



# MOVING TO WORK ANNUAL REPORT FY 2010



 KING COUNTY  
HOUSING AUTHORITY



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# KING COUNTY HOUSING AUTHORITY

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# TABLE OF CONTENTS

Section I: Introduction.....	1
Section II: General Housing Authority Operating Information.....	11
A: Housing Stock Information – Table II.A .....	11
• Description of Significant Capital Expenditures during FY 2010.....	12
• New Public Housing Units Added during FY 2010.....	16
• Units Removed from Inventory during FY 2010.....	18
• New Units Project-based during FY 2010 .....	18
• Overview of Other Housing Managed by KCHA .....	19
B: Leasing Information – Table II.B.....	22
• Description of Issues relating to Leasing during FY 2010.....	23
• New Project-based Units during FY 2010 .....	24
C: Waiting List Information .....	25
Section III: Non-MTW Related Housing Authority Information (Optional).....	27
Section IV: Long-Term MTW Plan (Optional) .....	28
Section V: FY 2010 MTW Activities – APPROVED BUT NOT YET IMPLEMENTED .....	30
Section VI: Ongoing MTW Activities – HUD Approval Previously Granted.....	31
Section VII: Sources and Uses of Funding .....	52
A: Sources and Uses of MTW Funds.....	52
B: Sources and Uses of State and Local Funds .....	55
C: Sources and Uses of Central Office Cost Center Funds.....	56
D: Changes in Cost Allocations from 1937 Act Regulations .....	58
E: Uses of Single Fund Flexibility.....	58
F: Uses of MTW Reserves .....	60
Section VIII: Administrative Information .....	63
Appendices.....	64

Since 2003, the number of subsidized housing programs available through KCHA has more than doubled. KCHA has successfully utilized innovative financing tools, blended resources and developed new partnerships to preserve affordable housing resources and increase housing choices for the low-income residents of King County.

– Stephen Norman  
Executive Director, King County Housing Authority

In 2003, KCHA was chosen to join a select group of high-performing housing authorities participating in the Department of Housing and Urban Development's (HUD's) Moving to Work (MTW) demonstration program. The MTW program offers participants the opportunity to move away from the standard "one-size-fits-all" approach to Public Housing and Section 8 program administration - providing them the flexibility to design and test new approaches to delivering affordable housing and meeting the diverse needs of their local communities. One of just 33 agencies selected for the program, KCHA's MTW designation provides the ability to blend Public Housing Capital, Operating and Section 8 program resources into a single block grant. The freedom to merge federal program subsidies and develop policies and programs outside of the strict constraints of Sections 8 and 9 of the 1937 U.S. Housing Act has enabled KCHA to transform its operations and apply innovative and sustainable solutions to the complex housing needs of the Puget Sound region.

KCHA's MTW designation has also enabled the development of strong local and regional partnerships that have leveraged new financial and programmatic resources. In collaboration with local governments and non-profit organizations KCHA has expanded its reach and has grown to assist more households, in more ways, than ever before. With the demand for affordable housing at record levels, these partnerships are vital to KCHA's core mission of ensuring the availability of quality affordable housing for the region's most at-risk populations – elderly and disabled households, homeless families with children and chronically homeless individuals.

As mandated by Congress, KCHA has developed and implemented programs and policies focused on achieving the following MTW demonstration objectives:

- Increase housing choices for low-income families;
- Help KCHA clients become increasingly self-sufficient;
- Ensure the cost effectiveness of KCHA operations.

Under the terms of its MTW Agreement, KCHA is required to submit an Annual Report to HUD documenting progress toward meeting the initiatives and activities identified in the MTW Annual Plan. This is KCHA's FY 2010 MTW Annual Report, covering the fiscal year that began January 1, 2010 and ended December 31, 2010. Presented in HUD's prescribed format, the report highlights activities of the past year, while recapping KCHA's MTW accomplishments since entering the program in 2003. The information provided is designed to allow HUD to evaluate the extent to which the Authority has accomplished the goals of the Demonstration and the FY 2010 MTW Annual Plan and to identify KCHA's MTW activities that can be successfully replicated within the broader public housing arena.

## SECTION I. INTRODUCTION

# 21

percent increase in  
subsidized households  
since entering the  
MTW program in 2003

## OVERVIEW OF MTW INITIATIVES ADDRESSED IN FY 2010

The following highlights KCHA's major activities and accomplishments during fiscal year 2010 in pursuit of KCHA's overall MTW program goals and objectives:

### Objective #1: Increase housing choices for low-income families.

Objective  
#1: Increase  
housing  
choices for  
low-income  
families.

Although the cost of purchasing a home in King County declined in 2010, this drop in value has had little impact on the availability or affordability of rental housing for the region's poorest households. Rather, with high unemployment and reductions in state administered entitlement benefits, the number of severely rent burdened households in the region has continued to increase. Since entering the MTW program, KCHA has maintained its commitment to sustain and, where possible, increase the number of low-income households provided with affordable housing. Since admission into the MTW program in 2003, KCHA has increased the number of households it is serving in HUD-subsidized programs by 2,346 – nearly 21 percent. As a key partner in King County's 10-Year Plan to End Homelessness, KCHA also understands that there is no single solution to resolve the critical issues facing the region's poorest households. As a result, KCHA has responded to the growing demand for affordable housing with a multi-faceted approach that includes:

49

percent of newly  
admitted households  
in 2009 had previously  
been homeless

- **Over-leasing of Section 8 Housing Choice Vouchers.** Since 2008, savings accumulated through the streamlined and flexible program administration made possible under the MTW initiative have allowed KCHA to issue additional Section 8 Housing Choice Vouchers - increasing the supply of "deep subsidy" units available to the region's extremely low-income households. At the end of FY 2010, this initiative was providing 306 additional households with safe, secure and affordable places to call home.



- **Strategic placement of Project-based Section 8 subsidy and creation of a local Project-based program.** KCHA's MTW-modified Project-based program policies are helping to preserve and increase housing choice, leverage supportive services, finance production and lower the bar to accessing subsidized housing. Since 2004, the flexibility of the Project-based program has been integral to KCHA's ability to grow its programs and ensure historically underserved populations have access to appropriate housing and services in communities that provide stability, self-sufficiency and economic opportunity. By the end of FY 2011, KCHA anticipates its Project-based program will account for nearly 20 percent of its Section 8 allocation. Central to this effort are program and policy changes that have allowed KCHA to:

- **Shift federally subsidized units from neighborhoods of concentrated poverty to the County's more affluent eastside communities.** Targeted shifts in Project-based subsidy to high income areas of the County are a key element in KCHA's efforts to deconcentrate poverty and ensure low-income households are not priced out of gentrifying, high-income rental markets.
- **Provide transitional housing to homeless families with children.** In partnership with 10 separate supportive service partners, such as Hopelink, Wellspring Family Services and the YWCA, KCHA is providing formerly homeless families safe, secure housing linked with wrap-around services to stabilize these households and get them back on the road to self-sufficiency. Upon successful graduation from these programs, formerly homeless families are provided priority, streamlined access to public housing units.
- **Provide Permanent Supportive Housing for "hard-to-house" populations.** In partnership with local public and behavioral health care systems, KCHA ensures that the County's most at-risk populations - chronically homeless and mentally-ill households - have access to permanent, service-enriched housing. KCHA's Project-based Permanent Supportive Housing units provide a stable environment for individuals for whom housing with on-site wrap-around services is a better fit than the scattered-site Sponsor-based model. These programs have expanded KCHA's reach while taking these vulnerable households off the streets and reducing their impact upon state and regional mental health and jail systems.
- **Provide a vehicle that encourages capital investment into KCHA's distressed Public Housing inventory.** Use of Project-based subsidy to leverage private and public investment, as with the HOPE VI revitalization of Greenbridge and substantial rehabilitation of Birch Creek, provides the financial resources needed to address KCHA's

#### # KCHA Subsidized Programs in 2003: 9

- Public Housing - Conventional
- Section 8 HCV - General Vouchers
- Section 8 HCV - Mainstream
- Section 8 HCV - Housing Access
- Section 8 HCV - Family Unification
- Section 8 HCV - Allocation
- Section 8 HCV - Welfare to Work
- Section 8 New Construction
- Preservation Program

#### # KCHA Subsidized Programs in 2010: 21

- Public Housing - Conventional
- Public Housing - Mixed Finance
- Public Housing - Permanent Supportive
- Section 8 HCV - General Vouchers
- Section 8 HCV - Mainstream
- Section 8 HCV - Housing Access
- Section 8 HCV - Family Unification
- Section 8 HCV - Allocation
- Section 8 HCV - Welfare to Work
- Section 8 HCV - VASH Vouchers
- Project-Based Section 8 - Replacement
- Project-Based Section 8 - Redevelopment
- Project-Based Section 8 - Local Preservation
- Project-Based Section 8 - Supportive Housing
- Project-Based Section 8 - Transitional
- Project-Based VASH
- Local Sponsor-Based - Chronically Homeless
- Local Sponsor-Based - Young Adult
- Section 8 New Construction
- Section 236 - Elderly
- Preservation Program

# of Households served in 2003: 11,260

# KCHA Units Available at FYE 2010: 13,606



significant backlog of capital needs. Project-based subsidies are essential in accessing the private debt and equity required to transform aging Public Housing “projects” into modern, high quality communities of opportunity and ensure the ongoing viability of these critical housing resources.

- **Use of banked Public Housing ACC in conjunction with new acquisitions.** Preserving privately owned rental complexes that would have been lost to market-rate redevelopment has complemented KCHA's efforts to increase the inventory of units available to extremely low-income households. Flexible use of KCHA's MTW Single-fund budget, combined with the ability to leverage State and County resources and, when appropriate, re-utilization of banked Public Housing ACC, has allowed KCHA to bring new “deep subsidy” units into its inventory to address the regional shortfall of affordable housing. To date, KCHA has purchased three sites - Pepper Tree (Shoreline), Pacific Court (Tukwila) and Park Royal (Bothell) - adding a total of 85 units to its Public Housing inventory. An additional site, Westminster Manor (Shoreline) was purchased by KCHA in FY 2010 and operates under HUD's Section 236 subsidy program. The site, which includes 60 units for frail-elderly and disabled households, may be added to KCHA's Public Housing portfolio when the current HAP contract expires in 2013.
- **Implementation of a Sponsor-based Program.** Removing barriers to housing access for chronically mentally ill individuals who often cycle between living on the street, the region's jail systems and hospital emergency rooms is a critical component of King County's 10-Year Plan to End Homelessness. KCHA's Sponsor-based program places housing subsidies directly in the hands of carefully selected service partners - allowing their “at-risk” clients to move directly off the street into permanent supportive housing and provides the intensive wrap-around support services necessary to stabilize this high-risk population. This program, currently serving 130 households, provides this assistance above KCHA's Section 8 baseline authorization and is funded through the use of accumulated reserves from MTW program efficiencies. Initial results show significant reduction in participant reliance on costlier public systems, including a 41 percent reduction in in patient emergency room contacts and a 76 percent reduction in jail bookings. A broader study of cost savings is currently under way.
- **Decoupling KCHA Payment Standards from HUD's Fair Market Rents.** Establishing Section 8 Housing Choice Voucher payment standards calibrated to costs in distinct submarkets of the region allows KCHA



to quickly and efficiently respond to changing market conditions, supports housing choice in low-poverty neighborhoods with greater access to good schools, jobs and services and increases the mobility of Section 8 participants. Despite rapidly rising rents in the affluent Eastside housing market, KCHA has been successful in increasing the number of extremely low-income households with vouchers living in these neighborhoods.

- **Expanded applicant choice and transfer policies.** KCHA's use of site and regional waiting lists and a comprehensive transfer policy that facilitates transfers not only within but between KCHA's multiple HUD-assisted programs has allowed KCHA to increase mobility and housing choice among low-income households.

Since entering the MTW program in 2003, these efforts have allowed KCHA to increase the number and scope of households served while tackling critical repair needs of the region's rental communities.

#### **Objective #2: Help KCHA clients become increasingly self-sufficient.**

- **Development of a new "WIN Rent" program for working and "work-able" households.** During FY 2010, following nearly two years of policy review and development, KCHA adopted fundamental rent policy changes designed to encourage income growth and savings and increase the number of households able to positively transition to market-rate housing. Directed at families identified as working or "work-able", the WIN Rent program blends simplified reporting and review requirements with tiered rents and a biennial recertification cycle. The revised system allows household income to increase without an immediate impact upon tenant rent – removing disincentives to increasing earnings or properly disclosing income. Implementation is currently underway. In order to safeguard against significant increases in rent burden, KCHA's rent reform initiative provides participants the opportunity to request relief from the established rent in cases of hardship.
- **Implementation of KCHA's Resident Opportunity Program.** In partnership with the YWCA, Bellevue College, Hopelink and Washington State's Department of Employment Security, KCHA's Resident Opportunity Program (ROP) is designed to link residents with education and skills training to promote economic self-sufficiency and lays a foundation for successful transition out of federally assisted housing. During FY 2010, 48 households participated in the ROP

53

percent increase in  
Section 8 voucher  
households living  
in low poverty  
neighborhoods  
since 2006



**Objective #2:**  
Help KCHA  
clients become  
increasingly  
self-sufficient.

The future depends upon the success of our communities' children - and secure, safe, affordable housing is critical for that success.

program. Three families met program goals during FY 2010 and successfully transitioned to non-subsidized housing. The ROP program complements KCHA's expanding HUD-funded Family Self-Sufficiency (FSS) program, which currently serves 222 households. Parallel operation of the ROP and FSS programs is intended to provide KCHA with the opportunity to assess and contrast the effectiveness and outcomes of the two programs.

- **Development of a Youth Education and Advancement Initiative.** During FY 2010, in recognition of the critical role that academic success plays in breaking the cycle of poverty confronting some low-income households, KCHA collaborated with the Kent School District to design a pilot program focused on improving academic performance, reducing truancy and increasing high school graduation rates. The initiative, which will begin implementation in FY 2011, combines coordinated data sharing between KCHA and the school district with complementary learning programs located directly on-site at three of KCHA's Public Housing developments. With successful implementation, KCHA anticipates expansion of elements of the pilot program to other school districts in late FY 2011.

KCHA understands that access to support services is critical if efforts to advance educational objectives and move families toward economic independence are to succeed. As a result, during FY 2010, KCHA continued to upgrade its community facilities and partner with local providers to expand programming and support services available on-site at KCHA's federally assisted communities. KCHA's newly renovated Greenbridge and Birch Creek developments - where access to early childhood and adult learning opportunities, employment counseling and on-site child-care facilities were key components of the community revitalization plan - have become models of success in breaking down barriers to access and bringing support services within easy reach of our low-income residents. Seven additional facilities, involving either



expansion or new construction, are currently in the design or construction phase at KCHA's HUD-assisted properties.

