



2009

King County Housing Authority

Stephen J. Norman, Executive Director

Board of Commissioners

Nancy Holland-Young, Chair

Delores Brown, Vice Chair

Debra S. Coates

Peter Orser

Doreen Marchione

KCHA Senior Management

Stephen J. Norman

Gary Angell

Fred Campbell

Claude DaCorsi

Connie Davis

John Eliason

Deborah Gooden

Megan Farley Hyla

Donna Kimbrough

Tessa Martin

Mike Reilly

Rhonda Rosenberg

Craig Violante

Tim Walter

Dan Watson

Linda Weedman

Prepared by:

Judi Jones, MTW Program Director

Table of Contents

Executive Summary	- 3 -
Section I: Households Served	- 15 -
A. Current Residents.....	- 15 -
B. Current Applicants.....	- 16 -
Section II: Occupancy and Admissions Policies	- 18 -
A. Statement of General Policies.....	- 18 -
B. Statement of Rent Policies.....	- 21 -
Section III: Changes in Housing Stock	- 23 -
Section IV: Sources and Amounts of Funding	- 25 -
A. Sources and Amounts of Funding in the MTW Budget.....	- 25 -
B. Sources and Amounts of Funding for HUD Programs Outside the MTW Budget	- 26 -
C. Consolidated Budget Statement for HUD Programs.....	- 26 -
Section V: Uses of Funds	- 28 -
A. Budgeted and Planned Expenditures: FY 2008 vs. FY 2009	- 30 -
B. Description of Planned Expenditures by Line Item.....	- 30 -
C. Explanation of Change from the FY 2008 to 2009 Budgets.....	- 31 -
D. Level and Adequacy of Reserves: Public Housing and Section 8 Programs	- 32 -
Section VI: Capital Planning	- 33 -
A. Redevelopment/Major Renovation of Public Housing Communities.....	- 36 -
B. Fire/Life Safety Upgrades in Mixed Population Buildings (Egis Housing Project)	- 36 -
C. Capital Fund Expenditures	- 37 -
Section VII: Owned and Managed Units	- 39 -
A. Vacancy Rates.....	- 41 -
B. Rent Collections	- 42 -
C. Work Orders	- 42 -
D. HQS Inspections.....	- 42 -
E. Security.....	- 42 -
Section VIII: Management Information for Leased Housing	- 44 -
A. Program Utilization (Lease-up Rates).....	- 46 -
B. General Program Administration.....	- 46 -
C. Expanding Housing Opportunities & Deconcentrating Poverty using Housing Choice Vouchers	- 47 -
D. Expanding Housing Opportunities & Deconcentrating Poverty under a Local program	- 50 -
Section IX: Resident Programs	- 52 -
Section X: Other Information Required by HUD	- 59 -
Section XI: Community Review of the MTW Plan and Ongoing Policy Formulation	- 60 -



Moving to Work Annual Plan | Executive Summary

In 2003, KCHA was selected by HUD as one of approximately 30 high performing public housing authorities nationally to be included in the Moving to Work (MTW) demonstration program.

The MTW program provides KCHA with the flexibility to use federal funding in ways that respond to the specific housing needs and markets in the Puget Sound region. Through new and revised policies and programs, KCHA is committed to assuring the most effective and efficient use of our limited resources to address local priorities.

In an effort to simplify and streamline reporting requirements, KCHA received HUD approval this year to shift its Fiscal Year start date from July 1 to January 1. This will coordinate accounting with tax year and program year funding cycles for many of our programs. To achieve this transition, KCHA's 2008 fiscal year has been extended to December 31, 2008. FY 2009 will start on January 1, 2009. In order to conform KCHA's MTW planning and reporting cycles with this new Fiscal Year, KCHA's "MTW Year" has been shifted to this new schedule. This current Plan will cover calendar year 2009.

As planning for the fifth full year of our MTW program gets underway, KCHA is negotiating a new Moving to Work agreement with HUD. If finalized, this contract will extend KCHA's MTW program through 2018, while maintaining much of the operational flexibility provided under our original contract. Although the current agreement does not expire until 2011, securing MTW flexibility over a longer term will assist KCHA in planning strategically to meet the critical housing needs of the community. During the coming year, while working to secure extended MTW authority, KCHA will put considerable resources into establishing meaningful benchmarks for assessing the efficacy of policy initiatives developed through participation in the MTW program.



Seola Crossing

Over the past five years KCHA has made significant progress in achieving the goals established upon entry into the MTW demonstration program:

- ❑ Preserving and increasing affordable housing opportunities while continuing to focus on those in the greatest need.
- ❑ Expanding housing choices available to low income families in the region.
- ❑ Increasing economic self-sufficiency for program participants.
- ❑ Reducing costs, achieving greater cost-efficiency and improving customer satisfaction.

KCHA has pursued these goals in a number of innovative ways – crafting effective local solutions that fit the needs of our communities. We will continue these efforts in fiscal year 2009, building on past accomplishments and seeking every opportunity under the MTW demonstration program to address the critical issues facing the housing authority, our residents and the communities we serve. Key initiatives currently underway and new programs in the planning or implementation stages in the coming year include:

Objective #1: Preserving and increasing affordable housing opportunities while continuing to focus on those in the greatest need.

KCHA is committed to increasing the number of extremely low income households that it serves. In 2003, upon entry to the MTW program, KCHA provided housing for 8,857 households through the Public Housing and Section 8 programs. As of September 1, 2008 these same programs were serving 10,063 households, a 14% increase over those assisted at the beginning of the MTW initiative. By the end of FY 2009, as detailed in this MTW Plan, we anticipate serving approximately 10,457 households through a combination of HUD funded subsidy programs. This growth does not include the approximately 2,100 Section 8 households who have “ported” into the County and whose subsidy is administered by KCHA.

Over the same period our portfolio of affordable workforce housing, much of which is sited in increasingly high priced housing markets east of Lake Washington, has expanded to include more than 4,300 rental units. Through the flexibility available under the MTW Program, this inventory is increasingly providing mixed income and “special needs” housing to support key regional agendas of deconcentrating poverty and ending homelessness.



Valley Park East – this newly rehabilitated development includes 60 units of affordable workforce housing in Auburn, WA

The continued growth in households served is all the more notable given the steady reduction in HUD support for our nation’s Public Housing inventory over the past seven

years. Annual appropriations for Public Housing capital improvements have dropped from \$3.0 billion in FY 2001 to the \$2.024 billion requested by the Administration in FY 2009. This reduction flies in the face of the increasing backlog of unmet capital needs of the nation's aging Public Housing inventory (estimated at more than \$20 billion) and rising construction costs.

