

An aerial photograph of a park. In the center, a circular paved area with a blue rubber safety mat contains a large grey rock. Several people are gathered there: a woman with a stroller, a woman holding a baby, and a man standing. To the right, a curved concrete bench sits on a grassy slope, with two people sitting on it. In the foreground, a woman walks a brown dog on a leash along a paved path. The park is surrounded by lush green trees, some with yellowing autumn leaves. A yellow playground structure is visible on the left. The background shows residential houses under a clear blue sky.

SUPPORTING EQUITABLE GROWTH AND OUTCOMES IN OUR

# COMMUNITY

---

**2018 ANNUAL REPORT**

---



# TRANSFORMING LIVES THROUGH HOUSING

King County Housing Authority provided housing assistance to more than 22,400 households in 2018.

This tremendous reach provides us the opportunity to impact some of our region's most pressing issues, such as homelessness, health and education outcomes, and regional growth — and to improve the future for the people and communities we serve.

## BOARD OF COMMISSIONERS

Doug Barnes, Chair • Michael Brown, Vice Chair  
Susan Palmer • TerryLynn Stewart • John Welch

---

## LETTER FROM THE EXECUTIVE DIRECTOR

---

The King County Housing Authority (KCHA) helped put a roof over the heads of more than 22,400 households in 2018 — more than ever before in our 80-year history. This year we contracted for the acquisition of seven existing housing complexes, preserving the affordability of 859 apartments at risk of demolition or significant rent increases — and advanced the design and construction of 391 new units. Competing aggressively for new HUD funding, we secured the resources necessary to provide housing assistance to 357 additional households including veterans experiencing homelessness, individuals with disabilities, and families with children experiencing homelessness. Lease-up of these new vouchers is now well underway.

I am enormously proud of the quality of the services provided by the team here at KCHA. HUD's inspectors consistently rate our public housing inventory as one of the best maintained and managed portfolios in the country. The occupancy rate for the 10,215 units we own exceeds 98 percent and our Housing Choice Voucher program is 100 percent utilized. Increased focus this year on customer service to the 2,300 private landlords we work with has increased the success rate for voucher holders looking for housing to 77 percent — not high enough but a significant achievement in this challenging rental market. On the financial side, Standard and Poor's reaffirmed our AA credit rating, enabling us to access private capital that is critical to supplement limited government resources.

For the 16,400 federally subsidized households we served this year — households with incomes averaging less than \$13,000 a year — housing is a crucial support, but not in itself sufficient.

Safe, stable, affordable housing underpins the academic success for the more than 20,000 children we house. It is a critical determinant of health and quality of life for our community's seniors and people with disabilities. It enables people to enter and succeed in the workforce and achieve economic independence. The partnerships we have forged with homeless housing providers, school districts, physical and behavioral health care systems, King County and suburban cities, and the workforce development system are critical to these efforts. In 2018, 129 school children experiencing homelessness and their families were re-housed through our partnerships with the Highline and Tukwila School Districts.

This year, 1,090 children and youth attended the 15 locally run after-school programs supported by KCHA and operated in community facilities we have built across the county. And 618 veterans experiencing homelessness were housed and provided care through our partnership with the Veterans Administration's Medical Center.

Not only must the supply of affordable housing be sufficient, it must be distributed equitably around the region. Neighborhoods matter, and our region's lowest income households must have access to high-opportunity neighborhoods where they can prosper and, in turn, neighborhoods can benefit from socioeconomic diversity. KCHA is rising to this challenge, with almost 30 percent of the extremely low-income families with children we serve now living in high-opportunity neighborhoods. With ongoing efforts, particularly in White Center, we are also, most critically, bringing opportunity to neighborhoods where large numbers of under-resourced families currently live.

Not only is this smart social policy, it is critical to our future. Our community's workforce is struggling with longer and longer commutes, putting at risk the region's continued economic expansion, challenging our transportation capacity, and threatening our environmental sustainability.

The sad truth, however, is that we and our partners are falling further and further behind the region's growing affordable housing crisis. King County estimates that a staggering 36,000 affordable housing units have been lost in the past decade. In 2018, our school districts identified more than 10,000 students experiencing homelessness. And virtually all households earning less than 30 percent of the region's median income who are not receiving housing assistance are paying more than 50 percent of their income on rent and utilities. Our waiting lists have never been longer.

It is important to recognize where the private market can offer efficient solutions to the housing supply challenge — and where it cannot. Given the rate of population growth in our region, the escalating costs of housing construction, widening disparities in income, and growing economic segregation and displacement, there is a critical need for increased government intervention to assure a sufficient and equitably distributed supply of affordable housing.