### Objective #3: Ensure the cost effectiveness of KCHA operations.

Increasingly, KCHA has utilized MTW flexibility to move away from federally mandated Public Housing and Section 8 program rules and regulations in favor of locally determined policies that reduce program administrative costs – freeing up staff time and financial resources to address more critical client issues. For example, through MTW participation, KCHA has:

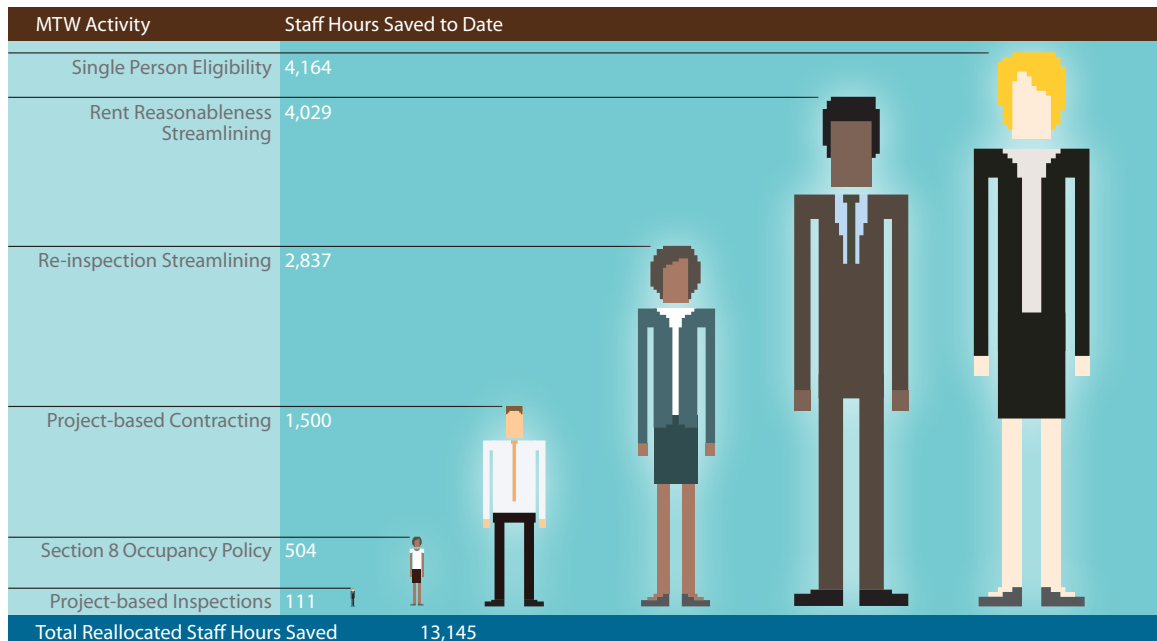
#### ■ Simplified and Streamlined Income, Rent and Recertification Policies.

Since entering the MTW program, KCHA has taken numerous steps to reduce administrative burdens through elimination or modification of non-value added activities. Highlights of adopted policy changes include:

- Implementation of KCHA's EASY Rent program for elderly and disabled households. The program was initially implemented in 2008, with additional streamlining measures added during FY 2010. The EASY Rent program eliminated standard household deductions in exchange for a reduced percent of household adjusted gross income charged for rent (initially established at 28.3%, reduced to 28% in November 2010). Deductions for medical expenses are provided based upon established deduction bands. Easy Rent households can pay a minimum rent of \$0 and can request relief from the established rent in cases of hardship.



**Objective #3:**  
Ensure the cost  
effectiveness  
of KCHA  
operations.





- Elimination of annual income reviews – instead, full recertifications are completed once every 3 years for EASY Rent households and every other year (biennially) for WIN Rent households.
- Modification of HUD’s standard definition of annual income to exclude (1) income from assets when assets total less than fifty thousand (\$50,000) dollars; (2) amounts paid to a landlord by a state agency on behalf of a tenant; and (3) Resident Service stipends of less than five-hundred dollars per month.
- Revision of policies relating to the verification and documentation of tenant reported data including: (1) extending the term during which verifications are considered valid to 180 days; (2) allowing families to self-certify family membership at the time of initial certification; (3) allowing households to self-certify receipt of the \$50 Child Support pass-through received from DSHS; (4) allowing families currently paying the full Section 8 rent (\$0 HAP households) to self-certify income at the time of review; (5) allowing applicants to self-certify qualification for a preference when household income is below established thresholds.

■ **Restructured Section 8 HQS inspection protocols.** With a jurisdiction covering over two thousand square miles, identifying and implementing cost savings measures relating to Section 8 HQS inspections have significantly improved the cost effectiveness of KCHA operations. Program modifications including: (1) implementation of a geographic “clustering” model for inspector routing to reduce travel time and repetitive trips to the same neighborhood; (2) elimination of re-inspections for minor-fail items; (3) use of an automated call system to remind participants of scheduled inspections and (4) modification of program rules to allow KCHA Section 8 Inspectors to inspect KCHA-owned units, have streamlined KCHA operations without adversely impacting unit quality.

■ **Redesigned Utility Allowances for the Public Housing and Section 8 programs.** In conjunction with WIN Rent and EASY Rent development, KCHA has modified HUD’s standardized approach to establishing Utility Allowances for the Public Housing and Section 8 programs. KCHA’s new “Energy Assistance Supplements” are intended to reflect the average consumption of a reasonably conservative household. The supplement is determined by unit type (single or multi-family), bedroom size and utility provider only, rather than on the specific rental unit. A composite “add-on” – calculated using regional averages for water, sewer and garbage costs – is provided where the lease requires tenant payment of water and

sewer costs. In lieu of HUD program regulations, KCHA will review and adjust standardized supplements annually using the CPI annual adjustment factor for household energy use. Rent will be adjusted at the time of the household's next rent recalculation. KCHA has also implemented reduced energy assistance supplements for households living in renovated or newly constructed KCHA units where significant conservation measures have substantially reduced energy consumption.

- **Increased safety and security and improved environmental sustainability of units.** KCHA's MTW Single-fund budget and the ability to leverage other public and private investment into the Public Housing inventory has been critical to KCHA's efforts to fund needed energy conservation improvements and increase KCHA's UFAS compliant accessible unit inventory has. In addition, MTW program flexibility has allowed KCHA to 1) fully sprinkle its entire Public Housing mixed-population portfolio - home to more than one thousand frail elderly and disabled households; and (2) establish its own ESCo (Energy Services Corporation) - an integral component of KCHA's environmental sustainability effort. To date, installation of water efficient fixtures have reduced water consumption across KCHA's inventory by more than 40 percent.
- **Implementation of a "combined program" approach to managing KCHA properties that include a mixture of Public Housing and Section 8 subsidy.** Use of MTW authority to modify operating guidelines for its federal housing programs has allowed KCHA to conform government operating subsidies in these developments – ensuring neighboring households subsidized through different funding streams receive similar treatment and streamlining administration.

As a direct result of MTW program participation, KCHA's operations have become more efficient and streamlined and savings produced from eliminating non-value added activities from the workload has increased operational cost effectiveness – freeing KCHA resources for more urgent client and Housing Authority needs. For example, during FY 2010, to ensure consistent application of MTW-related rent and policy changes, KCHA initiated revised quality control protocols across its entire subsidized housing inventory. KCHA's audit model called for the review of 100 percent of all Public Housing tenant files and 20 percent of its larger Section 8 program. Completed using in-house staff only, the volume of work necessitated by such an assessment could not have been accomplished within established time constraints under HUD's standard operating model. Reducing non-productive regulatory paperwork is

40

percent reduction in water consumption following installation of water efficient fixtures in KCHA's inventory



also enabling KCHA to focus on customer service and other traditional private-sector landlord functions while staying within the budgetary constraints of the Public Housing program.

94.8

percent of residents  
surveyed in  
FY 2010 indicated  
satisfaction with KCHA  
management

As required under the terms of its MTW Agreement, KCHA remains committed to ensuring revised policies are developed and implemented through an open and inclusive process and that its staff provides the highest level of customer service to clients. Program participants, agency partners, local governments and landlords alike are all integral to the success of KCHA's housing assistance programs. In support of this effort, in FY 2010, KCHA continued to pilot the use of its own Customer Satisfaction Survey for Public Housing residents and implemented a comprehensive Customer Service and Satisfaction training initiative for its Section 8 program. Information obtained through these surveys provides valuable baseline data that may be used to measure the impact of policy changes and ensure that KCHA policies and procedures remain customer and results focused.





## A. HOUSING STOCK INFORMATION

TABLE II.A: INVENTORY BREAKDOWN for FY 2010 (Public Housing, HCV, Other-HUD and Local programs)			
Program	Inventory at MTW Program Entry: 2003	Inventory at Fiscal Year Begin: Jan. 1, 2010 <sup>1</sup>	Inventory at Fiscal Year End: Dec. 31, 2010
Public Housing: MTW	3292	2617	2490
Total PH Inventory	3292	2617	2490
HCV: General MTW	6024	5996 <sup>2</sup>	5977 <sup>3</sup>
HCV: Project-based MTW	0	994	1179 <sup>4</sup>
HCV: Local MTW-funded <sup>5</sup>	0	275	306
Total MTW Vouchers	6024	7265	7462
Other MTW: Sponsor-based program	0	180	147
Total Other-MTW	0	180	147
HCV: VASH, non-MTW	0	105	165
HCV: Mainstream, non-MTW	350	350	350
HCV: Designated, non-MTW	0	100	100
HCV: Certain Development, non-MTW	0	100	100
HCV: FUP-2009, non-MTW	0	100	108
HCV: Enhanced, non-MTW	0	135	125
Total non-MTW Vouchers	350	890	948
Other HUD: Sec 8 New Construction/236	174	174	234
Other HUD: Preservation	271	119	119
Other, non-HUD: LOCAL	303	132	149
Total OTHER programs	748	425	502
Total Housing Stock	10,414	11,377	11,549

## SECTION II. GENERAL HOUSING AUTHORITY OPERATING INFORMATION

<sup>1</sup> Reflects inventory adjustments that may result from timing differences between MTW Plan submission and the beginning of FY 2010

<sup>2</sup> Does not include 2,412 HCV port-ins at the beginning FY 2010

<sup>3</sup> Does not include 2,432 HCV port-ins at the end of FY 2010

<sup>4</sup> Does not include VASH Voucher units that are Project-based but not included in the MTW block-grant; PB VASH units are included under the non-MTW VASH line item

<sup>5</sup> Voucher units funded above KCHA's HUD authorized baseline of 6,990 using MTW block grant resources

## ■ Description of Significant Capital Expenditures:

During FY 2010, KCHA expended more than \$53 million to complete necessary capital improvements to its Public Housing communities. Funding for these projects was provided through a variety of sources, including KCHA's MTW block grant, which combines Public Housing Operating, Capital and Section 8 resources, as well as accumulated MTW reserves, formulaic and competitive grants awarded under the American Reinvestment and Recovery Act (ARRA) and the leveraging of private capital into Public Housing developments through innovative financing strategies. Funds received under ARRA are not included in KCHA's MTW block grant and are subject to separate reporting requirements. **Though no individual activity reached HUD's 30 percent reporting threshold**, major capital projects and related FY 2010 expenditures include:

- **Uniform Federal Accessibility Standards (UFAS) Upgrade Project - \$2,071,633.** This project, which is dually funded using KCHA's MTW single fund budget and an ARRA grant received in late 2009, is designed to ensure compliance with Section 504 of the Rehabilitation Act. As planned, during FY 2010, KCHA proceeded with work that will result in the full modification of 70 housing units and their related common areas to current UFAS standards. Upgrades at these sites will insure that at least 5 percent of KCHA's Public Housing inventory is fully accessible to persons with disabilities. Targeted Public Housing developments include Northridge I, Casa Juanita, Valli Kee, Cascade Homes, Southridge, Eastridge, Yardley Arms, Wayland Arms, Wellswood, Juanita Court, Ballinger Homes, Brittany Park and Riverton Terrace. KCHA anticipates construction costs of \$4,123,408 to complete the full scope of work.



The Springwood Youth Center - a Silver  
LEEDS Certified, Built Green facility



- **Green Communities, Energy Efficiency and Building Envelope Upgrades - \$798,585.** This project is part of KCHA's larger "green" initiative to substantially increase the energy efficiency and environmental sustainability of the Agency's Public Housing properties. Upgrades are designed to reduce energy costs to benefit both KCHA and its residents. Complex design requirements for these energy efficiency upgrades delayed the commencement of this project in FY 2010 - pushing the bulk of the work to FY 2011. By year's end, work to replace toilets at Avondale Manor and install new heat pumps and replace building envelopes at Forest Glen had begun. In addition, improvements at Briarwood, including a new roof, siding, exterior insulation, decks, windows and conversion of two units to meet UFAS requirements was underway. KCHA anticipates construction costs to complete work scheduled under this initiative will total \$9,680,187. The project is funded in part through a \$4,678,341 ARRA grant received in FY 2009 and through allocations from KCHA's MTW block grant and Washington State weatherization funds. Targeted developments include Boulevard Manor, Evergreen Court, Kings Court, Riverton Terrace, Northridge I & II, Cascade Homes, Eastside Terrace, Briarwood, Federal Way Houses and Avondale Manor.
- **Unit Upgrade Project - \$3,053,984.** During FY 2010, KCHA continued to use its MTW block grant to support its highly successful Unit Upgrade program which allows the Agency to complete interior upgrades "on-turn" as units become vacant, rather than using a "whole building" approach common throughout the industry. By completing the needed work, including new flooring, cabinets and fixtures, using KCHA's own in-house skilled labor and careful scheduling, KCHA has realized significant savings

The quality of the environment that we leave our children and grandchildren is dependent upon the actions we take today, and every day, to preserve it.

# \$6.3 million

Estimated costs  
savings attributed to  
implementation of  
KCHA's Unit  
Upgrade Initiative

in soft-costs, contractor's overhead and profit and tenant relocation that would otherwise be incurred. During FY 2010, KCHA staff completed interior renovations to 138 units at an average cost of just over \$20,000 and savings in excess of 40 percent over estimated costs under the general contractor model.

