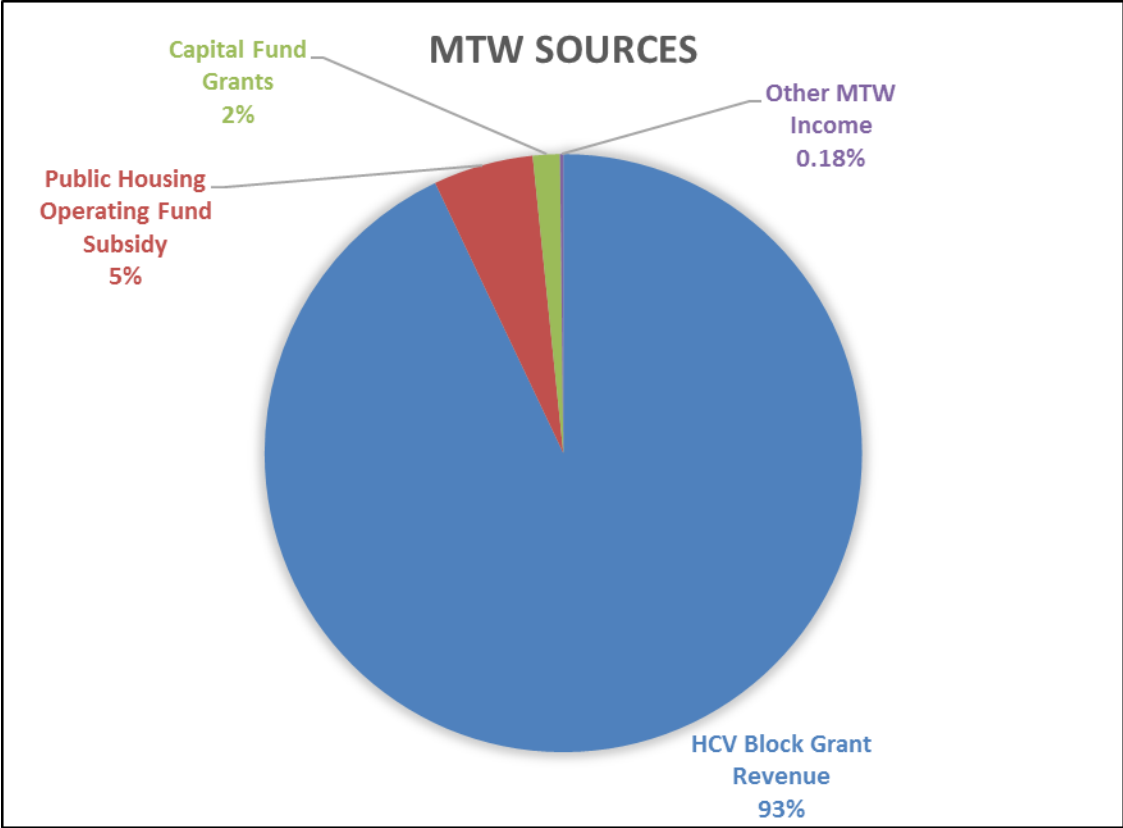
	2024
	Actual
Cash-Unrestricted	\$121,045,283
Cash-Held by Management Agent	38,250,397
Cash-Designated	115,122,254
Cash-Restricted	28,217,858
Total Cash	302,635,792
Other Current Assets	20,465,530
Long-term Assets	1,796,574,949
Total Other Assets	1,817,040,480
Total Assets	\$2,119,676,271
Current Liabilities	62,969,384
Long-Term Liabilities	1,178,048,336
Total Liabilities	1,241,017,720
Equity	878,658,552
Total Liabilities and Equity	\$2,119,676,271

King County Housing Authority
Statement of Financial Position
Development Activity
As of June 30, 2024

	2024
	Actual
Cash-Unrestricted	(\$5,106,442)
Cash-Held by Management Agent	0
Cash-Designated	0
Cash-Restricted	37,575,424
Total Cash	32,468,981
Other Current Assets	22,524,545
Long-term Assets	403,829,417
Total Other Assets	426,353,962
Total Assets	\$458,822,943
Current Liabilities	\$5,302,144
Long-Term Liabilities	248,282,672
Total Liabilities	253,584,816
Equity	205,238,127
Total Liabilities and Equity	\$458,822,943