In FY 2003, KCHA conducted a full physical assessment of its Public Housing inventory and identified \$127 million in capital improvements that would be needed over the next decade. Given federal funding projections completed at that time (which have since proven overly optimistic) KCHA's analysis indicated more than \$70 million in critical repairs would need to be deferred past the ten-year mark. MTW flexibility has "opened the door" for KCHA to develop innovative ways to leverage private investments into our Public Housing inventory and allowed us to make significant strides in addressing this backlog of unmet capital needs and ensuring long term preservation of these public assets. With a focus on improving fire and life safety in our mid-rise buildings for elderly and disabled households and rehabilitating or replacing our oldest and most deteriorated family communities, the following projects are currently underway:

- KCHA's oldest and largest development, Park Lake I, is in the process of being replaced by a new mixed income community with extensive on-site community services, including a new elementary school, early learning center, library and renovated community center. Revitalization of this community, which began in 2001, includes the redevelopment on-site of 300 units to serve extremely low-income households. To date, 197 of these units have been completed. Another 59 units are currently under construction and the last 44 units are scheduled to break ground next spring. One-hundred percent of the units completed to date have been occupied by former Park Lake residents. In fulfillment of our commitment to one-for-one replacement, an additional 269 units will be replaced off-site by KCHA through the project basing of Section 8 vouchers. A total of 220 of these units are currently under lease in targeted rental markets typically considered financially out-of-reach for extremely low-income households.



Munro Manor, 60 units in Burien, WA (upper) and Mardi Gras, 61 units in Kent, WA (lower) – received essential fire and life safety upgrades under the Egis project.

- In FY 2007, MTW flexibility assisted KCHA in our efforts to install fire sprinkler and state-of-the-art fire alarm and communication systems in the last of our 19 Public Housing complexes serving elderly and disabled households. Although this project was initiated in 1999, dwindling federal funds had slowed the pace of these improvements and placed our most vulnerable residents at unacceptable risk. To get the project back on track, KCHA utilized an innovative mixed financing approach - combining low-income housing tax credits with Capital Fund Program (CFP) bonds - to fund more than \$27 million of improvements for the final eight

buildings (the “Egis” projects) in the pipeline. The first four Egis sites finished construction last year and the project will be fully complete by 2009. At that time all 1,163 mid-rise apartments for senior and younger disabled residents in KCHA’s portfolio will be fully sprinklered.

- ❑ In FY 2008, KCHA began the substantial renovation of the Springwood Apartments in Kent, our second largest Public Housing development. By converting this housing to a Project-Based Section 8 funding model, KCHA was able to combine long term bonds, tax credit investor equity and capital funds to begin \$55 million in improvements. Construction will be phased over three years, with most tenants being relocated on-site or provided with temporary housing in nearby apartment complexes.

Preservation of KCHA’s Public Housing inventory is being accompanied by an expansion of the Authority’s Section 8 program. In October 2007, KCHA’s Board of Commissioners authorized expansion of the Section 8 housing choice voucher program to 300 vouchers *above* the HUD established baseline. These vouchers are not funded through an increase in housing assistance payments (HAP) from HUD; rather, they are funded directly by KCHA through the use of accumulated MTW reserves. In addition, KCHA is using its MTW block grant to provide assistance for an additional 155 homeless or special needs households through our sponsor-based rental assistance program, an MTW innovation that has enabled local service providers to place hard-to-house individuals in private apartments throughout South King County.

Together with efforts to preserve our existing inventory for the long term and provide housing subsidies to a greater number of shelter burdened and homeless households, KCHA is increasingly using MTW reserves to expand our reach in preserving and increasing the region’s supply of affordable housing. In 2008, we began pre-development work for additional affordable housing in White Center, initiated site planning for the development of replacement housing in South Renton and acquired the Wonderland Estates Mobile Home Park, preserving this 109-pad senior citizen community as affordable housing and saving existing residents from imminent eviction.



Wonderland Estates residents gather to celebrate the preservation of their mobile home park. KCHA stepped in and acquired the park to protect this affordable housing over the long term.

Next Steps

Through MTW, KCHA will continue to refine methods of preserving and expanding affordable housing options in the larger community and within our own housing inventory. Building upon prior accomplishments, our focus during FY 2009 will include:

- ❑ In 2008, KCHA applied for and received a Hope VI grant for the redevelopment of

the Park Lake II site. Master planning, design and permitting on this site will continue this year. The site plan calls for replacement of the existing 165 Public Housing units with roughly 300 units of housing, including one-for-one replacement of all Public Housing units on-site. In addition, we will continue to move forward with the possible redevelopment of Green River Homes, a 60 unit site in Auburn; with the development of new housing in unincorporated South Renton; and with the assemblage of additional land adjacent to Greenbridge for further affordable housing development in White Center.

- KCHA is reaching the limits of our ability to leverage outside funding or borrow against future revenues for the renovation of our remaining Public Housing stock. To ensure the long-term viability of these public assets, KCHA plans to use MTW reserves to accelerate necessary repairs and replacement of critical systems. As identified in the five-year capital plan, it is anticipated that this drawdown of MTW reserves will begin in FY 2009. Overall, KCHA anticipates the need to drawdown more than \$13 million in reserves by the end of FY 2013 to supplement available capital fund appropriations.
- While holding general voucher issuance steady at the current approved level, 300 vouchers *above* HUD's established baseline of 7,227, KCHA will aggressively seek new incremental Section 8 program voucher funding made available in the coming year.
- KCHA will explore, and if possible, undertake opportunities to acquire existing properties adjacent to KCHA's Public Housing, where banked Public Housing subsidies can be utilized.
- In 2009, KCHA will also continue using its own resources, including MTW funds, to preserve and expand the supply of affordable housing as new opportunities present themselves.

Objective #2: Expanding the housing choices available to low income families in the region.

KCHA's clients are not just names and numbers on a *list* – they are individuals with distinct needs and desires. They include families who want to stay in specific neighborhoods, near their kid's schools; frail elderly who need to relocate near relatives or medical support; and households with multiple barriers to housing access, such as poor rent history, mental health issues, limited mobility and more. Addressing the special needs of KCHA's clients helps eliminate barriers to success and strengthens our communities.