- **Birch Creek Redevelopment - \$8,042,000.** As anticipated, renovations transforming KCHA's former Springwood Apartments into the new Birch Creek community were completed and 100 percent of the units re-occupied during FY 2010. To complete substantial renovations totaling more than \$55 million KCHA leveraged financing from a variety of sources including LIHTC equity, housing bonds, RHF funds and state and county grants. MTW reserves played a critical role in leveraging access to short-term capital on the private market. Once KCHA's most dilapidated Public Housing development, the new Birch Creek development contains a mix of one, two, three, four and five-bedroom units, of which 18 are ADA accessible. New parks, open spaces and two community facilities that provide Head Start classrooms, a Woman, Infant and Children's (WIC) health clinic, a career development center and a youth after-school and recreational facility have all been incorporated into the revitalized community. A key component of the project was KCHA's commitment to provide Project-based subsidy to all 262 units in the revitalized development. The site was redeveloped to a 4-Star "Built Green" standard – a program of the Master Builders Association of King and Snohomish Counties to recognize environmentally friendly and resource efficient homes and communities. During FY 2011, KCHA anticipates Birch Creek will become the first substantially rehabilitated multi-family property in the Northwest to receive "Built Green" certification.
- **Greenbridge Redevelopment - \$18,246,000.** Formerly the site of Park Lake Homes Site I, once KCHA's oldest Public Housing development, the Greenbridge site is being transformed into a completely revitalized community. The new mixed-income neighborhood combines subsidized and workforce rental housing with affordable and market rate for-sale homes. Organized around White Center's 8th Avenue corridor, Greenbridge includes Public Housing live-work units, retail storefronts and community educational and recreational facilities anchored by a new library, elementary school and Head Start/Educare facility. The master-planned design replaces the original 569 Public Housing units with 324 on-site units affordable to very low-income households and up to 700 affordable and market-rate rentals and for-sale homes. Subsidized units not rebuilt on-site have been located off-site in targeted low-poverty neighborhoods, primarily on King County's



Eastside, with access to high-performing school systems and greater opportunities for employment – dually serving KCHA's commitment to deconcentrate poverty and ensure one-for-one hard unit replacement. During FY 2010, occupancy of the Eastbridge development, (91 rental units) was completed and construction of the 6<sup>th</sup> Place Apartments commenced. In keeping with the focus of the master-planned Greenbridge community, Eastbridge was built to meet 3-Star "Built Green" standards. Funded through an ARRA grant received in late FY 2009, the 24-units within the 6th Place development will bring the total number of rental units at the site to 472 – including 204 Public Housing and 120 Project-based Section 8 rentals. To date, 42 percent of the previous Park Lake I residents have returned to the Greenbridge site. In addition, during FY 2010, KCHA partnered with Homesight, a non-profit development and homeownership counseling provider, to begin development of seven affordable homeownership units. Additional homeownership development has been slowed by current market conditions in the Puget Sound region. Short-term financing, backed by KCHA's MTW balance sheet, is preserving these housing opportunities until economic conditions improve.

- **Seola Gardens Redevelopment - \$12,931,000.** Located just a few blocks from Park Lake Homes Site I, KCHA's newest redevelopment project will result in the transformation of the Park Lake Homes Site II development into a mixed income community. Built in the early 1960s, this 165-unit Public Housing development required significant investment to address extensive infrastructure needs and replace obsolete housing. Funded, in part, through a \$20 million HOPE VI grant received in late 2008, redevelopment of the 31-acre parcel will make way for some 300 new rental and for-sale housing units with small "pocket" parks and on-site community facilities integrated in the master plan. Infrastructure improvements and the first phase of vertical construction – the Zephyr Apartments - commenced in FY 2010. Targeted for completion in FY 2011, the site will add 25 units of Public Housing to KCHA's inventory. All 165 Public Housing units will be replaced by federally assisted housing on site.

In addition to the work detailed above, during FY 2010, KCHA continued to move forward with the following major renovation projects:

- **Reconstruction of Green River Homes.** As one of KCHA's oldest Public Housing developments, this aging and physically distressed site requires significant reinvestment that cannot be provided at current capital grant funding levels. KCHA anticipates funding through a variety of approaches including tax credit equity, tax-





exempt bonds and KCHA's MTW reserves. Planning, architectural and engineering work on the project began in FY 2009 and continued throughout FY 2010. Renovations will transform the Green River Homes development into a modern, well designed rental community – positively impacting the quality of life for its residents as well as significantly strengthening the surrounding neighborhood. In February 2011, KCHA received HUD approval for the disposition of the 60-unit development. KCHA intends to utilize Project-based program vouchers in order to assist in leveraging the capital necessary to complete the planned revitalization.

- **Preservation of Public Housing – Financial restructuring to support needed Capital Improvements.** Through innovative financing and use of MTW flexibility, KCHA is planning to rehabilitate 509 of its most scattered Public Housing units – 22 separate sites – by conversion to Project-based subsidy. During FY 2011, KCHA will continue work initiated in 2010 leading to HUD approval of the disposition of these units - its smallest and least economically viable developments - to a non-profit entity created and controlled by KCHA. The initiative will allow KCHA to leverage necessary capital, combined with MTW reserves, to complete needed repairs and upgrade developments – ensuring the long-term viability of these units.
- **Community Facilities Project.** This initiative improves and expands program and community space to support youth and family self-sufficiency initiatives in KCHA's family developments in order to enhance educational and life outcomes for public housing youth and increase community safety and security. The next phase of the project will provide expanded or new community facilities at the following HUD-assisted family developments: Eastside Terrace, Valli Kee Homes, Burndale, Firwood Circle, Spiritwood and Hidden Village. Funding is being provided through a mixture of MTW reserves, capital grants and local philanthropic support.

■ **New Public Housing units added during the year by development:**

- **Eastbridge – 13 Public Housing Units.** KCHA's newly constructed Eastbridge development reached completion and opened its doors during FY 2010. A mixed-finance development that includes Public Housing, Project-based Section 8 and Work-force apartments, the site provides an additional 44 extremely low-income households with a safe, secure and affordable place to call home. As shown below, Eastbridge includes a total of 13 new Public Housing, 31 Project-based Section 8 and 46 Work-force Housing units. One unit is considered a market rate unit intended for site staff use.



EASTBRIDGE – Mixed Finance Development: FY 2010				
Unit Size	Public Housing	Project –based Section 8	Work-force Housing	Mkt Rate / Common Units
1 – Bedroom	0	0	6	0
2 – Bedroom	11	1	22	1
3 – Bedroom	2	18	18	0
4 – Bedroom	0	10	0	0
5 – Bedroom	0	2	0	0
<b>Total Units:</b>	<b>13</b>	<b>31</b>	<b>46</b>	<b>1</b>

The development contains a mixture of apartment sizes to assist both large and small households.

With the completion of Eastbridge, a total of 448 rental units – including 180 Public Housing units and 120 Project-based Section 8 rental units – have been built and occupied at the Greenbridge site. Construction of the master-planned development will continue during FY 2011, when KCHA anticipates an additional 24 Public Housing rentals and the sale of 7 affordable homeownership units developed in partnership with Homesight.

- **Park Royal – 23 Public Housing Units.** As outlined in its FY 2010 MTW Annual Plan, KCHA has continued efforts to acquire additional units in order to increase or preserve the region’s affordable housing supply. In December 2010, using the flexibility of the MTW program’s single fund budget, KCHA completed the acquisition of the Park Royal Apartments in Bothell, Washington. Following purchase, KCHA used its “banked” Public Housing ACC to “turn on” Public Housing subsidy in the new development – adding 23 units to KCHA’s Public Housing inventory. The Park Royal site includes seven 2-bedroom units and sixteen 1-bedroom units.

PARK ROYAL – Public Housing Development: FY 2010			
	# Units	Type	Accessibility Features
1 – Bedroom	16	Family	None, though 12 are first floor, single-level units
2 – Bedroom	7	Family	
<b>Total Units:</b>	<b>23</b>		

Though units are not fully accessible, the development provides 12 first floor units which will assist in reducing the backlog of public housing residents waiting to transfer to a single-level apartment.

■ **Number of Public Housing units removed from inventory during the FY: 165 units**

As outlined its MTW Plan, during FY 2010, KCHA continued to move forward with implementing the \$20 million HOPE VI Revitalization Plan for the redevelopment of Park Lake Homes II in White Center. Built in the early 1960s, the aging development required significant investment in order to address major infrastructure needs, deteriorated structural conditions and obsolete mechanical systems. In order to facilitate redevelopment of the 31-acre parcel, KCHA removed all 165 units from its Public Housing inventory in 2010. Demolition of the units will enable development of approximately 300 new rental and for-sale housing units. The project provides one-for-one replacement of all 165 deep subsidy units directly on-site.

■ **Number of new Project-based units during FY 2010**

During FY 2010, utilizing a VASH program waiver, KCHA partnered with the nearby Renton Housing Authority and the Compass Veterans Center to project-base 22 of KCHA's VASH vouchers within the City of Renton's under-served downtown core. The Compass Veterans Center project includes a mix of fully furnished studio, 1 and 2 bedroom units in close proximity to public transportation, grocers and retail necessities, schools, libraries, parks and social support services. An on-site manager, 24-hour desk staff, case managers and family advocates all work together to assist participants stabilize and integrate into the community through this permanent supportive housing environment.

Compass Veterans Center			
	# Units	Type	Accessibility Features
Studio	15	VASH	3 ADA Accessible
2 – 3 bedroom	7	VASH	2 ADA Accessible
Total Units Project-based in FY 2010: 22			

In addition, during FY 2010, KCHA entered Project-based Section 8 contracts at the following sites:

- **Eastbridge - 31 units.** As previously discussed, the Eastbridge site is part of KCHA's larger Greenbridge master-planned community.

EASTBRIDGE – Project-based Units: FY 2010			
	# Units	Type	Accessibility Features
2 - bedroom	1	Family	5% of EASTBRIDGE units are fully accessible; 20% are adaptable to meet UFAS standards
3 - bedroom	18	Family	
4 - bedroom	10	Family	
5 - bedroom	2	Family	
Total Units Project-based in FY 2010: 31			

The development includes a mix of Public Housing, Project-based, LIHTC and Work-force Housing units.

- **Burien Heights – 15 units.** Through a contract with NAVOS, a regional mental health provider, this project ensures permanent supportive, service enriched housing for up to 22 chronically mentally-ill individuals. Using a combination of studio and 2-bedroom shared units; Burien Heights provides increased access to permanent supportive housing for participants who may be better served living at a site with direct on-site support services rather than through a scattered site model.

BURIEN HEIGHTS – Project-based Units: FY 2010			
	# Units	Type	Accessibility Features
Studio	8	Permanent Supportive Housing	2 units are fully accessible
2 – bedroom	7		
Total Units Project-based in FY 2010: 15			

#### ■ Overview of Other Housing Managed by KCHA

The list of KCHA's MTW initiatives to increase the supply of deep subsidy units available to extremely low income households does not paint a full picture of the Authority's efforts to respond to the County's critical shortfall of affordable housing. In addition to its Public Housing and Section 8 programs, KCHA provides affordable housing through a number of additional funding streams and community partnerships. Currently, through the use of federal, state, local government and private investments KCHA's affordable housing portfolio provides more than 18,000 households with a safe, secure and affordable place to call home. In addition to the MTW program, KCHA provides the following avenues to affordable housing:

- **Section 8 New Construction/Section 236 Programs - 234 units:** KCHA's Section 8 New Construction and Section 236 units deliver deep subsidy affordability to extremely low-income frail-elderly and disabled households. Operated under Section 8 HAP contracts through HUD's Multi-family branch, sites include Burien Park (102 units), The Northwood (34 units), Northlake House (38 units) and Westminster Manor, a 60 unit development KCHA purchased in FY 2010 to ensure these affordable units were not lost to private-market investment.
- **Preservation Program – 119 units:** The Preservation Program offers both subsidized and non-subsidized apartments to low-income households in the Eastside cities of Bellevue and Redmond. Two developments – Hidden Village in Bellevue (78 units) and Parkway Apartments in Redmond (41 units) – provide affordable housing opportunities to families with children. Section 8 HAP contracts administered through HUD's Multi-family branch ensure subsidized households pay rent calculated at HUD's affordability standard of 30 percent of adjusted monthly income. Market-rate, unsubsidized units are available to residents holding a Housing Choice Voucher or as private-market rentals.
- **Home Ownership Program – 430 units:** KCHA's Homeownership program offers qualified low-income individuals, families and seniors the opportunity to own a manufactured home located on a leased lot in one of four manufactured housing communities owned and managed by KCHA. Three of the sites, Vantage Glen (164 units), Rainier View (31 units) and Wonderland Estates (109 units) are targeted to low-income elderly households. Tall Cedars, the remaining 126-unit development, provides affordable work-force housing to low-income families with children. Land was acquired with tax-exempt bonds, and pad rents are held at levels well below market for similar communities. At Vantage Glen and Rainier View tenants agree to sell their homes back to KCHA when they move



so that affordable home ownership opportunities can be offered to additional qualified households.

- **Bond Financed Program – 2,722 units:** Since 1990, at the direction of the Board of Commissioners, KCHA has steadily expanded its inventory of non-Federally subsidized multi-family rental housing. These “Work-force” housing units do not receive operating subsidy from the Federal government or any other state or local source. KCHA has used this program to support its strategy of deconcentrating poverty through acquisitions in targeted submarkets of the County. By the end of FY 2010, KCHA’s Bond Financed inventory totaled 2,722 units, located in 18 separate apartment communities. Typically these units have a broad mix of residents with the majority having incomes below 80% of area median income. Project and tenant-based Section 8 subsidies ensure these properties provide access to highly desirable markets for extremely low income households.
- **Tax Credit Program – 6,245 units:** The tax credit program is one of the few remaining sources of low-income development equity in the United States today and KCHA anticipates that much of the growth in its affordable housing stock will come from participation in tax credit deals. Unlike the bond-financed projects where KCHA is the direct owner, tax credit projects are owned by separate partnerships, with KCHA serving as the general partner. At the end of FY 2010, KCHA’s Tax Credit inventory included a total of 6,245 units within 20 different developments. Though certain sites may hold more stringent requirements, units are typically available to households with income below 60 percent of the Area Median Income. Here, as with the bond-financed program, acquisitions are targeted to low poverty markets and Section 8 subsidies are coordinated with non-subsidized units.

## B. LEASING INFORMATION

Table II.A includes the total number of “hard units” owned by KCHA together with the number of HCV units directly funded by KCHA. In contrast, the information shown in this Section of the MTW Report (Table II.B) details the total number of actual households served inclusive of Section 8 “port-ins” administered by KCHA. In addition to changes in occupancy resulting from normal operations, Table II.B illustrates the shift in households from Public Housing to Section 8 Project-based assistance through the end of FY 2010 that has resulted from KCHA actions to increase housing choice throughout the greater Puget Sound region and ensure the long-term viability of existing affordable housing for the County’s lowest income residents.

# 87

percent of KCHA households qualify as Extremely Low Income – with income falling below 30% of the Area Median Income for their household size

<sup>6</sup> Reflects inventory adjustments that may result from timing differences between MTW Plan submission and the beginning of FY 2010

<sup>7</sup> Does not include VASH Voucher units that are Project-based but not included in the MTW block-grant; PB VASH households are included under the non-MTW VASH line item.