MTW Sources & Uses

	<u>Actual</u>
MTW SOURCES	
HCV Block Grant Revenue	\$ 120,077,788
Public Housing Operating Fund Subsidy	6,999,705
Capital Fund Grants	1,886,197
Other MTW Income	232,511
Total MTW Sources	<u>129,196,201</u>
MTW USES	
HCV	
Funding of HAP Payments to Landlords	(89,165,959)
Funding of Section 8 Administrative Costs	(6,788,227)
Public Housing	
Transfers to PH AMPs Based on Need	(1,166,652)
Public Housing Operating Expenses	(6,999,705)
Capital Fund	
Capital Fund Grants	(1,886,197)
Homeless Initiatives and Resident Services	
Homeless Initiatives	(567,610)
Resident Services	(4,879,368)
Others	
MTW Admin Support Costs	(195,168)
Transfers Out-Capital Construction	830,423
Transfers Out-Capital Management Fees	83,042
Transfers Out-Capital-Unit Upgrades	1,658,051
Transfers Out-Capital-Unit Upgrade Mgt Fees	165,805
Construction Activity & Management Fees	(2,737,322)
Property Management Fee Expense-Internal	8,773
Bookkeeping Fee Expense-Internal	4,381
Transfers Out-Operating-Property Support-BC Rec Center	65,224
Transfers Out-Operating-Property Support-BC Family Center	64,776
Transfers Out-Operating-Property Support-Local Mgt Fees	11,610
Transfers out-Capital-Program Support	747,942
Balance Sheet changes	-
Misc. Other Uses	(902,706)
Total MTW Uses	<u>\$ (115,288,914)</u>
Variance	13,907,287
Reconciling Items	
Cash - Beginning	7,084,524
Balance Sheet Changes	17,371,776
Cash - Ending	3,620,036





Second Quarter 2024 Financial Report

Combined Operations



Income Statement with Cash Adjustments Combined Operations (excl development activity)	2024	2024	% of
	YTD	YTD	YTD
	Actual	Budget	Budget
Operating Revenues	278,609,060	266,165,023	105%
Operating Expenses	220,821,265	230,509,106	96%
Net Operating Income	57,787,795	35,655,918	162%
Non-Operating Revenues	11,141,604	11,774,096	95%
Non-Operating Expenses	18,752,953	16,824,906	111%
Net Non-Operating Income (Loss)	(7,611,350)	(5,050,810)	151%
Net Income(Loss)	50,176,445	30,605,107	164%
Adjustments to Cash - Sources (Uses)	(27,007,900)	(41,449,395)	65%
Net Change in Unrestricted Cash	23,168,546	(10,844,288)	NM

Highlights:

- Salaries and benefit were below target due to unfilled positions.
- Lower spending and reimbursements on grant funded projects.
- Lower occupancy, administrative and social service expenses.
- Due to project delays, capital projects are below target.

Federal Programs and Properties

Income Statement with Cash Adjustments Federal Programs and Properties	2024	2024	% of
	YTD	YTD	YTD
	Actual	Budget	Budget
Operating Revenues	185,447,458	175,056,906	106%
Operating Expenses	168,064,107	169,517,911	99%
Net Operating Income	17,383,351	5,538,995	314%
Non-Operating Revenues	3,848,599	5,318,666	72%
Non-Operating Expenses	2,274,722	1,985,454	115%
Net Non-Operating Income (Loss)	1,573,876	3,333,212	47%
Net Income(Loss)	18,957,227	8,872,207	214%
Adjustments to Cash - Sources (Uses)	33,592	(10,723,855)	NM
Net Change in Unrestricted Cash	18,990,819	(1,851,648)	NM

Highlights:

- Lower occupancy and administrative expenses.
- Lower than expected non-operating revenues as capital activities were below budget due to project delays.

Local Programs and Properties

Income Statement with Cash Adjustments			
Local Programs and Properties			
	2024 YTD Actual	2024 YTD Budget	% of YTD Budget
Operating Revenues	93,161,601	91,108,117	102%
Operating Expenses	52,757,157	60,991,195	86%
Net Operating Income	40,404,444	30,116,922	134%
Non-Operating Revenues	7,293,005	6,455,430	113%
Non-Operating Expenses	16,478,231	14,839,452	111%
Net Non-Operating Income (Loss)	(9,185,226)	(8,384,022)	110%
Net Income(Loss)	31,219,218	21,732,900	144%
Adjustments to Cash - Sources (Uses)	(27,041,491)	(30,725,540)	88%
Net Change in Unrestricted Cash	4,177,727	(8,992,640)	NA

Highlights:

- Salaries and benefit were below target due to unfilled positions.
- Lower than expected operating expenses due to less spending on grant funded projects
- Lower than expected occupancy, administrative and social service expenses.
- Due to project delays, capital projects are below target.