How have we expanded choices? By:

- **Ensuring adequate subsidy levels.** Fair Market Rents established by HUD for the Puget Sound region's hot rental market have consistently lagged behind actual rent levels and limited KCHA's ability to set realistic payment standards for Section 8 rental subsidies. Unrealistically low payment standards decrease the shopping

success rate, lead to over concentrations of voucher holders in poorly maintained buildings located in less desirable neighborhoods and place significant rent payment burdens on low income families. In 2007, KCHA decoupled the payment standard from the HUD established FMR, providing greater flexibility in setting subsidy ceilings at the appropriate levels. Through the use of this flexibility, we have maintained a shopping success rate above 89 percent and have seen a steady drop in the number of participating households paying over 40 percent of household income for rent and utilities. Aggressive use of a two-tiered system for determining payment standards has enabled voucher holders to remain housed in the rapidly gentrifying communities east of Lake Washington.

- ❑ **Creating site-based waiting lists.** In the “old days”, when you applied for Public Housing you were placed wherever the next opening came up – even if it meant moving far away from work, school, or your family support system. KCHA’s site-based waiting list enables Public Housing applicants to choose where they want to live. The policy recognizes and respects people’s wants and needs, allowing them to move to the area that best fits their personal circumstances.
- ❑ **Creating an “open-door” transfer program.** Breaking down barriers to affordable housing means ensuring families access to the right program at the right time. For KCHA, that means recognizing that family circumstances change and our programs must be able to change with them. Under standard operating policy, Public Housing and Section 8 exist in separate silos – residents of one program cannot easily transfer to another, even if doing so makes sense. KCHA’s MTW enhanced transfer policy, implemented in FY 2007, breaks down walls between programs so we can provide the housing setting that is right for our residents. Blending programs in this manner provides continuity of services as needs change and ensures families continued support as they travel the road to self-sufficiency.
- ❑ **Connecting Public Housing to the Region’s transitional housing network.** Through the MTW program, KCHA has partnered with the Bill & Melinda Gates Foundation to create a network of service-enriched housing for homeless families. The Authority has project-based Section 8 to help finance the operation of these programs and redefined tenant selection preferences to move graduating families into Public Housing through a “set-aside” preference. This preference acts as a safety net, ensuring families access to affordable housing as they continue to build strength and work toward economic independence.



Avondale Park – Redmond, WA – in partnership with HOPELINK, the development provides transitional housing and integrated support services to 42 formerly homeless households.

- **Eliminating Barriers for “Hard to House” households.** In FY 2007, partnering with King County’s behavioral health system and the United Way, KCHA launched the South King County Housing First program for chronically homeless households. This “sponsor-based” program, where KCHA funds the service providers to master-lease units, provides “housing first,” with significantly reduced conditions to tenancy. The program provides a stable housing environment with wraparound services to address, reduce, and eliminate barriers, such as mental health issues and poor rental histories that have kept participants on the street. The success of the original 25 unit South County pilot has leveraged additional supportive service funding and allowed the program to expand to assist up to 155 individuals by the end of FY 2009.
- **Expanding housing opportunities for physically disabled and mobility impaired households.** KCHA is approaching the issue of assuring adequate housing choice for disabled households through a number of strategies. Increasingly, the housing KCHA builds or rehabilitates is developed to meet universal design guidelines and to be fully usable, adaptable and visitable by mobility impaired individuals. To meet the growing issue of chemical sensitivities, KCHA recently designated two existing Public Housing complexes as “non-smoking” environments and Nia, our first entirely smoke free, “eco-friendly” senior housing development, has now opened at Greenbridge. In addition, our new MTW enhanced transfer policy makes it easier to match households requiring reasonable accommodations to the appropriate units and improved tracking of unit characteristics is enabling the Authority to properly match applicants on its waiting list to available vacancies.
- **Encouraging Homeownership.** KCHA has utilized MTW funds and flexibility to create its own homeownership program. Housing counseling provided under a Ross grant was matched with down payment assistance from the Housing Authority to enable 30 Public Housing households to purchase homes using fixed rate mortgage products. All loans are currently performing. As home purchase prices have escalated out of reach in the Seattle region, KCHA has shifted to the development of below market rate homeownership opportunities in partnership with Habitat for Humanity. Our first Habitat project, involving seven homes, will break ground in 2009.

Next Steps

We will continue to broaden choice and expand access to affordable housing resources. Key activities planned during the year include:

- Continued expansion of our role in implementing King County’s 10-year Plan to End Homelessness through development of new strategies to assist populations not served by conventional subsidy programs. Building on the successful Sound Families and Housing First initiatives, we will continue to expand our tenant, project and sponsor-based assistance – targeting funding to additional priority populations identified under the 10-Year Plan. As part of this effort, in the fall of 2008, working

in partnership with King County and United Way, KCHA issued a request for proposals to provide housing and services for young adults who are either homeless or transitioning out of the State foster care system and began work with the region's Veteran Administration Center to house homeless veterans.

- Review of existing policies and current inventory to ensure that households with disabilities have equal access to housing programs and services. We will continue to increase our outreach to the disability community and refine design guidelines and unit configurations so that families who require handicapped-accessible units or accommodations have an opportunity to find affordable housing that meets their needs. KCHA's website is also being refined to increase accessibility for individuals with disabilities.

Objective #3: Increasing economic self-sufficiency for program participants.

For non-disabled, non-elderly households, federal housing assistance has always been intended as temporary aid. Most families in KCHA's programs work and the majority are out of subsidized housing in less than six years. KCHA recognizes that providing a roof is not a full solution to the housing crisis in our community. Families need to acquire tools to

help themselves. KCHA believes that linking households to appropriate resources and services is critical to timely and successful graduation from subsidized housing. The more people we help, the more people we *can* help.

In 2007, using a combination of resources, more than 72 households graduated from our Public Housing and Section 8 Housing Choice Voucher programs to homeownership.

With the flexibility of MTW, we have shifted resources to fund programs that effectively deliver services to help families advance from Public Housing and Section 8 into market-rate apartments and homes of their own.

To ensure a strong system of support, in FY 2008, KCHA and its service provider partners in the community began a comprehensive analysis of resident needs and existing programs to determine how to best match residents with available resources. The assessment is helping shape the framework of the new Resident Opportunity Plan (ROP), a combination of strategies for increasing the economic independence of Public Housing and Section 8 households and improving graduation rates from federally assisted housing. A pilot program, involving approximately 100 households living in east King County, is intended for implementation in 2009.