This is an essential investment in our region's future. There is no viable alternative.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Norman', with a stylized, flowing script.

Stephen Norman

---

## 2018 HIGHLIGHTS

---



In addition to **assisting households** living in private and non-profit housing, expanded our portfolio of KCHA-owned affordable housing to **10,215 units**.



Assisted **887 individuals** move directly from **homelessness** into permanent housing.



Deepened supports to help **disrupt the cycle of poverty** for the more than **20,000 children** housed through our programs.



Through new and **innovative** approaches, increased the success rate for **Housing Choice Voucher holders seeking housing to 76.8%**.

## KCHA PROPERTIES

As one of the largest affordable housing providers in the Pacific Northwest, KCHA's footprint extends across **2,000 square miles**, **39 cities**, and **19 school districts**. More than 50% of our housing portfolio is located in high-opportunity communities.

 Not part of KCHA jurisdiction



Highland Village.



- Partnered with 22 non-profit housing developers — assisting them with the development, acquisition and operation of 64 properties, including ongoing rental subsidies for 690 units
- The average HUD Real Estate Assessment Center score for KCHA's Public Housing inventory is 95.6

# HOMES

---

## INCREASING HOUSING OPPORTUNITIES

---

King County lacks an estimated 156,000 units of housing affordable to households earning less than 80 percent of the region's median income. This problem is exacerbated by the loss of about 36,000 affordable units over the past decade due to redevelopment and increasing rents.<sup>1</sup> To slow this widening gap, KCHA employs an aggressive acquisition strategy to preserve existing affordable housing in tandem with new development efforts.

### **PROTECTING THE REGION'S AFFORDABLE HOUSING INVENTORY**

KCHA targets the preservation of affordable housing in communities at the highest risk of redevelopment. In 2018, with the help of the City of Kirkland, we acquired Houghton Court, located within a half mile of Kirkland's Google campus. Six additional properties in high-opportunity neighborhoods or adjacent to planned light-rail stations were placed under contract and will be acquired in 2019. These strategic acquisitions stabilize existing communities and the region's lower- and moderate-wage workforce. When teachers, firefighters, nurses, and other critical service providers can live near where they work, our community thrives.

<sup>1</sup> King County Affordable Housing Task Force, 2018. The median income for a family of four was \$103,400 in 2018.



## **GROWING THE SUPPLY**

The preservation of affordable housing must be accompanied by increased production of new housing. KCHA does this through direct development and by supporting our non-profit partners with pre-development loans and project-based rental subsidies. KCHA is currently completing construction at Highland Village, where 36 new units are being added to this newly rehabilitated complex, and is in the design phase on the Trailhead, a 355-unit mixed income development adjacent to the planned light-rail station in Issaquah. KCHA is also supporting six new non-profit projects currently in development, adding to the 64 non-profit owned properties we already subsidize. Annually, KCHA provides \$6.9 million in operating support for these partnerships.

## **UPGRADING EXISTING HOUSING**

By investing in our existing affordable housing stock, we ensure that this invaluable community resource will be preserved for low-income households for years to come. In 2018, we invested more than \$47 million in capital repairs and interior upgrades across our housing portfolio. In addition, our weatherization program, which serves both publicly and privately owned housing, assisted more than 600 low-income homeowners and renters in 2018, upgrading living conditions, improving indoor air quality, and reducing energy costs for these low-income households.

## PROGRAM HIGHLIGHT

# THE HOUSING CHOICE VOUCHER PROGRAM: A PUBLIC PRIVATE PARTNERSHIP

The Housing Choice Voucher program is the quintessential public/private partnership. Low-income households use publicly funded vouchers to help pay for private-market housing that would otherwise be unaffordable. To operate this program successfully in a tightening rental market with low vacancy rates and rapidly escalating rents, KCHA must continually innovate to ensure that the 11,400 low-income households housed annually through this program are well served. Our Moving to Work designation provides the flexibility necessary to test new ways of delivering efficient and effective housing assistance and customer service. Recent innovations include:

- **ZIP code-based payment standards** that more closely align subsidy levels with housing costs in differing sub-markets across the county. This approach provides voucher holders with broader geographic choice, and enables KCHA to avoid leading the market in lower-cost areas.
- **A landlord liaison team** that proactively develops relationships with landlords, strengthening customer responsiveness and assisting families with finding new units.
- **Deposit assistance** that ensures upfront costs are not insurmountable barriers for low-income households attempting to lease a unit.
- **Business process improvements** that streamline communications, apartment inspections, and paperwork in order to speed up the leasing process and provide better customer service to landlords and residents.



KCHA provided 26 project-based vouchers to The Low Income Housing Institute's June Leonard Place.