<sup>8</sup> Does not include non-subsidized households residing in KCHA's inventory of 9,397 Workforce and Homeownership units

**TABLE II.B: HOUSEHOLDS UNDER LEASE for FY 2010**  
(Public Housing, HCV, Other-HUD and Local programs)

Program	Households at MTW Program Entry: 2003	Households at Fiscal Year Begin: Jan. 1, 2010 <sup>6</sup>	Households at Fiscal Year End: Dec. 31, 2010
Public Housing: MTW	3259	2402	2372
Total PH Inventory		2402	2372
HCV: General MTW	6903	8453	8401
HCV: Project-based MTW	0	900	1009 <sup>7</sup>
HCV: Local MTW-funded	0	275	306
Total MTW Vouchers	6903	9628	9716
Other-MTW: Sponsor-based program	0	145	130
Total Other-MTW	0	145	130
HCV: VASH, non-MTW	0	60	124
HCV: Mainstream, non-MTW	350	350	350
HCV: Designated, non-MTW	0	25	100
HCV: Certain Development, non-MTW	0	20	100
HCV: FUP-2009, non-MTW	0	5	87
HCV: Enhanced, non-MTW	0	107	125
Total non-MTW Vouchers	350	567	886
Other HUD: Sec 8 New Construction	174	174	234
Other HUD: Preservation	271	119	119
Other, non-HUD : LOCAL	303	132	149
Total OTHER programs	748	425	502
Total Households <sup>8</sup>	11,260	13,167	13,606





■ Description of issues related to the leasing of Public Housing and Section 8 units

- **Public Housing.** KCHA staff remains focused on ensuring that vacant unit days due to turnover of its Public Housing inventory are held to an absolute minimum. Effective wait list management, unit turn and lease-up protocols all work together to assist KCHA efforts to maintain occupancy above the established benchmark of 98 percent. In 2010, KCHA averaged 18.5 turn days per unit and its **adjusted** occupancy rate at the end of the fiscal year was 99.2 percent.
- **Section 8 Housing Vouchers.** Following its MTW objective to expand the region's supply of affordable housing for the County's poorest households, during FY 2010 KCHA's Section 8 Housing Choice Voucher program maintained an average lease-up rate of 102.2 percent. KCHA's commitment to targeting **MTW and non-MTW HCV** assistance to "hard-to-house" households to eliminate barriers to housing access for chronically homeless and mentally-ill households presents significant challenges in assisting these households to successfully lease-up in the private rental market. - **and can adversely impact program utilization. To address this issue, KCHA has allocated** savings attained through MTW initiatives to shift staff resources and contract with non-profit service providers to help clients successfully lease units. As a result, KCHA's voucher programs had an overall shopping success rate of 92.5 percent during FY 2010.

■ Number of Project-based vouchers committed or in use at the end of the Plan year

KCHA's Project-based inventory at the end of FY 2010 totaled 1,201 units and included the following:

## Project-based Unit Allocations: FY 2010

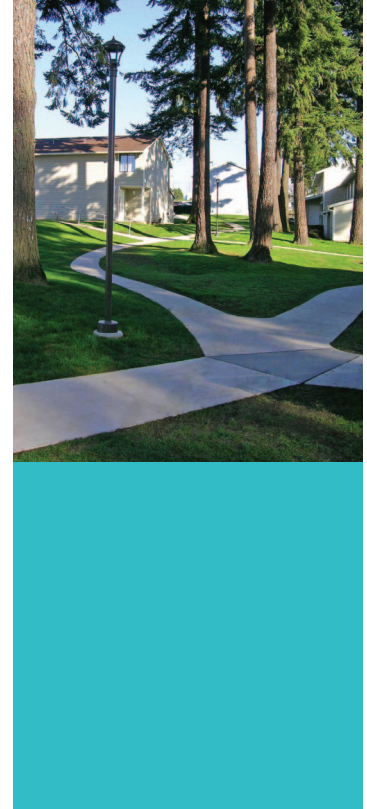
Development Name	Number of Units	Unit Type	Development Name	Number of Units	Description
Appian Way	15	Transitional Housing	Nia	42	PH Redevelopment
Avondale Park	43	Transitional Housing	Salmon Creek	38	PH Redevelopment
Chalet	4/5	Transitional Housing/ Private PH Replacement	Eastbridge	31	PH Redevelopment
City Park	11	Transitional Housing	Alpine Ridge	8	Private PH Replacement
Enumclaw	4	Transitional Housing	Belle Park	12	Private PH Replacement
Foster Commons	7	Transitional Housing	Eernisse	13	Private PH Replacement
Heritage Park	15	Transitional Housing	Landmark	27	Private PH Replacement
Lauren Heights	5	Transitional Housing	Laurelwood Gardens	8	Private PH Replacement
Linden Highlands	8	Transitional Housing	Newporter	20	Private PH Replacement
Petter Court	4	Transitional Housing	Plum Court	10	Private PH Replacement
Rose Crest	10	Transitional Housing	Rose Crest	8	Private PH Replacement
Titusville	15	Transitional Housing	Summerfield	13	Private PH Replacement
Valley Park	12/2	Transitional Housing/ Permanent Supportive	Summerwood	25	Private PH Replacement
Villa Capri	5	Transitional Housing	Timberwood	21	Private PH Replacement
Villa Esperanza	23	Transitional Housing	Woodland North	5	Private PH Replacement
Willows	15	Transitional Housing	Woodland East	20	Private PH Replacement
Kensington Square	6	Transitional Housing	Johnson Hill	8	Private PH Replacement
Creston Point	25	Permanent Supportive	Northlake Grove	6	Private PH Replacement
Inland	8	Permanent Supportive	Easternwood	4	Private PH Replacement
Overlake Family Village	20	Permanent Supportive	Harrison House	48	Local Preservation
Parkview	4	Permanent Supportive	Valley Park	16	Local Preservation
Burien Heights	15	Permanent Supportive	Spiritwood Manor	124	Local Preservation
Seola Crossing	106	PH Redevelopment	Newport Apts	23	Local Preservation
Birch Creek	262	PH Redevelopment	Compass Center	22	Permanent Supportive

## C. WAITING LIST INFORMATION

### ■ Description of waiting lists (site-based; community-wide; HCV; merged)

KCHA operates separate waiting lists for its Public Housing, Section 8 and Project-based programs. KCHA did not implement any changes to the waiting list protocols in place for Public Housing or Tenant-based Section 8 program administration in FY 2010. However, KCHA did utilize MTW flexibility to modify Project-based Section 8 program requirements in order to allow direct Owner referrals to vacant units when KCHA was unable to locate a suitable applicant to fill a vacancy in a timely manner. At the end of FY 2010, KCHA's Section 8 Housing Choice Voucher waiting list remained closed, while the Public Housing and Project-based waiting lists remained open to eligible applicants.

- **Section 8 Housing Choice Voucher Program.** Generally, applications for the Section 8 Housing Choice Voucher program are accepted during specified dates only. At the end of the designated time period, the waiting list is closed and KCHA selects a limited number of applicants (typically 2,500) for the waiting list through random "lottery" number assignment. From the pool of 2,500, eligible applicants meeting local preference criteria are selected for program participation according to their assigned lottery number. The Section 8 waiting list was last opened in the 2007. In addition to the lottery process for its general voucher pool, KCHA maintains separate waiting lists for vouchers targeted to HUD mandated priority populations. Applicants for these special program vouchers (such as those available under the VASH and Mainstream programs) may apply year-round.
- **Public Housing Program.** KCHA's Public Housing program currently operates Site-based, Regional and Set-aside waiting lists as well as a set of local preferences to determine the order of tenant selection. Applicants may choose to apply for up to two (2) Site-based, or two (2) Regional waiting lists. Site-based waiting lists allow applicants to choose specific developments (up to two) in which they wish to reside. The Regional waiting list allows applicants to be considered for tenancy at any development in the selected region(s). Regional lists allow applicants who may have an urgent need for assistance faster entry into KCHA's housing programs. With the exception of Pacific Court, every third vacancy in KCHA's Public Housing developments is prioritized for formerly homeless families graduating from the region's Sound Families transitional housing system.
- **Project-based Section 8 Voucher Program.** Excluding units subsidized through transitional and supportive service programs,



the Project-based Section 8 waiting list operates in similar fashion to the Public Housing waiting list and is managed by KCHA's Central Applications office. Where Project-based subsidy is used in support of housing targeted to transitional housing or to assist special needs populations, KCHA defers applicant screening and program eligibility determinations to its non-profit service provider partners. Acting as KCHA's "agent", these partner agencies directly refer clients to available units in accordance with KCHA established criteria - significantly reducing barriers to program entry to ensure these special needs populations streamlined access to critical housing and support resources.

### Characteristics of KCHA Waiting Lists - FY 2010

Race	White	Black	Am. Indian / Eskimo	SE Asian	Hawaiian / Pac Islander	Hispanic	Other / Unknown	Grand Total
Public Housing - Regional	2548	1890	129	615	147	464	0	5793
Public Housing - Site-based	2266	1589	105	1298	154	467	0	5879
Public Housing - Sound Families	7	14	0	0	0	1	0	22
Project-based Section 8	858	717	41	228	101	246	0	2191
Section 8 HCV	62	80	5	12	1	42	312	514

Bedroom Size	1 bd	2 bd	3 bd	4 bd	5 bd	6 bd	Grand Total
Public Housing - Regional	2059	2383	1029	251	66	5	5793
Public Housing - Site-based	2378	2208	1039	212	39	3	5879
Public Housing - Sound Families	1	16	3	2	0	0	22
Project-based Section 8	22	1152	833	177	6	1	2191
Section 8 HCV	bedroom size breakdown not available						514

Family Type	Disabled	Elderly	Family	Grand Total
Public Housing - Regional	1911	381	3501	5793
Public Housing - Site-based	1473	1043	3363	5879
Public Housing - Sound Families	0	0	22	22
Project-based Section 8	262	47	1882	2191
Section 8 HCV	136	17	361	514

KCHA elects not to include this OPTIONAL information.

SECTION III.  
NON-MTW  
RELATED  
HOUSING  
AUTHORITY  
INFORMATION



## SECTION IV. LONG-TERM MTW PLAN

Over the term of the MTW Demonstration Program KCHA intends to use the block grant and regulatory flexibility provided by this initiative to support the Authority's overarching strategic goals for the Puget Sound region. Approaches will evolve as regional priorities, demographics and housing markets shift. One of the strengths of the MTW concept is that it enables the Authority to reshape the use of federal resources as necessary to respond to these changes.

Basic strategic priorities for the Authority include the following:

- **Strategy 1:** Continue to strengthen the physical, operational, financial and environmental sustainability of the portfolio of over 8,000 affordable housing units that we own or control.
- **Strategy 2:** Expand the number of units in the region affordable to households earning below 30 percent of Area Median Income (AMI) through both development and preservation.
- **Strategy 3:** Provide expanded geographic choice for low-income households, including disabled and elderly households with mobility impairments, providing our clients with the opportunity to live in neighborhoods with high achieving schools, ready access to quality services and mass transit and adjacent to the workplace.
- **Strategy 4:** Close coordination of efforts with the region's public and behavioral healthcare and human services systems to end homelessness





through the development of an adequate supply of supportive housing for chronically homeless and special needs populations.

- **Strategy 5:** On-going “place-centered” revitalization of King County’s low income neighborhoods, involving both a focus on housing and on the wide array of other physical improvements, services and partnerships that create strong, healthy communities.
- **Strategy 6:** Working with the County, regional transit agencies and suburban cities, promote the integration of new affordable housing into regional growth corridors aligned with mass transit nodes and infrastructure in support of sustainable regional development.
- **Strategy 7:** Expand partnerships with Public Health, Head Start programs, school districts, after-school providers, community colleges and the philanthropic community to eliminate the achievement gap for the low-income households we serve and significantly improve educational and life outcomes for youth.
- **Strategy 8:** Promote the economic self-sufficiency of our participating households by providing support in addressing barriers to employment and access to training and education programs with the intent of reducing length of stay, where appropriate, in subsidized housing.
- **Strategy 9:** Continue to develop institutional capacity and efficiencies at the Housing Authority to ensure efficient, effective use of Federal resources. Continue to expand KCHA’s non-federally subsidized programs to address the need for additional workforce housing and to support and ensure the financial sustainability of Authority initiatives.

**SECTION V.  
PROPOSED  
FY 2010 MTW  
ACTIVITIES –  
APPROVED BY  
HUD BUT NOT YET  
IMPLEMENTED**

This section includes information on proposed MTW activities that were approved by not implemented as of the end of FY 2010 for reasons summarized below.

**TABLE V.1: Proposed Activities Table**

Activity #	Activity Name	Status
1	Supportive Housing for HIGH Need Homeless Families	This program is underway, however, investigation and planning during FY 2010 resulted in a program design that did not require use of MTW program flexibilities at this time.
2	Resident Satisfaction Survey	Though KCHA has implemented an internal survey process, use of MTW authority to replace HUD's Resident Satisfaction Survey process has not yet been necessary as KCHA remains exempt from HUD's PHAS reporting protocol.
5	Modified HQS inspection process for Public Housing and Section 8	Review process underway during FY 2010, but not completed due to the need for additional analysis of the benefits and drawbacks of this initiative. As detailed in its FY 2011 MTW Annual Plan, KCHA will continue to review possible changes during FY 2011.
9	Limit on number of moves by a Section 8 participant family	Delayed to allow further review of resident impact and possible unintended consequences of proposal.
10	Implement a Maximum Asset Threshold for Public Housing and Section 8 households	Delayed while KCHA monitors impact of WIN and EASY Rent policy changes adopted in FY 2010.
11	Offer incentive payments to Section 8 families ready to leave the program	Initial review indicated that implementation could have a significant financial impact upon KCHA operations. Delayed to allow further review and consideration.

#### ACTIVITY 1: Acquire New Public Housing

Cross Reference to MTW Plan: Item 1 Plan YR: 2008

**Statutory Objective:** Increase Housing Choice

**Description:** As a result of disposition activity at Park Lake Homes and Springwood Apartments, KCHA's PH ACC currently holds a total of approximately 700 units that are not in use or otherwise identified for replacement through revitalization efforts. KCHA intends to use this "banked" PH ACC to turn-on subsidy in units acquired by KCHA following its strategy to use Single Fund Budget flexibility to expand and preserve affordable housing resources in the region – increasing the number of deep subsidy units available to extremely low income households.

**Baseline:** 0 Units

**Benchmark:** Difficult to determine. Goal is to add units as financially feasible, up to the maximum number of "banked" ACC units over the term of KCHA's MTW Agreement.