In tandem with this initiative, KCHA began this year to explore policy changes relating to rent and income calculations that would encourage savings and income progression. Following initial review, KCHA determined to approach changes in two phases. Phase 1 of KCHA's Rent Reform Initiative, covering fixed-income elderly and disabled households, was implemented in June 2008. Under revised MTW policies, these households now benefit from streamlined processes that require full income verification just once every 3 years and establishes simplified rent calculations that are easier for residents to understand and staff to administer, while providing residents with a "safety net" in case of hardship. Phase 2, discussed further below and in Section III of this Plan, will focus on creating incentives

for income growth among Public Housing and Section 8 households.

KCHA recognizes that any plan to break or prevent a pattern of generational poverty must also address the issue of academic opportunity and achievement for children in low income households. This issue is an integral part of KCHA's resident services focus. KCHA has a long standing partnership with the HeadStart program and has developed HeadStart facilities on several Public Housing sites. Our newest facility, a 32,000 square foot early learning center at Greenbridge sponsored by the Gates Foundation and Washington State's Thrive by Five initiative, will begin construction this fall. When complete, the site will serve as the hub of a community-wide early learning initiative for one of Washington State's poorest neighborhoods. To further expand the availability of quality child care, KCHA plans to launch a county-wide initiative to create a network of qualified and licensed home-based family child care businesses in Public Housing developments this coming year.

Next Steps

We will continue to shift resources to fund programs and services that advance families toward economic independence and self-sufficiency. Major activities during the year will include:

- ❑ Completion of the design phase and implementation of the Resident Opportunities Plan's "Eastside Pilot". Close coordination with community based non-profits, the workforce development system and community colleges will provide longitudinal tracking to assess the impact of different approaches to self-sufficiency on household income, wage progression and housing graduation rates. An initial list of planned resident service activities can be found in Section IX of this Plan.
- ❑ Final design and implementation of Phase 2 of the Rent Reform Initiative. Close consultation with key stakeholders, including Public Housing residents, Section 8 voucher holders, the Resident Advisory Council, supportive service and community based non-profits and legal service organizations has already begun and will continue to be an integral part of the planning and design process.
- ❑ Review of the Public Housing portfolio to identify units that are potentially licensable as family child care units. As part of our effort to increase access to quality, affordable child care, KCHA will develop a plan to identify, train, license, encourage and support Public Housing residents in opening home-based child care businesses.
- ❑ Continue to upgrade and expand program facilities located in KCHA's Public Housing properties. The library and adult learning center at Greenbridge will be completed this year. Anticipated "next round" improvements include the community center at Kings Court in Federal Way and plans to upgrade, or possibly newly construct, facilities at Valli Kee in Kent, Eastside Terrace in Bellevue and Firwood Circle and Burndale Homes in Auburn.

Objective #4: Reducing costs, achieving greater cost efficiency and improving customer service.

KCHA has a long tradition of operational excellence. In FY 2008 the Authority's Public Housing maintained an occupancy level of 98.6 percent and turned vacant units in less than 20 days. In addition, our Public Housing scored an outstanding 90.4 percent during the last round of inspections completed by HUD's REAC (Real Estate Assessment Center) inspectors. At the same time, the Section 8 program sustained a lease-up rate of over 100%. Under the Public Housing and Section 8 assessment systems established by HUD, we have consistently been rated a "High Performer" and continue to hold that status today. Nonetheless, with ongoing reductions in Federal operating subsidies, currently projected to provide 81 cents on the dollar in FY 2009, operational excellence is no longer enough. Program quality must be paired with ever increasing efficiency.

Operational efficiency is not, however, only about saving money. Efficient operations also improve the quality of services and increase customer satisfaction. Overly complex policies and procedures don't generate more housing opportunities or help people become more successful. In fact, they are often a barrier to success or a waste of money. KCHA is using its MTW flexibility to simplify and streamline program requirements to make them easier to understand as well as to administer.

Like the private sector, KCHA is increasingly using "lean engineering" techniques to revamp major portions of its business process. This initiative started with the Section 8 Housing Quality Standards (HQS) inspection process. By "clustering" inspections to reduce repetitive trips to the same neighborhood, we now save staff time and can respond more efficiently to inspection requests. Our new automated call reminder system is reducing missed appointments and inspection routing software is decreasing travel time and gas consumption. Where "minor" unit deficiencies once meant a return inspection before a client could move in, modified policies now allow landlords to self-certify that minor repairs will be completed in a timely manner, so rental contracts can be approved, accelerating access to affordable housing for families in need.

In 2004, in advance of HUD requirements, KCHA voluntarily began to shift its Public Housing operations to the private sector's property-based management approach and achieved full transition to this model in 2006. KCHA's application for "stop-loss" was

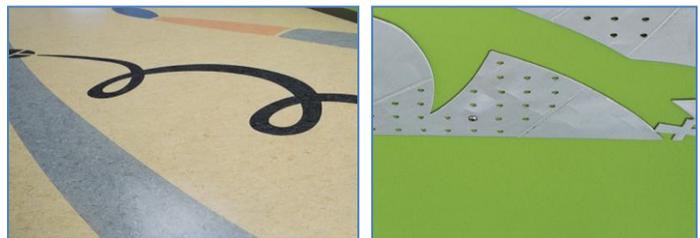


approved by HUD in 2008. We are now reaping the benefits that can result when managers take direct control of their properties and operational and budgetary accountability is pushed to the property level.

The shift to project-based management has freed up journeyman mechanics in KCHA's maintenance department – allowing this skilled workforce to concentrate on significantly upgrading vacant apartments upon turnover. Improvements include new flooring, cabinets and fixtures that extend the useful life of unit interiors by 20 years. KCHA's Unit Upgrade Project has replaced the old model of vacating entire buildings for renovation by outside contractors - eliminating contractor overhead and profit along with the cost and inconvenience of temporarily relocating residents. The project, initiated in FY 2007 with the renovation of 50 units, is saving KCHA approximately \$17,000 per unit in rehabilitation costs.

Efficient operations are also about limiting KCHA's environmental footprint and reducing resource consumption and utility costs. MTW has enabled KCHA to establish its own Energy Services Company (ESCO) and to install over \$4 million in energy reduction improvements in the Public Housing inventory. These improvements will pay for themselves through reduced consumption in less than 12 years. Changes in resident behavior have been equally important. Focused tenant education has significantly increased recycling, reducing the waste stream for the region's limited landfills. And individual metering of water consumption, without actually billing for usage, together with more efficient fixtures, has reduced overall water usage in the portfolio by 30 percent.