## JUNE LEONARD PLACE

215



- KCHA secured an additional 357 housing vouchers targeted for our community's most vulnerable households
- In total, \$40 million in KCHA funding was dedicated to addressing targeted homeless populations

# PARTNERSHIP

---

## ADDRESSING HOMELESSNESS

---

A recent report from Zillow found that homelessness increases more rapidly in communities where people spend more than 32 percent of their income on rent.<sup>2</sup> In King County, virtually all extremely low-income renters not already receiving rental assistance spend more than 50 percent of their income on rent and utilities. This mismatch between rents and income is reflected in the reality that more than 12,000 of our neighbors experienced homelessness in King County last year — the third highest homeless count in the country.<sup>3</sup> KCHA is working to reduce homelessness in our region by increasing our housing capacity, collaborating closely with other service systems and non-profit providers, prioritizing access to our housing for families and individuals experiencing housing instability and homelessness, reducing barriers to eligibility, and working to assure housing stability once families are re-housed.

<sup>2</sup> Zillow, Homelessness Rises Faster Where Rent Exceeds a Third of Income, 2018.

<sup>3</sup> All Home, King County Point in Time Count, 2018.



## **INCREASING OUR CAPACITY**

In 2018, KCHA was awarded one of the country's largest allocations of new special-purpose housing vouchers, including 197 Veterans Affairs Supportive Housing (VASH) vouchers for homeless veterans, 61 Family Unification Program (FUP) vouchers for child welfare system-involved families, and 99 Mainstream vouchers for people with disabilities. Lease-up of these vouchers is currently underway. We also expanded our Student and Family Stability Initiative, which provides short-term rental assistance to school children experiencing homelessness and their families. The initiative grew from one school district, Highline, to two with the addition of the Tukwila School District. This expansion enabled KCHA to serve 39 schools in 2018 and successfully re-house the families of 129 students experiencing homelessness.

## **COLLABORATING ACROSS SYSTEMS**

These housing and service investments support KCHA's continued collaboration across sectors, including the child welfare, education, behavioral health, and criminal justice systems, in order to engage and support those most in need of housing and services. New initiatives included our partnership with Washington State's Department of Children, Youth, and Families, Catholic Community Services, Building Changes, and others to implement Keeping Families Together, an innovative supportive housing model that serves families involved in both the child welfare and homeless systems.

## PROGRAM SPOTLIGHT

### BOOK DISTRIBUTION PROGRAM

Each year, KCHA inspects more than 9,000 homes leased by participants in the Housing Choice Voucher program. These inspections ensure that units meet federal safety and quality standards while also providing a critical touchpoint with residents. In 2018, we leveraged these contact opportunities by starting a book distribution program that puts age- and language-appropriate books in the hands of the young children living in these homes.

Each week, Lindsay Niko, administrative assistant for the inspection program, pulls a report to see which units are to be inspected that week, checks to see if there are children under the age of seven living in those households, and finds out what languages are spoken inside the home. She matches books for each family with the inspector scheduled to inspect the unit. Since July 2018, 469 books in six different languages have been distributed to 231 households.

The project has allowed our staff to expand the standard inspection process to achieve two key aims: increasing access to books and strengthening our connection with families. Lindsay points out that inspections can be anxiety provoking for



residents. “We are coming into the resident’s home, their safe place,” she says. But the books have proven to be great icebreakers, and inspector Tim Cheslik has witnessed that thaw firsthand: “One child started drawing the pictures he saw in the book. By the time I finished the inspection, he had completed and showed me 10 drawings. He was very proud of his artwork and smiled so big as I fawned over his masterpieces.”



Therapy llamas at Harrison House.



- At the close of 2018, 29 percent of families with children that participated in KCHA's federally subsidized housing programs lived in high-opportunity neighborhoods
- KCHA's education programs served 1,090 children and youth in 2018
- KCHA's properties host 16 resident gardens, three food banks, 85 playgrounds, and two community health clinics

# OPPORTUNITY

---

## INTERRUPTING POVERTY

---

As one of the largest housing providers in Washington, helping to house more than 50,000 people each night, KCHA has a unique opportunity to take to scale initiatives that aim to improve life outcomes for our community's lowest income households. However, housing by itself is not sufficient. People must also have access to educational opportunities, quality health care, and living-wage jobs. For this reason, we view all our housing investments as opportunities, in partnership with other systems, to interrupt or prevent intergenerational cycles of poverty.

### **REMOVING BARRIERS TO GEOGRAPHIC CHOICE**

Extensive studies have confirmed that a neighborhood can play a key role in determining life outcomes for low-income children. In 2018, KCHA launched the Creating Moves to Opportunity (CMTO) initiative, a multi-year research effort funded by the Bill & Melinda Gates Foundation to identify the most effective strategies for expanding neighborhood choice for extremely low-income families with young children. KCHA is working on the initiative in partnership with Seattle Housing Authority and a national interdisciplinary research team headed by Harvard economist Raj Chetty. Preliminary results are promising and will be released in 2019.