**Metrics:** # of units purchased

**Benchmarks Attained/On Track?** Yes. As of FYE 2010, KCHA had purchased 3 developments: Pacific Court (32 units) , Pepper Tree (30 Units) and Park Royal (23 units) – adding a total of 85 units to KCHA's PH inventory - nearly 12 percent of the banked ACC target.

**Modified Benchmarks/Metrics/Data?** None

**Authorization(s):** Attachment C, item B.1.b **allows use of funds for this purpose.**

#### ACTIVITY 2: Local Project-based Section 8 program

Cross Reference to MTW Plan: Items 24-32, 35-42, 75

Plan YR: 2004

**Statutory Objective:** Increase Housing Choice; Reduce costs and achieve greater cost effectiveness in federal expenditures

**Description:** The ability to Project-base Section 8 subsidy provides a unique opportunity to address the critical shortfall of affordable housing in King County through (1) strategic targeting of PBS8 funding to low-poverty areas of the County, in order to increase access to these desirable neighborhoods for low income populations; (2) partnerships with non-profit community service providers to create housing directly targeted to assist special needs populations – opening new avenues to housing for chronically disabled, mentally ill households, elderly and disabled residents and homeless families with children not traditionally served through KCHA mainstream Public Housing and Section 8 programs.

This initiative is centered upon development of a Project-based

## SECTION VI. ONGOING MTW ACTIVITIES: HUD APPROVAL PREVIOUSLY GRANTED



program that addresses local need through the following policy modifications that streamline program administration and increase housing choice as follows:

<ul style="list-style-type: none"> <li>• Allow the project sponsor to manage the waiting list as determined by KCHA (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Use Public Housing program preferences for PBS8 units in place of HCV preferences (FY 2008)</li> </ul>
<ul style="list-style-type: none"> <li>• Offer move to Public Housing at end of PBS8 participation in lieu of providing a Section 8 HCV exit voucher (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Allow KCHA to prioritize assignment of PBS8 assistance to units located in low-poverty census tracts, including those with poverty rates below 20%. (FY 2004)</li> </ul>
<ul style="list-style-type: none"> <li>• Allows KCHA to assign PBS8 subsidy to a limited number of demonstration projects not qualifying under standard policy in order to serve an important public purpose (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Waive the 25% cap on the number of units that can be project-based for transitional, supportive or elderly housing and sites with fewer than 20 units (FY 2004)</li> </ul>
<ul style="list-style-type: none"> <li>• Allow KCHA to allocate PBS8 subsidy non-competitively to KCHA controlled and transitional units or to use an existing local process for project-basing Section 8 housing assistance (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Modify eligible unit / housing types to include shared housing, cooperative housing, transitional housing, and high rise buildings. Also modifies definition of Existing Housing to include housing that could meet HQS within 180 days (FY 2004, FY 2009)</li> </ul>
<ul style="list-style-type: none"> <li>• Assigns standard HCV payment standards to PBS8 units, but allows modification with approval of Executive Director when appropriate/necessary (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Allows KCHA to complete subsidy layering and environmental reviews in-house in cooperation with the local responsible entity (FY 2004)</li> </ul>
<ul style="list-style-type: none"> <li>• Allow PBS8 rules to defer to PH rules when used in conjunction with a mixed finance approach to housing preservation or when assigned to redeveloped former PH property (FY 2008)</li> </ul>	<ul style="list-style-type: none"> <li>• Modify the definition of Homeless to include overcrowded households entering transitional housing to align with other funding sources supporting KCHA sponsored transitional housing (FY 2004)</li> </ul>
<ul style="list-style-type: none"> <li>• Allows KCHA to modify the HAP Contract to ensure consistency with MTW changes (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Allows KCHA to use standard HCV process for determining Rent Reasonableness for units – in lieu of requiring a 3rd party appraisal</li> </ul>
<ul style="list-style-type: none"> <li>• Allow participants in wrong-sized units to remain in place and pay the higher rent if needed (FY 2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Allow direct owner referral to vacancy in a PBS8 unit when the unit has remained vacant after 30 days (FY 2010)</li> </ul>
<ul style="list-style-type: none"> <li>• Allow owners / agents to conduct their own construction / rehab inspections; allows the Management entity to complete initial inspections rather than KCHA and implements inspection sampling at annual review (FY 2004). Modified in 2009 to allow KCHA to inspect units at contract execution rather than contract proposal.</li> </ul>	



**Baseline:** Staff Hrs to complete RFP process = 60 per Contract  
# Non-traditional units available = 0  
# PBS8 units to meet KCHA priorities = 0  
# Initial Inspections at Transitional Units/yr = 142

**Benchmarks:** Staff Hrs to Complete RFP process = **15 per Contract**  
# Non-traditional unit types added to inventory: 404  
# of PBS8 units to meet KCHA priorities: 2,202  
50% of Transitional unit Initial Inspections by site staff

**Metrics:** # of PBS8 Contracts assigned, # PBS8 contracts assigned without RFP bid process; Staff hrs; # Non-traditional units available; Units Available under PBS8 program; # Initial inspections at Transitional units;

**Benchmarks Attained/On Track?** Yes. As of the end of FY 2010, KCHA had allocated Project-based Section 8 funding to 286 Transitional and Permanent Supportive Housing units – nearly 71% of the established program target and its Project-based program had grown to include 1,201 units under contract. With more than 600 units in the pipeline, KCHA appears well on the way to reaching established thresholds in these two categories during the term of its MTW Agreement. At the same time, KCHA has begun to accumulate savings through streamlined contract process and program administration. To date, KCHA's streamlined PBS8 process has been used to award project-based subsidy for 25 sites – saving the equivalent of 1,500 staff hours – 95% fewer hours had HUD's traditional contracting process been required. When Transitional Housing site staff complete Initial HQS inspections for clients as they move into an apartment, KCHA benefits from savings in staff time allocated to this activity and the facility does not have to incur the average 3 day wait for a KCHA Inspector to complete the task – speeding housing entry of a family in need. Although KCHA has found that turnover of Transitional Housing site staff can limit potential gains of this policy change during FY 2010, KCHA re-focused efforts on Management entity HQS training. The action resulted in a total of 74 Initial Inspections – 52.2% of the total – were completed directly by Owner/Agents of Transitional Housing facilities during the year. KCHA estimates savings of 111 staff hours in FY 2010 as a result of this effort.

**Modified Benchmarks/Metrics/Data?** None

**Authorization(s):** Attachment C, items D.1- D.7 and Attachment D, item E.1  
**allow KCHA to modify PBS8 program rules to create a locally designed program as described above.**



### ACTIVITY 3: Develop Site-based Waiting Lists

Cross Reference to MTW Plan: Item 44 Plan YR: 2004

**Statutory Objective:** Increase Housing Choice

**Description:** Under this initiative KCHA has implemented a streamlined waiting list system for its Public Housing program that provides applicants choice in the development in which they would reside. While offering prospective tenant's choice, KCHA retains Regional waiting lists and established set-aside waiting lists to accommodate the needs of graduates from the Sound Families program. In general, applicants are selected for occupancy using a rotation between the Site-based, Regional and Sound Families applicant pool following a ratio of 1:1:1, however units are not held vacant if a particular waiting list does not have an eligible applicant waiting for assistance. In such instances, a qualified applicant is pulled from the next waiting list in the rotation.

**Baseline:** 0 Applicants Housed via Site-based WL

**Benchmarks:** 33% of Applicants access PH unit via Site-based WL annually

**Metrics:** # Applicants Housed / WL

**Benchmarks Attained/On Track?** Yes. Following a significant amount of set-up and organizational work, KCHA's site-based waiting list is successfully up and running, providing applicants the opportunity to choose where they would prefer to reside. While the general intent of the program is to allow selection from each waiting list equally, in reality KCHA has seen a higher number of Site-based applicants successfully lease a Public Housing unit than those from the Regional or Sound Families waiting lists. In FY 2010, among the 262 applicants housed from KCHA's waiting lists, a total of 130 (49.6 percent) accessed housing through a Site-based waiting list. Regional applicants accounted for 34.4 percent of units housed. Though applicants entering a Public Housing unit via the Sound Families waiting list were just 16 percent of new move-ins, this number is limited by the rate of graduation from the associated 12-18 month transitional housing programs. KCHA believes the larger percentage of households entering the Public Housing program as Site-based applicants can be attributed in part to a greater sense of satisfaction applicants experience when provided increased housing choice. Further indication that Site-based applicants have a higher degree of satisfaction in their eventual rental unit is supported by cross-referencing data regarding why applicants turn down an offered unit with the waiting list from which the offer was made. In FY 2010, applicants on a Regional waiting list turned down a unit offer at double the rate of Site-based applicants. [51 Regional list households vs. 25

49

percent of applicants  
make their way to  
Public Housing through  
KCHA's Site-based  
Waiting Lists

Site-based]

Modified Benchmarks/Metrics/Data? None

Authorization(s): Attachment C, Item C.1 allows KCHA to establish local site waiting lists to increase housing choice.

#### ACTIVITY 4: Payment Standard Changes

Cross Reference to MTW Plan: Items 11, 21, 22

Plan YR: 2005, expanded in FY 2007

**Statutory Objective:** Increase Housing Choice

**Description:** In FY 2005 KCHA implemented minor changes to Payment Standard regulations – modifying regulations to apply new Payment Standard amounts at the time of the resident’s next annual review. In FY 2007, KCHA expanded this initiative, first modifying policies to allow KCHA approval of Payment Standards up to 120% of the FMR without HUD approval. In early FY 2008, in order to allow KCHA to quickly respond to rent changes in the diverse sub-markets of the Puget Sound region this approach was further modified to streamline the process by decoupling the Payment Standards from HUD’s FMR entirely. The approach assists KCHA efforts to ensure adequate subsidy for low-poverty areas of the County and ensure families are not priced out of these rental markets. As modified, KCHA Payment Standards are established based upon local market conditions following analysis of local sub-market trends/projections and KCHA resources. The ability to quickly respond to changing conditions helps ensure the percent of residents leasing units in low-poverty neighborhoods is not adversely impacted in a tight rental market.

**Baseline:** FY 2006: HCV units in exception rent neighborhoods = 992

FY 2006: 11.7% of HCV units in exception rent neighborhoods

**Benchmarks:** FY 2010: 1,032 (1% annual increase in HCV units sited in exception rent neighborhoods)

**Metrics:** # HCV units; # HCV units in identified exception rent neighborhoods

**Benchmarks Attained/On Track?** Yes. At the end of FY 2010, KCHA’s combined deconcentration efforts had resulted in raising the number of Section 8 program participants residing within designated “exception rent” areas to 1,716 households – or 17.9 percent of all Tenant and Project-based households served. Adjusting for program growth, the share of HCV households renting in targeted exception rent neighborhoods has increased

more than 53 percent since FY 2006.

Modified Benchmarks/Metrics/Data? None

Authorization(s): **MTW Use of Funds (Attachment D, item A);** and Attachment C, Item D.2.a **allow KCHA to determine Payment Standards locally.**

#### ACTIVITY 5: Modified HQS Inspection Protocols

Cross Reference to MTW Plan: Items 56-61, 73

Plan YR: 2004 – 2007

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** Through a series of Section 8 program modifications; this initiative is designed to streamline the HQS inspection process in order to streamline program administration and increase cost effectiveness. Specific policy changes include: (1) Ability to release HAP payments when a unit fails an HQS inspection due to only minor deficiencies – initially implemented (2004) to cover only Annual HQS inspections, but modified in 2007 to include inspections completed at initial move-in; (2) Allow KCHA to cluster inspections to reduce repeat trips to the same neighborhood. Under this FY 2006 modification, annual inspections can be set to be completed as early as 8 months after initial set-up or delayed until 20 months after initial occupancy in order to align the inspection with others due in the same neighborhood.

**Baseline:** Approximately 50% units require Re-inspection  
Inspections adjusted through Clustering = 0  
Staff Hrs Saved: 0

**Benchmarks:** 50% fewer units require re-inspection  
Inspections adjusted through clustering = 50/mo  
Staff Hrs Saved: 700

**Metrics:** Inspections completed; Inspections failed; Inspections reset under cluster model; Staff hrs to complete inspections

**Benchmarks Attained/On Track?** Yes. KCHA has achieved significant savings through the realignment of its inspections processes. Savings generated through modified inspection standards that allow KCHA to forego re-inspection follow-up of minor unit deficiencies totaled 742 staff hours and produced 52.4% fewer re-inspections in FY 2010. Since implementing this initiative in FY 2007, KCHA has accumulated savings equal to 2,837 staff hours. Reductions in staff hours dedicated to the re-inspection process have allowed KCHA to reassign Inspector duties and increase case loads as KCHA's HCV unit inventory increased – ensuring that KCHA's ability to meet

performance standards remains high without the need for additional staff.

Modified Benchmarks/Metrics/Data? No

Authorization(s): Attachment C, Item D.5 allows KCHA to implement a local system for certifying units meet HQS standards.

ACTIVITY 6: Develop a Sponsor-based Housing program

Cross Reference to MTW Plan: Item 14 Plan YR: 2007

Statutory Objective: Increase Housing Choice

Description: To reduce barriers to access for chronically mentally ill, homeless individuals, this initiative establishes a Sponsor-based housing program. Using the MTW Block grant, KCHA provides housing funds directly to designated service provider partners who use the funds to secure private market rentals that are sub-leased to program participants. Tenant selection and eligibility screening are completed by the service provider using streamlined protocols. Under the pilot program established in 2007, an initial allotment to provide housing for 25 individuals, plus funding for basic household furnishings was provided via KCHA.

Baseline: 0 Households

Benchmarks: FY 2008: 25 households  
FY 2011: 147 Households

Metrics: # Households assisted

Benchmarks Attained/On Track? Yes. KCHA's initial program allotment of 25 units was successfully leased by the end of FY 2008. As of FYE 2010, KCHA was assisting a total of 130 households through the Sponsor-based program. However, extensive budget cuts, affecting many County supported service providers, have affected the ability for KCHA's partner agencies to extend service support for the Sponsor-based program at the levels envisioned in FY 2009 and FY 2010. As a result, near the end of FY 2010, KCHA determined the need to ratchet back the number of overall units available under the program slightly – shifting under-utilized block grant funding to KCHA's larger Project-based Permanent Supportive Housing program - ensuring units remained available to assist targeted at-risk clientele. KCHA projects that during FY 2011 the Sponsor-based program will provide housing for a total of 147 individuals.

Modified Benchmarks/Metrics/Data? None

Authorization(s): MTW Use of Funds (Attachment D, item A); Single Fund Budget (Attachment C, item B.1 and Attachment D, Item C.1); and Attachment C, Item B.2 allow funding to support this initiative.