In FY 2007, in conjunction with our nonprofit partners, KCHA completed construction of the Springwood Youth Center. This project – a model for sustainable design – earned a Leadership in Energy and Environmental Design (LEED) Silver certification from the U.S. Green Building Council. Home to after-school recreational and educational programs for Springwood's 700 children, the building uses 20 percent less energy than similar facilities. Visibility and natural lighting are key components of the design. Exterior sunshades and energy-efficient lighting help reduce heating costs. Drought-tolerant landscaping and the use of low-flow toilets, showerheads, and waterless urinals reduce the building's potable water use by 50 percent.



Springwood Youth Recreation Center

Next Steps

KCHA will continue to streamline operations, shrink its environmental footprint and improve customer service while maintaining its tradition of operational excellence. Primary areas of focus over the coming year will include:

- ❑ Extend lean-engineering strategies to additional aspects of KCHA's business process, including the scheduling of Public Housing inspections and the processing of application and transfer requests. We will use these techniques to rethink long-standing policies and procedures to achieve program goals in the simplest and most direct ways. Overly complex, redundant procedures will be replaced by streamlined practices that ease administrative oversight, assist in quality assurance and improve communication and customer services.
- ❑ Review and possibly revamp current utility allowance methodologies to simplify these complex and often confusing calculations.
- ❑ Implement our own resident survey to establish baseline data and solicit resident feedback on a wide variety of issues. The results of the survey will be used to assist in the development of more customer-friendly policies and increase stakeholder satisfaction.
- ❑ Ramp-up the Authority's Unit Upgrade program to complete renovations on 150 apartments in the coming year.
- ❑ Continue to explore ways in which energy and water consumption can be reduced, including the possibility of shifting to excess water consumption billing in Public Housing units.

Participation in the MTW program provides KCHA with the tools and incentive to creatively and strategically tackle the complex issues involved in meeting the needs of our region and improving the quality of life for our residents. KCHA is committed to using an open and inclusive process to develop program policies - providing residents and the public with opportunities to comment and provide feedback on planned activities and to closely track and evaluate the impact of these initiatives on both resident and agency objectives.



Section I | Households Served

A. Current Residents

A key tenet of the MTW demonstration program is that participating agencies continue to serve approximately the same number of households – particularly extremely low income households - as served prior to entry into the program. However, in today’s environment, maintaining the status quo is not enough. As King County’s supply of unsubsidized affordable housing increasingly gives way to development and market pressures, vacancy rates go down and rents escalate. As a result, a growing number of low-income residents in our communities cannot afford to rent an apartment, even if one were available. This trend is evidenced by the growing number of homeless on our streets and in emergency shelters over the past year. These are not just chronically homeless individuals with significant barriers to housing access. They are families with children, and elderly and disabled households who simply cannot afford the cost of housing in today’s market.

KCHA has focused its efforts on increasing the number and diversity of households we serve through effective planning, creative partnerships, and careful use of limited resources. Rather than holding our numbers stable, we are committed to increasing the number of families who benefit from our housing programs⁰⁰ while at the same time ensuring that shelter burdens remain manageable, housing choice is expanded, and our Public Housing stock is overhauled to ensure viability over the long term. Appendices A – C of this Plan provide information regarding the demographic makeup of program participants as of September 1, 2008. As a result of MTW strategies, our Public Housing program currently serves approximately 2,400 households in 50 developments and 12 scattered-site, single-family homes. The Section 8 Housing Choice Voucher Program has expanded to assist nearly 9,800 households, including more than 2,000 participants using vouchers issued by other housing authorities (“port-ins”). An additional 64 households are assisted through the new sponsor-based program for chronically homeless individuals. That’s more than 12,000 families who have a safe, secure, and affordable place to call home – a place where they can acclimate into the community and acquire the tools needed to become self-sufficient.

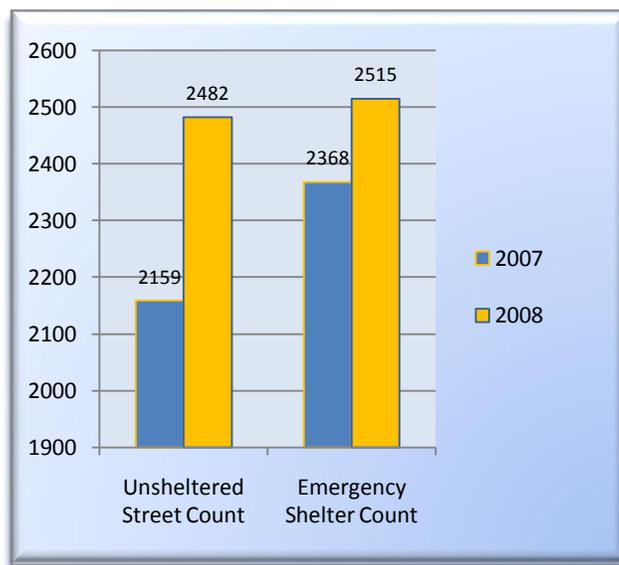
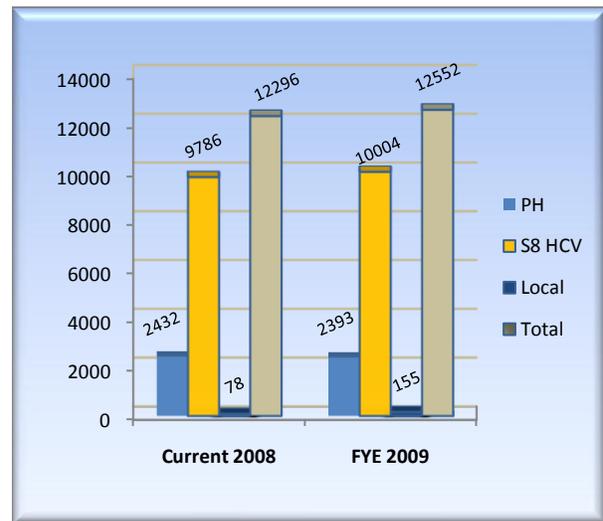


Figure 1-1: In January 2008, One Night Count Volunteers recorded a 15 percent increase in the number of people surviving on the street in King County over those recorded in January 2007. (Source: 2008 King County Annual One Night Count of People Who are Homeless in King County, WA; Report prepared by Seattle/King County Coalition on Homelessness).