Development Activity



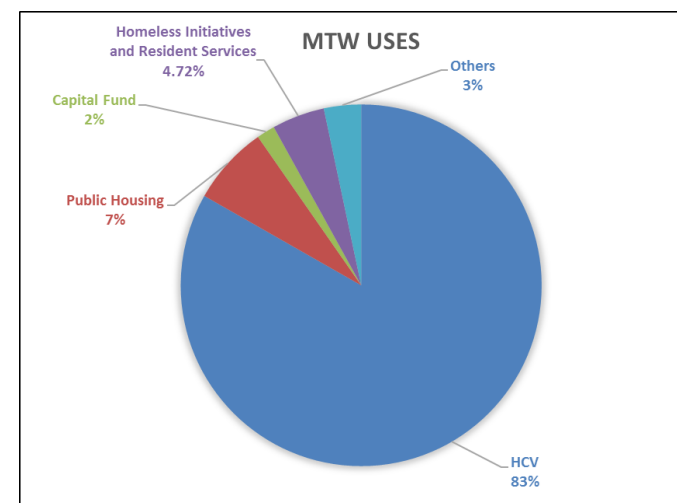
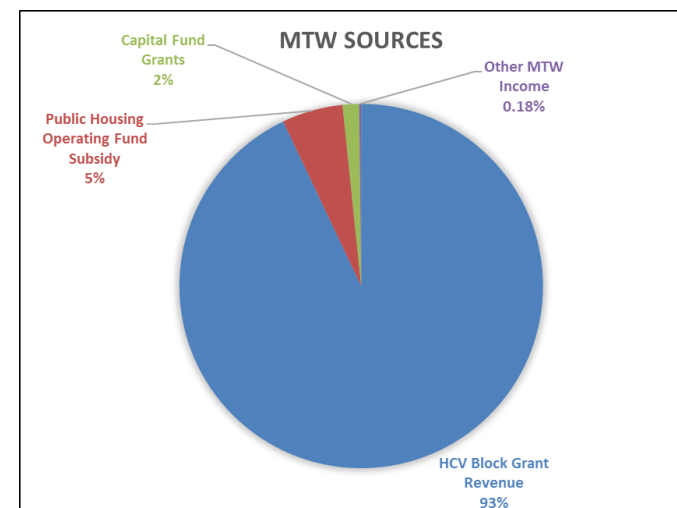
Income Statement with Cash Adjustments Development Activity	2024 TYD Actual	2024 YTD Budget	% of YTD Budget
Operating Revenues	110,676	646,009	17%
Operating Expenses	470,811	611,422	77%
Net Operating Income (Loss)	(360,135)	34,587	NM
Non-Operating Revenues	7,064,606	8,779,175	80%
Non-Operating Expenses	3,579,593	2,409,718	149%
Net Non-Operating Income (Loss)	3,485,014	6,369,457	55%
Net Income(Loss)	3,124,879	6,404,044	49%
Adjustments to Cash - Sources (Uses)	(11,608,680)	(12,255,066)	NA
Net Change in Unrestricted Cash	(8,483,801)	(5,851,022)	145%

Highlights:

- Lot sale transaction occurred at the end of prior year.
- Lower professional and legal services fees related to the new housing acquisitions.
- The Kirkland Heights developer fee income has yet to be received.
- Higher interest on Kirkland Heights bonds.

MTW Sources & Uses

MTW SOURCES	
HCV Block Grant Revenue	120,077,788
Public Housing Operating Fund Subsidy	6,999,705
Capital Fund Grants	1,886,197
Other MTW Income	232,511
Total MTW Sources	129,196,201
MTW USES	
Funding of HAP Payments to Landlords	(89,165,959)
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Resident Services	(4,879,368)
Misc. Other Uses	(902,706)
Total MTW Uses	(115,288,914)
Variance	13,907,287
Reconciling Items	
Cash - Beginning	7,084,524
Balance Sheet Changes	17,371,776
Cash - Ending	3,620,036



T A B N U M B E R

8



TO: Board of Commissioners

FROM: Mary Osier, Accounting Manager & Anneliese Gryta, EVP Housing Operations

DATE: August 8, 2024

RE: 2nd Quarter 2024 Summary Write-Offs

During the 2nd quarter of 2025, tenant accounts totaling \$72,309 were deemed uncollectable and written off. One unit, requiring significant remediation and having a larger rent due amount, was responsible for 38% of the net write off amount this quarter. Past due rents owed to KCHA accounted for \$48,070 of the total. Per policy, all accounts with a balance owed of \$100 or more will be forwarded to KCHA's contracted collection agency.