## ACTIVITY 7: Streamlining PH and S8 Forms/Data processing

Cross Reference to MTW Plan: Items 16-17, 51-53, 62-66, 68, 71, 74

Plan YR: 2004 - 2010

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** Policy modifications under this proposal are designed to simplify program administration by removing non-value added activity from the daily work load and/or replacing HUD forms and verification processes that provide little or no value and slow down program administration. Through the use of lean engineering techniques KCHA reviewed office protocols and identified ways in which tasks could be accomplished more effectively, while requiring less intrusion into participant's lives. Under this initiative, KCHA has implemented changes as follows:

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>• Exclude payments made to a landlord by a state agency (DSHS) on behalf of a tenant from the income and rent calculation under the Section 8 program</li></ul> | <ul style="list-style-type: none"><li>• Allow Section 8 residents who are at \$0 HAP to Self-certify income at time of review</li></ul>   |
| <ul style="list-style-type: none"><li>• Modify Section 8 policy to require notice to move prior to the 20th of the month in order to have paperwork process during the month</li></ul>                | <ul style="list-style-type: none"><li>• Allow Section 8 residents to self-certify \$50 or less received as a pass through from DSHS childcare subsidy</li></ul>                           |
| <ul style="list-style-type: none"><li>• Allow applicant households to self-certify membership in the family at time of admission.</li></ul>   | <ul style="list-style-type: none"><li>• Allow Section 8 households to self-certify preference when income is below 75% of 30% of AMI)</li></ul>   |
| <ul style="list-style-type: none"><li>• Eliminate verification of SSN for all household members under age 18 (removed due to EIV/PIC reporting requirements)</li></ul>                                | <ul style="list-style-type: none"><li>• Extend the term over which verifications are considered valid to 180 days</li></ul>   |
| <ul style="list-style-type: none"><li>• Modify the HQS inspection form to allow streamlined processing of inspection data</li></ul>   | <ul style="list-style-type: none"><li>• Modify definition Income to exclude Income from Assets whose value is less than \$50,000 and Resident Service Stipends of \$500 or less</li></ul> |

**Baseline:** Average # HCV Units / FTE – FY 2003 = 157  
MTW Modified forms/processes – FY 2003 = 0  
Staff hrs saved through streamlining - FY 2004 = 0

**Benchmarks:** FY 2010: Average # HCV Units/FTE = 165  
FY 2012: MTW modified forms/processes = 15  
FY 2012: Staff hrs saved through streamlining = 2,000

**Metrics:** # HCV Units; # HCV staff; # of forms modified/eliminated; Time to process single verification;

**Benchmarks Attained/On Track?** Overall, yes. KCHA's Section 8 program, which in FY 2010 assisted more than 10,000 households has benefited substantially from efforts to remove non-value added activity from staff workloads. Streamlining of essential Section 8 program protocols such as those shown above have been the driver in KCHA's ability to absorb an additional 3,000 HCV units into its Section 8 inventory without a substantial up-tick in personnel. In FY 2010, KCHA's HCV staff caseloads averaged 164 units per employee – just slightly below the established target of 165 - resulting in increased cost effectiveness of KCHA operations. To date, KCHA has identified and implemented policies that reduce program administration in 10 separate areas and additional work is underway to reach its FY 2012 goal of 15. In FY 2012, KCHA intends to survey HCV and PH staff in order to measure savings in production time against estimates prior to implementation of simplification and streamlining efforts.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Attachment C, Items C.4, C.9, D.1 and D.2 **allow KCHA to modify program protocols, replace standardized forms, and modified policies as described above.**

ACTIVITY 8: Remove cap on voucher utilization

Cross Reference to MTW Plan: Item 45 Plan YR: 2007

**Statutory Objective:** Increase Housing Choice

**Description:** In order to increase housing choice and respond to the growing demand for affordable housing among low income populations this initiative was implemented using MTW program block grant funding. The initiative funded up to 350 units of additional HCV funding to KCHA clients when established in 2007, but was later reduced to 275 HCV units.

**Baseline:** 0 Units

**Benchmarks:** FYE 2010 = 275 units of housing

**Metrics:** # units HUD authorized units; # units leased

**Benchmarks Attained/On Track?** Yes. At the end of FY 2010, resources allocated under this initiative were assisting a total of 306 households above KCHA's HUD established baseline.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Single Fund Budget (Attachment C, item B.1.b and Attachment D, Item C.1) **allows KCHA to fund additional vouchers.**





## ACTIVITY 9: Rent Reasonableness modifications

Cross Reference to MTW Plan: Items 47, 48 Plan YR: 2004

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** Under HUD regulations, completion of a Rent Reasonableness review is required annually, in conjunction with each recertification completed under the program. KCHA's MTW-revised policies consider that if an owner has not requested a rent increase, it is unlikely a RR review will find that the current rent does not fall within established guidelines. Therefore, much of the time expended to complete annual RR reviews is of little value. In eliminating the requirement to complete RR inspections where no increase in rent has been requested, KCHA has the potential to attain considerable savings in staff time and expense. As a result, KCHA has streamlined the Rent Reasonableness process by (1) allowing KCHA to complete RR determinations only when the Landlord requests a rent increase – rather than annually; and (2) allowing KCHA to perform Rent Reasonableness inspections at KCHA-owned properties – rather than contracting with a 3rd party.

**Baseline:** 9,268 Recertifications requiring RR reviews  
Staff Hrs. to complete@ 10 min ea = 1,545 hrs

**Benchmarks:** FY 2010: 75% reduction in RR Reviews  
75% reduction in Staff Hrs

**Metrics:** # Recertifications; Staff Hrs

**Benchmarks Attained/On Track?** Yes. Although the level of KCHA gains from this initiative will vary based upon the number of owners annually who request a rent increase, since implementing the described changes KCHA has continued to produce savings through a reduction in its non-value added work load. In FY 2010, KCHA completed a total of 9,268 Recertifications; however, a rent increase was requested for just 1,332 (14.4%) of the renewals completed. As a result, FY 2010 savings totaled 1,323 staff hours – an 85.4 percent reduction in RR reviews completed compared to that required following standard HUD protocols. Accumulated savings over the last four years have reached 4,029 hours – nearly the equivalent of two full-time staff.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Attachment C, Items C.2 .b and C.2.c **allow KCHA to modify HUD's process for determining Rent Reasonableness as described above.**

## ACTIVITY 10: EASY Rent Policy

Cross Reference to MTW Plan: Items 10, 76 Plan YR: 2008

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** Implemented in FY 2008, KCHA's EASY Rent policy included PH, HCV and PBS8 program and policy changes for Elderly and Disabled households living on a Fixed Income. The initiative was designed to streamline KCHA operations through the implementation of triennial reviews and modified use of income and deduction calculations. EASY Rent clients are those for whom 90% of income is derived from a fixed source such as Social Security, SSI, GAU, or Pension benefits. In exchange for elimination of the standard \$400 Elderly Family deduction and limited Medical/Handicapped Assistance deductions, in FY 2008 rent was set at 28.3% of adjusted gross income. Recertification reviews were established for a three year cycle, with annual adjustments to rent based upon COLA adjustments to Social Security and SSI only completed in the intervening years. In FY 2010, in conjunction with WIN Rent program changes discussed below, KCHA further modified the EASY Rent program guidelines – reducing the percent of income charged for rent to 28% and establishing deductions for Medical/Handicapped expenses in \$2,500 bands, with a cap on deductions at \$10,000. Per KCHA's MTW program agreement, a Hardship Policy is incorporated into the WIN Rent policies adopted in July 2010. The policy is designed to allow KCHA to respond to unique household circumstances and documented cases of hardship in order to provide tenant's relief from KCHA's locally designed rent reform activities. In FY 2010, Hardship relief was sought by just 2 households. **In both cases, file reviews completed found that a change in family circumstances, independent of KCHA's modified rent protocols, had caused the tenant rent to increase. As a result, neither tenant was granted the relief requested..**

**Baseline:** # of Recertification Reviews in YR 3 (TBD)  
Staff Hrs to Complete Recertification in YR 3 (TBD)

**Benchmarks:** FY 2012: 20% Reduction in Full Recertifications  
FY 2012: 20% reduction in Staff Hrs

**Metrics:** # of Recertification Reviews completed; Staff Hrs to complete Recertification reviews.

**Benchmarks Attained/On Track?** Yes. Revised policies were implemented in late FY 2008. However, initial and ongoing file audits completed in FY 2010 indicated the need for further staff training and follow-up regarding policy changes and implementation of program requirements.

**Modified Benchmarks/Metrics/Data?** None

**Authorization(s):** Amended Agreement, Section III; Attachment C, Items C.4 and C.11 and D.1.c and D.2 **as allows changes to HUD rent policies as described above.**

## ACTIVITY 11: WIN Rent Policy

Cross Reference to MTW Plan: Items 46, 76 Plan YR: 2008

**Statutory Objective:** Give incentives to families to increase economic self-sufficiency

**Description:** In FY 2010, KCHA completed a multi-year process that resulted in adoption of revised rent policies for working and work-able households. As a follow-up to the EASY Rent policy adopted in FY 2008, KCHA developed the WIN Rent program in order to establish a rent policy and system that would encourage economic self-sufficiency among families considered eligible for work (households not living on a fixed income). Under revised WIN Rent rules, deductions other than childcare for eligible households, flat rents and income disregards are eliminated. Employment income of household members under age 21 is excluded from the rent calculation. Household rent is based upon a series of income bands and rent does not change until household income increases to the next band level. Rent for each income band is set at 28.3% of the low end of each income grouping. Deductions are phased out entirely for households with income above \$75,000. For households with little or no income, a true minimum rent of \$25 applies following a 6 month window at a lower (or credit) rent, during which time the family is expected to seek assistance and/or income restoration. Annual Recertification of WIN Rent households is replaced with Recertification every 2 years (Biennially). Integrated into the changes are revised interim review policies designed to streamline processing and limit the number of interim reviews required. As adopted, tenant requested interims to reduce rent are limited to two in a 2-year period. Final policies adopted by KCHA are designed to encourage families to transition to private market housing and increase positive graduation rates among HCV and PH households. Per KCHA's MTW program agreement, a Hardship Policy is incorporated into the WIN Rent policies adopted in July 2010. The policy is designed to allow KCHA to respond to unique household circumstances and documented cases of hardship in order to provide tenant's relief from KCHA's locally designed rent reform activities.

**Baseline:** # of Positive Graduations from PH / Section 8 = TBD  
WIN Rent Avg Hshld Income – PH = \$21,392  
WIN Rent Avg Hshld Income – S8 = \$11,924

**Benchmarks:** FY 2012: Positive Graduations = 10% increase  
FY 2015: Avg WIN Rent Hshld Income – PH = **\$22,461** (+5%)  
FY 2015: Avg WIN Rent Hshld Income – S8 = **\$12,520** (+5%)



**Metrics:** # Positive Graduations from PH/Section 8; Average Household income

**Benchmarks Attained/On Track?** Yes, on track. Staff training is currently underway with full implementation expected in FY 2011. Baseline data will be established at the end of FY 2011 - initial results reported at FYE 2012.

**Modified Benchmarks/Metrics/Data?** None

**Authorization(s):** Amended Agreement, Section III; Attachment C, Items C.4 and C.11 and D.1.c and D.2 **as described above.**

#### ACTIVITY 12: Modified Rent Cap for Section 8 HCV Set-ups

Cross Reference to MTW Plan: Item 18 Plan YR: 2005

**Statutory Objective:** Increase Housing Choice

**Description:** In an effort to provide greater housing choice, this initiative modifies the HUD calculation that caps the percent of income a Section 8 participant may pay toward rent when initially entering a lease for a unit on the Section 8 program. In lieu of the current standard, which requires tenant rent to be capped at 40 percent of adjusted income, KCHA allows program participants to pay up to 40 percent of GROSS Income toward the rent upon initial lease of a rental unit. The measure is intended to assist residents in leasing a unit under the program and providing participants with greater choice in their living environment.

**Baseline:** Households paying above 40% of AGI at lease-up = 0

**Benchmarks:** This item was completed in FY 2005.

**Metrics:** # of new Section 8 Lease-ups

**Benchmarks Attained/On Track?** This item was implemented in FY 2005. All new lease-ups to the Section 8 program are allowed to pay up to 40 percent of Gross Income toward rent at initial occupancy.

**Modified Benchmarks/Metrics/Data?** None

**Authorization(s):** Attachment C, Item D.2 **as described above.**



### ACTIVITY 13: ESCo Development

Cross Reference to MTW Plan: Item 12 Plan YR: 2004

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** This initiative used KCHA's single fund budget to support KCHA operation as its own Energy Services Corporation (ESCo) in order to install energy savings measures on KCHA owned/controlled facilities – rather than contracting with an outside agency to perform these services. The ability to act as its own ESCo provides KCHA with greater return on its investment and greater control of the work performed.

**Baseline:** N/A

**Benchmarks:** This item was completed in 2004.

**Metrics:** N/A

**Benchmarks Attained/On Track?** This item was completed in 2004.

Operating as its own ESCo, KCHA has sought to stretch its limited financial resources and effectively reduce its environmental footprint. Through the implementation of water savings measures KCHA has completed over \$4 million in energy reduction improvements to its Public Housing inventory – reducing water consumption more than 40 percent. At the same time, progress under the ESCo helped spur KCHA's larger efforts to integrate "green" thinking into almost every aspect of KCHA operations. By FY 2010, green engineering techniques were incorporated into project design, renovation and new construction activities. In addition, resource conservation plans were being generated on a building by building basis and tenants and staff had become active participants in KCHA's Authority-wide recycling program.

**Modified Benchmarks/Metrics/Data?** None

**Authorization(s):** Single Fund Budget (Attachment C, item B.1.b) and MTW Use of Funds (Attachment D, Item A) **have allowed KCHA to use MTW block grant funds to support this initiative.**



#### ACTIVITY 14: Develop a local Asset Management Funding Model

Cross Reference to MTW Plan: Item 9 Plan YR: 2007

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** This initiative streamlines HUD requirements to track budget expenses and income down to the AMP level and allows KCHA to provide the financial resources to support site operations up front – rather than making end-of-year adjustments to project financial statements.