And we expect our numbers to grow even more during fiscal year 2009. As illustrated in Table I-2, our Public Housing portfolio is expected to decrease slightly as units are taken off-line as KCHA moves forward with reconstruction of Park Lake Homes Site II following award of a HOPE VI redevelopment grant in Fall 2008. At the same time, the number of Section 8 Housing Voucher (HCV) households is expected to increase slightly as a result of the 2008 initiative to hold leasing rates at 300 units above the HUD baseline throughout this coming fiscal year and anticipated receipt of vouchers in conjunction with the Hope VI work that will begin at Park Lake II. In addition, we expect continued growth in our sponsor-based programs, which serve some of the County's most at risk populations - those not traditionally served through conventional subsidy programs. Street outreach teams and mental health providers continue to ramp these programs up to the 155 unit target established in 2008. Other factors likely to influence the number of households served through KCHA's programs include:

Figure I-2: Projected number of households in KCHA subsidized programs at the end of FY 2009 compared to total in occupancy as the fiscal year begins.



- ❑ The status of capital projects, most notably Springwood that may require temporary tenant relocation.
- ❑ Initiation of HOPE VI Relocation activities at Park Lake II.
- ❑ Continued escalation of market rents at a rate significantly above HUD's Annual Adjustment Factor for HAP payments. As KCHA raises payment standards to assure shopping success rates, reduce shelter burdens and prevent concentration of voucher holders, the number of vouchers sustainable under current funding levels may be reduced.
- ❑ Possible addition of new "subsidy-only" Public Housing units.

Capital projects and redevelopment plans are covered in detail in Section VI.

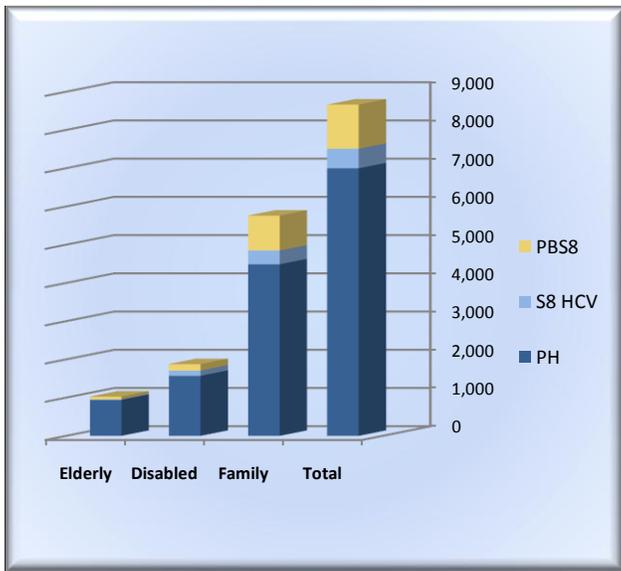
MTW activities are not expected to have a significant impact on our overall demographic makeup during the next fiscal year. However, a slight shift between programs may occur as we continue to use a mixed-finance approach to preserving our current Public Housing inventory. In addition, modest changes in resident profiles may result from increased efforts to address regional priorities outlined under King County's 10-Year Plan to End Homelessness and through efforts to "graduate" more economically self-sufficient families under the Resident Opportunities Pilot Project.

B. Current Applicants

Driven by a growing disconnect between wages and housing costs, the number of households waiting to rent a Public Housing apartment continues to swell. As numbers rise, it becomes increasingly important that we take steps to streamline waitlist administration and improve

communication with clients. To reduce transfer requests and maximize housing choice in a jurisdiction slightly larger than the state of Delaware, we have established site-based waiting lists throughout our Public Housing inventory. In addition, we operate regional and set-aside waiting lists to address the urgent housing needs faced by many households, including formerly homeless households graduating from transitional housing programs. Public Housing applicants may elect to place their names on up to two site-based or two regional waiting lists. This system allows applicants increased choice in where they will live, rather than forcing them to take whatever unit becomes available.

KCHA also continues to see an overwhelming demand for its Section 8 vouchers. When the waiting list was last opened in the spring of 2007 almost 10,000 households applied. Rather than let thousands of households languish on the waiting list for up to four or five years, KCHA limited the actual list to 2,500 households chosen by lottery from among the completed applications. The waiting list will be re-opened at periodic intervals as this pool is drawn down.



Currently nearly 7,000 Public Housing applications are on hand. During FY 2009, KCHA anticipates re-opening the Section 8 waiting list which has been closed since Spring 2008

Figure I-3, shown to the right, provides a snapshot of the demographic makeup of our Public Housing and Section 8 waiting lists as of September 1, 2008. See Appendices D and E for more detailed information on individual program demographics.

With demand expected to remain high, we are conscious of the need to ensure that time expended on managing our waiting lists is well spent. KCHA’s Central Applications office for Public Housing is currently undergoing a “lean engineering” review to analyze where efficiencies may be gained to ease administrative bottlenecks, strengthen communication links and increase customer service for applicants. During fiscal year 2009 we will continue this initiative and develop new ways to assure operational efficiencies in the face of rising demand and on-going funding cuts.

Section II | Occupancy and Admissions Policies

A. Statement of General Policies

Prior to becoming an MTW participant, KCHA operated its Public Housing and Section 8 housing programs in accordance with 1937 Housing Act regulations and related HUD handbooks, notices, and guidance. MTW has given us a unique ability to take a step back, think outside the box, and implement new policies and procedures that make sense for our clients, our staff, and the community. Working outside the constraints of the “one size fits all” regulatory approach used nationally by HUD in administering these programs, we have developed a number of new approaches to provide common sense solutions to managing our housing and simplify program requirements, thereby easing administration and improving communication. Occupancy and Admissions policies currently employed by KCHA, including policies implemented under the MTW program, are compiled for reference in our Public Housing ACOP (Admissions and Continued Occupancy Policy) and Section 8 Administrative Plan.

An integral part of new policy development is ensuring opportunity for resident and community education and feedback. KCHA ensures that residents, the Resident Advisory Council, community stakeholders, legal services organizations and the general public have an opportunity to review changes and to participate in focus groups and public hearings. In addition, many of the changes generated using MTW flexibility result in corresponding modifications to the Public Housing ACOP, the Section 8 Administrative Plan, associated forms and notices and even our software programs and database. As new policies are implemented, KCHA takes careful steps to ensure that information is disseminated to appropriate parties and changes are implemented consistently. Following these protocols, we have used MTW authority to test new techniques in the delivery of housing services, such as:

- Created new pathways into housing by expanding partnerships that link transitional housing to public housing. Connecting with the regional network of transitional programs created under the Gates Foundation’s Sound Families initiative, we ensure access to affordable housing and continuity of services to formerly homeless families who graduate from transitional housing programs but who require more time to fully acquire the skills necessary to become self-sufficient.
- Increased access to higher-income neighborhoods of the County, with their promise of stronger schools and greater employment opportunities, by changing how we determine maximum subsidy amounts for private market rentals assisted through our Section 8 program. The Fair Market Rent (FMR) established by HUD, using out-of-date data, no longer caps subsidy amounts. Rather, we look to much more current sub-market rents and trends to determine appropriate payment standards by geographic location. By self-determining payment standards, without having to tie the amount to HUD limits, we can operate more effectively and efficiently. With our streamlined approach, we can easily apply localized rents to pockets of the County where the market does not reflect region-wide averages or where a higher subsidy is reasonable to accommodate the needs of a disabled household.