There were 51 total accounts written off, for a variety of reasons. Ten accounts were written off as the resident are deceased. Four residents vacated units to move to higher care supportive housing and seven residents moved due to termination for criminal activity.

	Total WRITE-OFFS	YTD WRITE-OFFS
Rent Balance Forward to Vacate Month	\$ 39,698	\$ 105,516
Retro Rent Write-offs	\$ -	\$ 11,672
<u>VACATE CHARGES:</u>		
Rent Delinquent in Vacate Month	\$ 8,372	\$ 22,262
Cleaning & Damages	\$ 35,393	\$ 84,413
Paper Service & Court Costs	\$ -	\$ -
Miscellaneous Charges	\$ -	\$ 782
Total Charges	\$ 43,765	\$ 107,458
Total All Charges	\$ 83,463	\$ 224,645
<u>CREDITS:</u>		
Security Deposits	\$ (5,165)	\$ (13,288)
Miscellaneous Payments & Credits	\$ (5,989)	\$ (14,418)
Total Credits	\$ (11,154)	\$ (27,706)
Total Net Write-offs	\$ 72,309	\$ 196,940

Net Write-offs by Portfolio

KCHA	\$ 70,545	\$ 193,411
Green River II	\$ -	\$ -
Soosette Creek	\$ 1,457	\$ 2,914
Zephyr	\$ -	\$ -
Fairwind	\$ -	\$ -
Vantage Point	\$ -	\$ -
Spiritwood Manor	\$ 307	\$ 615
	\$ 72,309	\$ 196,940

T A B N U M B E R

9



KCHA IN THE NEWS

September 16, 2024

FOR THE EXCLUSIVE USE OF ANNEM@KCHA.ORG

From the Puget Sound Business Journal:

<https://www.bizjournals.com/seattle/news/2024/09/05/one-billion-dollar-workforce-housing-plan-seattle.html>

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King County Council member proposes \$1 billion workforce housing initiative



PUGENT SOUND BUSINESS JOURNAL

BUSINESS MATTERS PRESENTED BY



By [Marc Stiles](#) – Senior Reporter, Puget Sound Business Journal
Sep 5, 2024



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King County Councilmember Girmay Zahilay announced on Thursday a plan to create a \$1 billion initiative to support regional workforce housing, calling it a bold step in addressing the housing crisis.

This motion directs the county to develop a plan that uses the county's excess debt capacity to partner with housing agencies and developers to create permanently rent-restricted multifamily housing.

"This initiative is about ensuring that the people who power our economy can afford to live near where they work," Zahilay said in a news release.

The initiative is designed to combat displacement and provide housing to moderate-income households across. The initiative will focus on using at least \$1 billion in excess debt capacity to build and maintain rent-restricted housing units, with rents set to reflect the true cost of development and operation.

Construction starts of apartments have fallen significantly due to high interest rates, portending a steep drop in supply and sharp rise in rents in the coming years.

Bill co-sponsor Rod Dembowski says the proposal is similar to the revolving fund models launched in recent years by the private sector.

"King County can and should use our financial strength and low-cost borrowing capacity to massively boost the production of housing in our region. We have done so before in partnership with the King County Housing Authority, "This proposal offers the potential for a game-changing County, at a time when it's needed more than ever."

PUGENT SOUND BUSINESS JOURNAL

BUSINESS MATTERS PRESENTED BY

This initiative "paves the way for sustainable and inclusive development that meets the diverse needs of our workforce," Patience Malaba, executive director of the Housing

Development Consortium, a group of affordable housing developers and advocates, said in the release.

“The King County Housing Authority is strongly in support of this motion requesting that Executive (Dow) Constantine increase the excess debt capacity to increase the supply of workforce housing,” said Robin Walls, president and CEO of the authority.

Real estate developer Peter Nitze of Nitze-Stagen said his company "strongly supports" the motion.

"Now is the time for the county to leverage its strong credit and \$9 billion of debt capacity by partnering with mission-aligned developers who, with that support, can provide sorely needed workforce housing rapidly and cost effectively," he said.

The motion will be heard in the council's Budget and Fiscal Management Committee at 9:30 a.m. Wednesday.

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