### **IMPROVING EDUCATIONAL OUTCOMES**

Education is foundational to all our efforts. In 2018, we expanded our early learning “Baby Academy” in the Highline School District to schools in Bellevue and Kent. This program ensures that children in the families we house are provided the support needed to promote cognitive development in the critical birth to three age range, positioning them for success in Kindergarten. This upstream approach complements KCHA’s commitment to provide access to both quality childcare and early learning programs, as well as our parent engagement and student attendance initiatives, and the after-school learning and recreation programs we support at 15 properties.

### **ADDRESSING HEALTH DISPARITIES**

Good health is critical to housing stability, quality of life, positive educational outcomes, and economic independence. The households we assist, to a greater degree than the region’s population at large, struggle with a wide array of health challenges. Research has increasingly shown that non-medical interventions – social determinants of health – are important factors in improving health outcomes. In 2018, KCHA began developing a comprehensive strategy for addressing health disparities and supporting health and wellness among the clients we serve. In partnership with Public Health-Seattle & King County and UnitedHealthcare, we are establishing a baseline understanding of resident health service utilization. This data will be critical in informing the design and evaluation of emerging interventions intended to improve our residents’ health outcomes.





- Installed \$5.6 million in energy conservation measures in 2018
- Trained staff at all levels in the organization in continuous learning approaches
- Worked to embed equity into all elements of KCHA's mission and operations



# IMPACT

---

## INNOVATING HOW WE DO BUSINESS

---

As a public agency, KCHA holds ourselves accountable to a triple bottom line: delivering high quality housing support to our community's lowest income families; reducing the impact of our program and properties on the environment; and responsibly stewarding the public funds that enable us to do our work. In 2018, we prioritized three areas of our work in pursuit of these objectives.

### **REDUCING OUR ENVIRONMENTAL IMPACT**

Newly installed energy conservation measures in our housing inventory provided utility cost savings of more than \$1.6 million to KCHA in 2018. We are committed to reducing our environmental footprint, and this year, we took a critical next step in evaluating the impact of our operations on the region by completing an assessment of our greenhouse gas emissions. The analysis provided us with a preliminary understanding of this critical metric and created a baseline for greenhouse gas accounting, which has now been integrated into our broader agency-wide sustainability metrics.

### **SUPPORTING OPERATIONAL EXCELLENCE**

KCHA must make smart, effective use of limited resources in our efforts to address the community's pressing housing and homelessness challenges. To achieve this, we are evolving into a learning



organization that uses data to evaluate our operational efficiency and program outcomes. We are re-engineering our business processes while encouraging our workforce to be curious, creative, and driven by results. In 2018, we continued to increase internal capacities for assessing, evaluating, and continuously improving our programs, while at the same time expanding the external research partnerships that help inform key program and policy decision-making.

## **ADDRESSING SOCIAL AND RACIAL EQUITY**

While a rising economic tide has benefited King County at large, its impact has been uneven. Historic and systemic inequities impact the quality of life, health, housing, education, financial status, and future prospects for many of our region's residents. KCHA is a safety net for many of the individuals and families other systems have failed. It is critical that we understand both as an organization and as individuals how these inequities, explicit and implicit, work. KCHA spent its day-long, annual all-staff meeting on issues related to equity and inclusion, offered training to staff in recognizing implicit bias, and is working to embed principles of equity in every aspect of our agency's work.

# 2018 FINANCIALS

## FUNDING SOURCES

Rents and other payments received directly from tenants	\$ 96,242,600
HUD Public Housing operating subsidies	9,897,800
HUD Public Housing capital grants	7,999,200
HUD special purpose Housing Choice Voucher rent subsidies	16,119,900
HUD Moving to Work block grant	139,305,900
Miscellaneous sources including draws from construction reserves	23,338,600
<b>TOTAL FUNDING SOURCES</b>	<b>\$292,904,000</b>

## FUNDING USES

Administrative costs	\$22,026,700
Property operating expenses	55,779,400
Landlord rental subsidies and Housing Choice Voucher program operating costs	131,305,900
Resident support	11,829,700
Capital expenditures	35,566,900
Principal and interest payments	35,712,200
<b>TOTAL FUNDING USES</b>	<b>\$292,220,800</b>
<b>INCREASE TO/(DECREASE FROM) FUND BALANCE</b>	<b>\$683,200</b>

*Unaudited financial report for the year ended 12/31/2018*