- Continued preferences that ensure that those in greatest need – including displaced households, victims of domestic violence, and families who are homeless or living in substandard housing – have priority access to our limited housing resources. And we have expanded preferences to include extremely low-income families (those whose income is below 30% of the area median); without housing subsidy, these households are economically displaced from virtually every rental in King County.

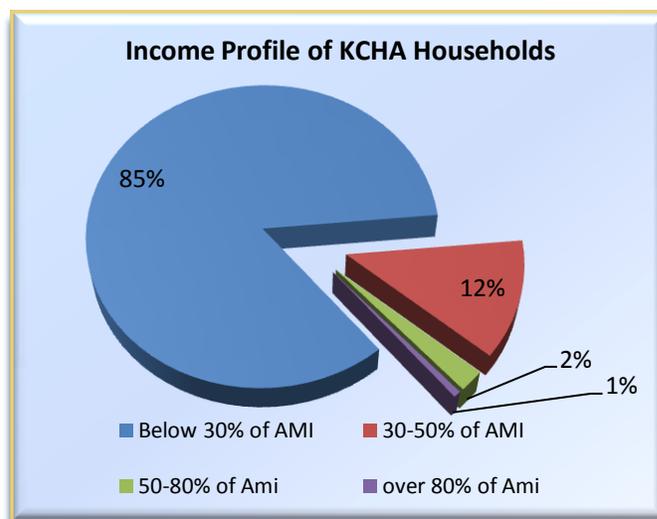


Figure II-1: Providing access to extremely low-income households is among KCHA’s highest priorities – 85% of those participating in KCHA’s subsidized programs have income below 30% of the Area Median Income for their family size.

- Implemented a comprehensive Transfer Policy that allows residents to move within their current program or to another housing program when such a move is warranted based upon a review of relevant factors. The policy is designed to increase housing choices for low-income residents and reduce barriers to employment and self-sufficiency while allowing KCHA to respond to emergency situations and address the reasonable accommodation needs of clients more effectively. At the same time, we have streamlined KCHA operations and developed systems to ensure residents are housed in appropriately sized units and policies are applied consistently across programs.
- Implemented a Designated Housing Plan to resolve conflicts arising from an imbalance of senior and younger disabled households residing in sites once reserved for the elderly. The Plan allocates 78% of the apartments in each building for occupancy by elderly and near-elderly (55 to 62 years old) households. The Designation Plan, which is updated annually through a streamlined MTW process, augments efforts to reduce crime and increase resident satisfaction and security.
- Developed our own Project-Based assistance policy that addresses local needs and reflects KCHA’s innovative and varied use of this form of housing assistance. In support of our mixed-finance redevelopment of Public Housing, we have placed Project-Based assistance side by side with other forms of operating subsidy to strengthen cash flow. At the same time, we allow our Project-Based operating policies to conform to subsidy rules of other subsidy programs in mixed-finance settings or when used at redeveloped sites once operated solely as Public Housing. This creates efficient administration and ensures equal treatment for neighboring residents funded under different subsidy programs.
- Developed new local leased housing programs to provide access to housing for underserved, hard-to-house populations, including those who are chronically homeless and patients transitioning from long-term care in state psychiatric institutions. These “sponsor-based” programs coordinate housing and service funding and enable community-based mental health providers to master-lease apartments from private landlords. Housing and service funding has

been bundled to provide assistance to 155 individuals under the initiative currently underway.

- Streamlined program administration by clustering Section 8 inspections; allowing owners to certify completion of minor repairs; lengthening annual review schedules and data verification dates; and simplifying the calculation of asset income. Using “lean engineering” techniques, we are ensuring efficient operation and the best use of our financial and staff resources.
- Employed effective deconcentration strategies, such as targeted self-sufficiency programs, Public Housing flat rents, HOPE VI redevelopment, and the project basing of replacement housing in more affluent suburban communities of East King County. In combination with exception-rent policies in the Housing Choice Voucher Program, these strategies have created mixed-income communities without KCHA having to target higher-income applicants. As a result, we have not had to skip lower-income applicants on the waiting list, implement affirmative-action marketing strategies, or create other incentives to achieve a desirable income mix among residents in affected buildings.

During Fiscal Year 2009, KCHA will continue to take advantage of the flexibility of the MTW demonstration, monitoring previously implemented activities and modifying them as appropriate to meet overall program objectives. In addition to continuing prior year activities, efforts planned during fiscal year 2009 include:

- **Family Self-Sufficiency (FSS) Program:** We want to see if changes to the Section 8 FSS Program can increase resident incentives and decrease the costs of administration and of managing individual escrow accounts. KCHA will also seek to coordinate FSS policies with new rent and income calculation policies, the Resident Opportunities Plan (ROP) pilot, and to expand and modify the FSS Program for both Section 8 and Public Housing.
- **Communicating with Clients with Limited English Proficiency:** Ensuring our clients understand all program requirements is essential to efficient operation. Our residents speak more than 20 languages and come from very diverse cultural backgrounds, so we face significant challenges to effective communication. During FY 2009, KCHA may use its MTW flexibility to assist in assessing the English proficiency of our clients and establish a system to ensure vital documents are available in appropriate translated formats.
- **KCHA Resident Safety Net:** KCHA has an extraordinarily low failure rate in its subsidized programs. Due in large part to the level of services we wrap around struggling households, less than 2 percent of our combined Section 8 and Public Housing households were terminated last year. A key aspect of resident retention is our partnership with a community-based mental health crisis unit that provides mental health assessments and linkages in to the mental health system as appropriate. Building upon past success, the Public Housing and Resident Services departments will continue to work closely to enhance the resident “safety net” when evictions are imminent. In addition, this year KCHA will seek to augment case

In 2007, the number of requests for language services received by KCHA increased 232% from those received in the prior year. This trend is expected to continue as KCHA's population becomes increasingly diverse.

management capacity for families receiving vouchers under KCHA's Family Unification Program (FUP) or through domestic violence referrals.