**Baseline:** N/A

**Benchmarks:** This item was completed in 2007.

**Metrics:** N/A

**Benchmarks Attained/On Track?** Yes. This item was completed in 2007.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Amendment 1, Item 6.F.1 and Single Fund Budget (Attachment C, item B.1.b) **provide KCHA the ability to establish its own process for assigning MTW funds to support AMP level operations as outlined above.**

#### ACTIVITY 15: Combined Program Management

Cross Reference to MTW Plan: Items 4, 6, 19 Plan YR: 2008

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** This initiative streamlines program administration for units operated in a mixed finance setting – including former PH developments that have undergone substantial revitalization supported with PBS8 funding rather than through the standard mixed finance scenario. In general, where KCHA has substituted PBS8 assistance for some or all of the units in order to facilitate revitalization of a PH development, management practices are intended to mirror the Public Housing program in order to lessen the impact upon KCHA clients. However, in some cases, leveraged funding received is linked to unit occupancy and use restrictions that differ from HUD and/or KCHA requirements. In such cases, this initiative allows KCHA to modify PH, Section 8 and PBS8 program rules as necessary to conform to meet covenants or restrictions of other funding sources such as the LIHTC program or other Federal, State or Local program. Conforming program rules in this manner allows KCHA to operate mixed finance developments under a single set of policies, resulting in more streamlined alternatives to the layered management model, while ensuring to the greatest extent possible that all residents are treated equally – regardless of

the program under which any particular apartment is supported.

- Modify program eligibility and unit size assignment as needed to meet covenants of LIHTC or other Federal, State or Local program relating to unit eligibility or to meet special targets program goals (i.e. % of units rented to large households, etc.).
- Allow KCHA to cap development eligibility to conform to the lower of 80% of AMI or the maximum income threshold of LIHTC or Federal, State or Local program in order to comply with program requirement of partner Agency/Funder.
- Modify KCHA/ HUD requirements regarding allowable unit use (i.e. use as a dwelling vs. operation of a childcare facility or business) in order to adhere to covenants and use requirements of a mixed finance property or former PH site that has undergone revitalization.

**Baseline:** Units under Combined Mgmt Model = 0

**Benchmarks:** 100% of units in Mixed Finance sites operated under a combined program model

**Metrics:** # units

**Benchmarks Attained/On Track?** Yes. KCHA has transitioned all mixed finance and PH revitalized units to this approach – resulting in a total of 1,149 units with a mix of Public Housing, Project-based Section 8, Tenant-based Section 8 and LIHTC funding sources operating under the combined program management model. Additional units, such as those currently under construction in KCHA's HOPE VI revitalization projects at Greenbridge and Seola Gardens, are in the pipeline.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Attachment C, Item B.2 provides flexibility described above.

#### ACTIVITY 16: Section 8 Occupancy Requirements

Cross Reference to MTW Plan: Item 20 Plan YR: 2004

**Statutory Objective:** Increase Housing Choice; Reduce costs and achieve greater cost effectiveness

**Description:** This initiative allows households to remain in occupancy in their current unit when their family size exceeds standard occupancy requirements by 1 member. For example, under standard guidelines, a 7 person household living in a 3 bedroom unit would be considered overcrowded and required to move to a larger unit. Under KCHA's MTW-modified policy, the household would not be required to move, but could

remain in the current unit, avoid the costs and disruption of moving and retain subsidy at the current level. This initiative increases the amount of choice provided to the household, while reducing KCHA expenses relating to program administration through a reduction in the number of unit moves processed annually.

**Baseline:** # of HCV participants in overcrowded unit = 0  
Time to process HCV move = 3 hrs / file

**Benchmarks:** # Moves required due to 2+1 overcrowding = 0  
Reduction in time to process HCV move = 3 hrs / file

**Metrics:** # Households remaining in overcrowded units; Staff hrs to process unit moves

**Benchmarks Attained/On Track?** Yes. Modified policies were implemented in 2004 and remain in place for all Section 8 program participants. At the end of FY 2010, a total of 168 households resided in units although their family size exceeded standard occupancy requirements by a single applicant. Allowing these program participants to exercise choice and remain in their current unit has allowed KCHA to re-allocate over 500 hours of staff time to more urgent needs.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Attachment C, Items D.3 and D.4 **as described above.**

#### ACTIVITY 17: Single Person Eligibility

Cross Reference to MTW Plan: Items 43, 55 Plan YR: 2008

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** This initiative seeks to reduce wait list administration by restricting eligibility of single persons who do not otherwise qualify as elderly, near-elderly, disabled or displaced. Under HUD program rules applications are taken from all interested parties and then ranked on the waiting list according to KCHA established priorities. As such "other" single persons can apply for housing, but receive the lowest ranking on the waiting list and are subsequently "bumped" down the waiting list by new applicants who qualify under KCHA's housing priorities. The amount of administration directed at maintaining applications for those who will rarely, if ever, be selected for tenancy detracts from KCHA's ability to effectively manage its waiting lists and misleads applicants into thinking they will eventually get to the top of the waiting list.







**Baseline:** # of Single Person (ineligible) applicants: 694  
Hrs to administer ineligible applications = 4,164

**Benchmarks:** FY 2008: # of Single Person (ineligible) applicants = 0  
FY 2008: Hrs to administer ineligible applications = 0

**Metrics:** Staff Hrs; # Applications

**Benchmarks Attained/On Track?** Yes. This initiative is complete. Policy changes implemented in 2008 remain in place.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Attachment C, Item C.2 allows KCHA to modify eligibility criteria and deny applications for single persons as described above.

#### ACTIVITY 18: Resident Opportunity Plan (ROP)

Cross Reference to MTW Plan: Item 49 Plan YR: 2007

**Statutory Objective:** Provide incentives for families with children to encourage economic self-sufficiency

**Description:** An expanded and locally designed version of the FSS program, KCHA's ROP program began enrolling households in May 2009. The program seeks to advance families towards self-sufficiency through the provision of case management, support services and program incentives leading to positive transition from Public Housing or Section 8 into private market rental or homeownership. The ROP seeks to provide gains in resident education, job skills, employment and income and includes a youth employment program that connects participating youth with educational and employment development services. The 5-year ROP program is operated in partnership with community partners including Bellevue College and the YWCA. Under the program, participant rent is calculated according to established KCHA policy. In lieu of a standard FSS escrow account, each household receives a monthly stipend upon enrollment and continuing throughout program participation. Deposits to the household savings account may be withdrawn for specific program purposes (as defined by KCHA) or will be made available to residents upon ROP goal completion and graduation from Public Housing or Section 8 subsidy. Funded through the use of KCHA's MTW reserves, the ROP program seeks to assist up to 100 households over the 5-year term.

**Baseline:** # Households = 0  
# Graduates = 0

**Benchmarks:** May 2011: 50 Households enrolled  
May 2014: 70 Graduated Households

Metrics: # Participants; # Graduates

**Benchmarks Attained/On Track?** Yes. By the end of FY 2010, the ROP program had enrolled a total of 48 households – meeting 94% the established full program enrollment goal within 18 months. KCHA anticipates attaining the YR 2 benchmark of 50 household prior the deadline of May 2011. Among the 48 ROP participants during FY 2010, 43 households were active enrollees working toward self-sufficiency goals, while 3 families had completed program goals and successfully transitioned to non-subsidized housing. Just two households had been unable to meet program requirements and had terminated their ROP participation. Three households had submitted applications and were awaiting ROP program entry.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Single Fund Budget (Attachment C, item B.1.b) and Use of Funds (Attachment D, Item A) allow KCHA to allocate funding for ROP program operations .

#### ACTIVITY 19: Section 8 Program Eligibility

Cross Reference to MTW Plan: Item 54 Plan YR: 2007

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** Allows KCHA to restrict program access for applicant households who currently participate in a Federal Subsidy program. This initiative helps ensure KCHA resources are directed to assisting those most in need – allowing KCHA to deny an application from a currently assisted household rather than the standard practice of accepting the application, but assigning no preference on the waiting list. As such, KCHA benefits from streamlined application processing (processing only those who are truly eligible) and wait list management.

**Baseline:** N/A

**Benchmarks:** This item was completed in 2007.

**Metrics:** N/A

**Benchmarks Attained/On Track?** Yes. This item was completed in 2007.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Attachment C, Item C.4

#### ACTIVITY 20: Ross Grant Homeownership program

Cross Reference to MTW Plan: Item 52 Plan YR: 2004

**Statutory Objective:** Provide incentives for families with children to encourage economic self-sufficiency

**Description:** This initiative combined a KCHA ROSS Grant received in FY 2004 with funding through KCHA's MTW Single Fund budget to assist households attain homeownership. Modified program rules allowed use with Public Housing assisted households in addition to Section 8 participants and use of funds for downpayment assistance for participating households.

**Baseline:** 0

**Benchmarks:** FY 2007: 30 households graduated to homeownership. **This item is complete - it will not be shown in this section in future Plans/Reports..**

**Metrics:** # graduates to homeownership

**Benchmarks Attained/On Track?** Yes. This item was completed in 2007. KCHA exceeded projections with a total of 72 households exiting the Public Housing and Section 8 programs by the end of FY 2007.

**Modified Benchmarks/Metrics/Data?** No

**Authorization(s):** Single Fund Budget (Attachment C, item B.1.b) **as described.**

#### ACTIVITY 21: Utility Allowances – PH and Section 8

Cross Reference to MTW Plan: Item 67 Plan YR: 2007

**Statutory Objective:** Reduce costs and achieve greater cost effectiveness

**Description:** In conjunction with KCHA's Rent Policy initiative, KCHA investigated methods of streamlining HUD rules relating to Utility Allowances provided under Public Housing and Section 8 program regulations. KCHA wanted to produce savings through simplified calculations of amounts that could be universally applied to Section 8 and Public Housing units in order to create uniformity between programs and ensure equal treatment of program participants. Working with data available through a Seattle City Light study (completed in late 2009) KCHA was able to identify key factors relating to household energy use and produce average anticipated consumption amounts for units in the Puget Sound Region. Factors applied to KCHA's utility consumption calculation included: Type of Unit (Single vs. Multi-family apartments), Size of Unit and Utility Provider. A supplement is added to calculated allowances for units in which the resident is required to pay water or sewer. Implementation of the revised amounts, re-labeled Energy Assistance Supplements,

were rolled out beginning in November 2010. In addition to simplifying utility schedules, KCHA modified HUD rules regarding how allowances are updated (annually rather than with each cumulative 10% increase for PH units). Modified allowances are applied to tenant accounts at the next recertification. As shown below, this initiative has the potential to contribute considerable savings to KCHA.

Baseline: Staff Hrs to Update Allowances – S8 = 24 @ \$40/hr  
Staff Hrs to Update Allowances – PH = 64 @\$40/hr;  
300 @ \$25/hr

Total Cost to Implement 1 Rate Change: \$12,080

Time to calculate individual client UA \$ - S8 =  
22 min x 10,718 @ \$25/hr

Time to calculate individual client UA \$ - PH =  
10 min x 2,372 @ \$25/hr

Annual Hrs to determine client UAs = 259,516 /60 =  
4,325 hrs

Extended Annual Costs to determine client UAs =  
\$108,132

Benchmarks: FY 2011: 75% Reduction in Time/Costs to Update/  
Implement EAS Tables

FY 2012: 50% Reduction in Time to Determine  
EAS amounts / client

Metrics: Staff Hrs to Update and Implement EAS Tables; Time (min.)  
to determine EAS per client

Benchmarks Attained/On Track? Yes.

Modified Benchmarks/Metrics/Data? No

Authorization(s): Amended Agreement, Section III; Attachment C, Items C.11  
and D.2 **to develop a local system for establishing utility allowances.**





## SECTION VII. SOURCES and USES of FUNDING

### A. SOURCES AND USES OF MTW FUNDS

As an MTW Block Grant agency, KCHA combines all Public Housing Operations, Capital and Section 8 program resources into a single fund with full funding flexibility. The tables below, presented in the format required under KCHA's MTW Agreement with HUD, compare anticipated sources and uses of funds shown in KCHA's FY 2010 MTW Annual Plan with actual expenditures during the fiscal year beginning January 1, 2010 and ending December 31, 2010.

Table VII.A.1: SOURCES OF MTW Funds

Sources of MTW funds	Planned Amount	Actual Amount
HCV block grant	\$ 84,048,000	\$ 88,974,000
Public Housing subsidy	\$ 8,372,000	\$ 7,425,000
Public Housing rental income	\$ 5,637,000	\$ 5,544,000
Public Housing non-rental income	\$ 135,000	\$ 307,000
Public Housing Capital Fund	\$ 4,100,000	\$ 6,993,000
Interest income	\$ 590,000	\$ 426,000
<b>Total</b>	<b>\$ 102,882,000</b>	<b>\$ 109,669,000</b>



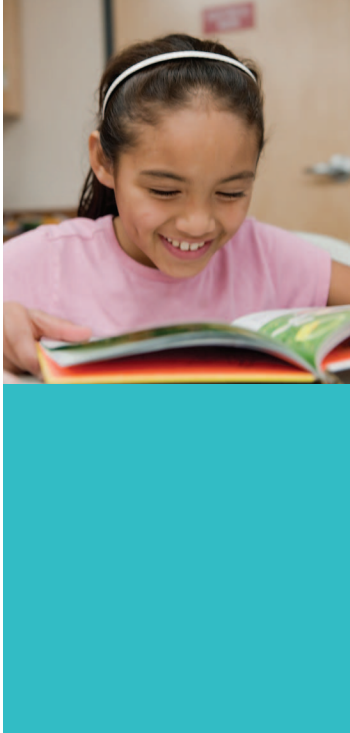


Table VII.A.2: USES OF MTW Funds

Uses of MTW funds	Planned Amount	Actual Amount
HCV Program Operations	\$ 71,488,000	\$ 74,142,000
Sponsor-based Program Operations	\$ 1,600,000	\$ 809,000
Public Housing Program Operations	\$ 9,419,000	\$ 9,425,000
Public Housing Rehabilitation	\$ 7,000,000	\$ 6,822,000
Resident Service Activities	\$ 1,878,000	\$ 2,348,000
Site and Facility Utilities	\$ 2,277,000	\$ 2,435,000
Provision/Acquisition of New Affordable Housing	\$ 6,403,000	\$ 755,000
Debt Repayment	\$ 256,000	\$ 360,000
Computer System Upgrade – FY 2010 installation	\$ 1,700,000	\$ 0
MTW Program Administration	\$ 503,000	\$ 563,000
Misc. Development Costs	\$ 260,000	\$ 183,000
Other Misc. Operations	\$ 98,000	\$ 208,000
<b>Total</b>	<b>\$ 102,882,000</b>	<b>\$ 109,669,000</b>

As detailed in KCHA's FY 2010 MTW Annual Plan, "Planned" Sources and Uses of funds cannot be precisely established due to timing differences between the MTW Annual Plan's submission to HUD and final approval of the consolidated Annual Budget by KCHA's Board of Commissioners. As a result, some variation between "Planned" and "Actual" amounts naturally occurs and is reflected in the tables above. In particular, the following impacted KCHA's year-end results:

- HCV funding exceeded forecasts due to the inclusion of another increment in KCHA's block grant and a higher per unit award than had been included in initial calculations.



- Actual per unit costs of vouchers exceeded estimates by approximately \$50; this was partially offset by a lower need for per unit administrative fees. The Plan had estimated that KCHA would require \$70 per unit for program support whereas the actual need was \$63. Incremental, non-block grant vouchers provided additional fee revenue which reduced the fee required overall from the block grant program.
- Public Housing Operating subsidy was estimated based on 2009 levels. In CY 2010, HUD's Operating subsidy formulas were updated to require use of current tenant rents in the subsidy calculation in place of rents fixed at 2004 levels. This had the effect of reducing KCHA's gross eligibility for subsidy for standing units from \$8.5 million to \$7.1 million.
- The Public Housing Capital Fund line items reflect estimated receipt and utilization of grant funds and may be more or less than current year awards depending on the level of rehabilitation and repairs able to be undertaken in any given year.
- The Sponsor-based program supports a formerly homeless, special-needs population that would otherwise not qualify for housing assistance. Residents are very hard to house, due to client resistance and difficulties in locating appropriate units with sufficient services. In CY 2010, local funding cuts reduced the availability of services and service agencies had difficulty leasing units. To ensure adequate housing resources remained available, some Sponsor-based clients were relocated to Pacific Court, KCHA's Public Housing development designated to serve this same population – resulting in lower expense levels for the Sponsor-based program than previously projected.
- With the severe funding cuts made by State and local governments, KCHA stepped in to maintain some level of funding for our on-site service agencies. In CY 2010, KCHA estimates that it allocated approximately \$450 thousand for this purpose.
- KCHA annually builds into its budget funding for housing acquisition opportunities. In CY 2010 KCHA was successful in leveraging additional local funds to support acquisitions.
- Although KCHA did implement its new financial software system, it ultimately funded it from COCC sources. Variances between anticipated and actual expenditures can be attributed to changes in projected system implementation, as well as changes that occur as a result of timing differences between submission of KCHA's MTW Annual Plan and final FY Budget approval by the Board of Commissioners.

## B. SOURCES AND USES OF STATE AND LOCAL FUNDS

Table VII.B.1: SOURCES of STATE and LOCAL Funds

Sources of State/Local funds	Planned Amount	Actual Amount
City of Bellevue CDBG Grant	\$ 442,944	\$ 297,637
King County CDBG Grant	\$ 350,000	\$ 24,082
Washington State Dept of Commerce	\$ 2,659,472	\$ 12,194,526
Puget Sound Energy	\$ 1,088,000	\$ 2,775,965
Other	--	\$ 226,194
<b>Total</b>	<b>\$ 4,540,416</b>	<b>\$ 15,518,404</b>

Table VII.B.2: USES OF STATE and LOCAL Funds

Uses of State/Local funds	Planned Amount	Actual Amount
Agency-managed housing operations	\$ 1,058,636	\$ 7,538,772
Home Repair & Weatherization	\$ 3,481,780	\$ 7,753,438
Other	---	\$ 226,194
<b>Total</b>	<b>\$ 4,540,416</b>	<b>\$ 15,508,401</b>

## C. SOURCES AND USES OF CENTRAL OFFICE COST CENTER FUNDS

Table VII.C.1: SOURCES of CENTRAL OFFICE COST CENTER Funds		
Sources of COCC funds	Planned Amount	Actual Amount
Public Housing Management Fee	\$ 1,652,000	\$ 1,736,000
Public Housing Bookkeeping Fee	\$ 713,000	\$ 720,000
Public Housing Asset Management Fee	\$ 1,156,000	\$ 1,159,000
CFP Management Fee	\$ 350,000	\$ 1,318,000
HCV Management Fee	\$ 1,403,000	\$ 1,538,000
Regional Maintenance charges	\$ 2,326,000	\$ 2,072,000
Grant Income - CFP	\$ 1,875,000	\$ 558,000
Investment income-operating	\$ 328,000	\$ 158,000
Conduit loan fees	\$ 148,000	\$ 144,000
Misc income	\$ 3,000	\$ 910,000
Cash transfers from locally-owned properties	\$ 2,697,000	\$ 4,905,000
Incoming payments on note receivable	\$ 61,000	\$ 285,000
Total	\$ 13,589,000	\$ 16,463,000

## C. SOURCES AND USES OF CENTRAL OFFICE COST CENTER FUNDS

Table VII.C.2: USES of CENTRAL OFFICE COST CENTER Funds		
Uses of COCC funds	Planned Amount	Actual Amount
Administrative Salaries	\$ 5,053,000	\$ 5,485,000
Administrative Benefits	\$ 1,515,000	\$ 1,389,000
Supplies & Equipment	\$ 360,000	\$ 258,000
Professional Services	\$ 690,000	\$ 329,000
Travel & Training	\$ 331,000	\$ 281,000
Communications	\$ 344,000	\$ 116,000
Insurance	\$ 38,000	\$ 60,000
Other Administrative Expenses	\$ 263,000	\$ 262,000
Maintenance salaries	\$ 1,319,000	\$ 1,282,000
Maintenance benefits	\$ 472,000	\$ 470,000
Utilities	\$ 73,000	\$ 59,000
Other Facility Expenses	\$ 80,000	\$ 176,000
Computer System	\$ 2,500,000	\$ 957,000
Other capital purchases	\$ 220,000	\$ 7,000
Long Term Loans for Development	---	\$ 4,137,000
Transfer to vehicle replacement fund	\$ 25,000	\$ 0
Debt Service Payment on CO Building	\$ 116,000	\$ 129,000
<b>Total</b>	<b>\$ 13,399,000</b>	<b>\$ 15,396,854</b>



## D. CHANGES IN COST ALLOCATIONS FROM 1937 ACT REGULATIONS

To date, KCHA has not implemented any changes from 1937 Act Regulations regarding cost allocations.

## E. USES OF SINGLE FUND FLEXIBILITY

KCHA has utilized funding flexibility of the MTW Block grant across traditional lines to fund a number of MTW activities. The following is a listing of major activities where single-fund budget authority has assisted KCHA in the development of innovative programs to meet the housing needs of the local jurisdiction:

- KCHA's Sponsor-based program (formerly known as Provider-based) implemented in 2007 enables the County's most vulnerable households – chronically, mentally-ill individuals who would not likely find success in a traditional subsidized housing environment - to access safe, secure housing with wrap-around supportive services designed to break the cycle of homelessness.
- KCHA's Resident Opportunity Plan (ROP), approved for implementation by the Board of Commissioners in 2009 will assist up to 100 households gain the tools needed to move up and out of subsidized housing.
- Redevelopment of distressed Public Housing. To date, single-fund flexibility of the MTW program has enabled KCHA to take proactive steps to preserve more than 1,000 units of affordable housing resources for low-income households over the long-term. This includes the continued use of the initial and second 5-year increments of Replacement Housing Factor (RHF) funds from the former Springwood and Park Lake I developments, including units not yet removed from IMS/PIC, for the redevelopment of Birch Creek. In FY 2010, KCHA initiated steps leading to the disposition of 569 public housing units, in 23 different communities, and the planned substitution of project-based vouchers to stabilize targeted developments, allowing potential recapitalization needed to address significant capital needs. KCHA will use any RHF funds available from these units for the redevelopment of Green River homes.
- Acquisition and preservation of affordable housing throughout the Puget Sound region. In early 2010 KCHA utilized MTW's single-fund flexibility to support the acquisition of Westminster Apartments, preserving an additional 60 units of affordable housing for extremely low income seniors in Shoreline, WA. The Authority continues to seek



opportunities to acquire additional housing in proximity to existing KCHA properties, leveraging existing management capacity. In August 2010, the Board of Commissioners authorized the purchase of Park Royal, a family development in Bothell, WA. Acquisition of the property, which added 23 units to KCHA's Public Housing inventory, was completed September 10th, 2010.

- The flexibility provided through the use of MTW block grant financing – and the ability to provide short and long-term financial assistance to encourage investment in affordable housing development – is a key component of KCHA's strategy in addressing the needs of the local community. Single-fund flexibility is also being utilized to reduce long-term financing liabilities and ensure the long-term viability of KCHA's inventory of affordable housing. The Housing Authority has certain near term liabilities for lines of credit at HOPE VI sites which are scheduled to be retired with the proceeds from land sales. These loans will be outstanding for longer than originally planned due to ongoing weaknesses in the local market for new homes. MTW cumulative reserves backstop these liabilities, address risk concerns of lenders and allow KCHA continued access to private capital markets
- KCHA's Client Assistance Fund, made possible through funding available under KCHA's Single Fund budget, provides emergency financial assistance to qualified residents in support of self-sufficiency efforts. Funding is intended to assist residents with emergency medical or educational needs, utility or car repairs, eviction prevention etc., when no other resource is available to address urgent needs. Under the program design, funding is disbursed to qualified program participants through a designated KCHA agency partner, responsible for eligibility screening according to established guidelines. During FY 2010, KCHA assisted 79 households and awarded emergency grants totaling \$55,983 through the Client Assistance Fund.

## F. USES OF MTW RESERVES

One of the most important elements of the MTW Demonstration Program is that it frees participating housing authorities from having to restrict their budgetary planning to single year cycles of revenues and expenditures. This enables multi-year financial planning and strategic budgeting to achieve long term growth and complex operational goals. It also provides an incentive for the implementation of operational efficiencies and policy innovations that increase operating stability and enable the reallocation of resources to support multi-year initiatives that support the core mission.

KCHA has been successful in implementing program and policy initiatives that have enabled reinvestment in core mission priorities. These re-investments, intended to be implemented over a multi-year period, support the long term MTW goals outlined in Section IV of this Report as noted below:

- KCHA is utilizing MTW reserves to accelerate capital repairs to its affordable housing inventory in order to preserve existing housing and address a substantial backlog of critical repairs (Priority 1). These improvements also improve the energy efficiency of KCHA's housing and reduce long term operating costs. Finally, conversion of units to UFAS standards increases housing choice for households with mobility impairments (Priority 3).
- KCHA is utilizing these reserves to fund the over issuance of Section 8 vouchers to increase the supply of affordable housing for the region's growing number of extremely low income households (Priority 2). The Authority recently opened its waiting list, accepting over 25,000 applications - more than double the previous total. KCHA's Board of Commissioners has authorized the issuance of 275 vouchers above KCHA's HUD base-line. A number of these vouchers are being project-based through multi-year HAP agreements in partnership with local government capital funding awards to assist in underwriting housing production in low poverty areas of the region (Priority 3)..
- KCHA is also utilizing MTW reserves to purchase existing Class B multifamily properties that are adjacent existing public housing complexes or in low poverty neighborhoods. Use of MTW reserves to fund new purchases eliminates the need to finance these acquisitions and enables KCHA to activate replacement public housing subsidies, expanding the supply of ELI units in the region (Priority 2). MTW funds are also being used to purchase existing expiring use federally subsidized properties, preserving these valuable "hard unit" resources.



- KCHA has designed a local “sponsor-based” leased housing program to enable service providers to successfully lease housing for “hard to house” populations such as chronically homeless mentally ill individuals and homeless youth (Priority 4). These “housing first” programs leverage significant local service funding to provide wrap-around services. In order to secure long term commitments of service dollars, it was necessary for KCHA to enter into multi-year funding commitments with its non-profit partners.
- To reduce financing expenses across a number of programs serving low income households KCHA is utilizing MTW reserves to restructure existing debt by retiring or replacing high interest loans (Priority 7). In addition, pursuant to HUD’s request, KCHA is retiring outstanding CFFP obligations as part of its initiative to dispose of a number of public housing properties. Use of MTW reserves for this purpose enables KCHA to proceed with the repositioning of a portion of its inventory to assure long term viability (Priority 1).
- KCHA is expanding and modernizing its on-site community facilities to bolster programs designed to increase academic and life success for youth living in our subsidized housing and economic self-sufficiency for their parents. Seven facilities are in either design or construction (Priorities 6 & 7). These community centers serve as the foundation for community revitalization by providing the site for a multitude of community services. MTW reserves are being utilized in conjunction with other monies to fund these projects.

- Unlike many other housing authorities, KCHA is self-developing two Hope VI projects. These large scale developments in King County's poorest neighborhood have required significant public and private investment above and beyond funding available either through the HUD Hope VI grant or equity contributions leveraged through the Low Income Housing Tax Credit program. Sales proceeds from finished and unfinished lots on these sites to homebuilders will eventually provide a significant portion of the overall project funding. KCHA is utilizing MTW reserves to bridge these sale proceeds through direct KCHA loans into the projects and through the collateralization of short term lines of credit being provided by the private capital market (Priority 5).

Prudent reserves not only support KCHA's mission critical long-term objectives but also backstop operational exigencies and allow it to maintain access to capital markets. For example, KCHA has seen a significant increase in subsidy needs in the last six months as Washington State has eliminated its cash transfer program for single adults and sanctioned thousands of families off the TANF roles. A total of 2,834 KCHA households were affected. Under the terms of its MTW funding agreement, KCHA's block granted Section 8 funding does not get re-benchmarked to reflect this loss of tenant paid rent – the considerable increase in subsidy payments is covered by reserves. KCHA also relies on significant short-term borrowing to bridge lot sale proceeds that are intended to repay infrastructure expenditures on its major development sites. Significant reserves, as in any business, are critical for continued access to capital markets.



## SECTION VIII. ADMINISTRATIVE

### A. Description of Progress on Correction or Elimination of Observed Deficiencies

This section of the MTW Report template does not apply. The results of monitoring visits, physical inspections or other oversight and monitoring have not identified the need for correction.

### B. Results of Agency Evaluations of the MTW Demonstration

KCHA carefully tracks outcomes and impacts of activities made possible through participation in the MTW demonstration to ensure that initiatives continue to meet intended targets and identify areas where course correction may be warranted. Data regarding outcomes and program progress is reported in Section VI of this MTW Annual Report. KCHA remains in discussions with HUD and other MTW Agencies regarding the potential to utilize an outside contractor to conduct a full evaluation of the MTW Demonstration program. However, to date, KCHA has not commissioned external evaluations of the MTW program demonstration.

### C. Performance and Evaluation Report for Capital Fund Activities not included in the MTW Block Grant

All Capital Funds received and activities are included in KCHA's MTW Block Grant. Current copies of P&E Reports are included as attachments to this MTW Report.

### D. Certification the Agency has met the MTW Statutory Requirements

Included as an attachment to this MTW Report



# KING COUNTY HOUSING AUTHORITY FY 2010 MTW ANNUAL REPORT APPENDICES

## TABLE OF CONTENTS

- Appendix A:  
Resolution No. 5317: Approving the FY 2010 MTW Annual Report
- Appendix B:  
Certification the Agency has met MTW Statutory Requirements
- Appendix C:  
On-going MTW Activities – MTW Annual Plan Cross-Reference
- Appendix D:  
Performance and Evaluation Reports for Capital Fund Activities