- **Inspections:** We will continue to seek ways to simplify and streamline the Section 8 unit-inspection process. Though a number of changes in this area have previously been implemented, the process continues to consume significant staff time and resources. We will also investigate changes to the Public Housing inspection process during the year. For both programs, among the items we want to consider are how efficiencies can be realized through biennial inspections and the possibility of accepting inspections completed by government funding partners with similar goals and standards.
- **Expanding access to priority populations:** We will continue to work to provide "special needs" priority populations access to critical housing and support services. This may include changes such as modification of admission preferences, eligibility, tenant selection and occupancy policies and lease modifications that establish additional requirements of tenancy for set-aside units.
- **Transfer Policy:** Continue to refine KCHA's transfer policy to respond to reasonable accommodation requests, "right-size" housing accommodations and facilitate relocation to assist in the revitalization and redevelopment of public housing.

Changes to other aspects of the Public Housing and Section 8 occupancy and admissions policies may include others authorized under KCHA's MTW Agreement (as amended) and listed in Sections VII and VIII of this MTW Plan. KCHA also intends to continue using outside consultants this year to review and re-engineer internal business processes as described in this Plan.

B. Statement of Rent Policies

KCHA is committed to working with its residents to help them achieve economic self-sufficiency. This effort will become a major focus of our MTW efforts over the next several years. A critical element of this initiative will be a close examination of how policy changes impact our ability to assist families along the road to self-sufficiency. Until recently, KCHA's rent policies have, for the most part, continued to be calculated as prescribed by HUD regulations. Over the years, these policies have helped many households afford housing under KCHA-assisted programs. However, this basic "30 percent of income" policy has some unintended consequences, including a disincentive for households to increase their income through employment. In addition, current federally designed rent formulas are excessively complicated, and are not easily understood by program participants or even by Authority staff.

In fiscal year 2008, KCHA launched a comprehensive Rent Reform Initiative, reviewing existing policies governing income verification and rent calculation for our Public Housing and Section 8 Housing Choice Voucher programs. The current confusing and bureaucratic rent policies are a patchwork of HUD regulations that – contrary to their intent – discourage work and savings, encourage underreporting of income, are overly intrusive into residents' lives and are massively complex to administer. We intend to use MTW flexibility to create new policies that are easier to

understand and administer and that will assist our efforts to move families forward along a path toward self-sufficiency.

Breaking away from the deeply rooted rent policies of the past is a somewhat daunting task requiring careful fact-finding, community collaboration, planning and analysis. To ensure the continued viability of our programs, it is imperative that any changes reflect a balance between the needs of KCHA and program participants. After careful consideration, we have adopted a two-phased approach to rent reform, as outlined below:

More than 50% of households subsidized under KCHA's Public Housing and Section 8 Housing Voucher programs qualified for the new Easy Rent program. Most will see a slight decrease in their rent – all will benefit from the program through less frequent and streamlined reporting systems.

- **Phase One** encompasses changes for elderly and disabled households on fixed incomes. These changes are designed to simplify income verification, rent calculation, and review schedules, making them easier to understand and efficient to administer. Implementation of Phase One, which will be rolled out over a 12-month period, began in June 2008. Changes implemented for this group of households include a reduction in the frequency of reviews – income recertifications are now conducted once every three years rather than annually. To streamline the rent calculation process, we have restructured HUD's complicated system of deductions and allowances and moved to a system that bases

tenant rent on 28.3 percent of gross household income as adjusted for medical expenses of \$3,000 or above. In addition, our new policy includes a safety net for residents – providing an avenue of relief in times of hardship. These changes entailed significant modification of the Public Housing Admissions and Continued Occupancy Policy (ACOP), the Section 8 Administrative Plan and associated program documents as well as extensive modification of our current database software. Specific details of Phase 1 changes, including information regarding the impact on program participants, will be included in KCHA's FY 2009 MTW Annual Report, scheduled for submission to HUD in March 2009.

- **Phase Two** will focus on changes for working or work-able households. The primary goal of Phase II is to explore new policies that streamline verification, calculation, and review processes, while at the same time creating incentives to promote employment, increase earnings and improve graduation rates from subsidized programs. To ensure proposed changes are fully vetted, we have established an extensive and transparent communication strategy that includes brainstorming sessions with KCHA staff, individual residents, KCHA's Resident Advisory Council, community advocates, and external stakeholders. A hardship policy will be implemented in tandem with all changes to ensure that families impacted in unanticipated ways by rule changes have a venue for bringing their issues to the Authority's attention. In addition, we have secured a financial modeling consultant to manage the process of analyzing tenant data and the projected impacts of proposed changes upon tenant rent and KCHA's own financial resources. Phase Two is targeted for implementation during FY 2009. Baseline data on family income, wage progression and length of stay is currently being established to ensure effective longitudinal measurement of the impact of rent changes on family self-sufficiency outcomes.

Section III | Changes in Housing Stock

In our effort to preserve and increase affordable housing opportunities in the region, KCHA has increasingly leveraged necessary outside capital by blending rental subsidy with housing finance programs, creating a set of financial tools that would not be available without the flexibility MTW provides. We have been successful in leveraging millions of dollars in outside equity to support low income families and now serve more families, in better buildings, distributed in more neighborhoods, than we did prior to entering the MTW demonstration.

The number of Section 8 vouchers that KCHA had authorized for lease in September 2008 (7,527) is 300 units *above* KCHA's current block grant baseline. KCHA anticipates sustaining this number throughout the course of fiscal year 2009. Though not reflected in the table below, the possibility exists that KCHA will further increase the baseline through receipt of VASH (Veteran's Affairs Supportive Housing) or FUP (Family Unification program) vouchers proposed in next year's Federal budget. In addition, during the coming year, we will continue to administer approximately 2,100 additional vouchers for households who have "ported-in" to our jurisdiction that are not reflected in the numbers above.

The Public Housing totals shown in Table III-A include all apartments available for resident occupancy as well as nine units currently leased to supportive services agencies serving KCHA residents. The reduction in the Public Housing inventory from 2004 to 2006 reflects the impact of demolition at the Park Lake Homes HOPE VI site. These demolished apartments are scheduled for one-for-one replacement with either new Public Housing units or project-based replacement housing choice vouchers issued by HUD. The fiscal year 2008 disposition of the Springwood Apartments in Kent (333 units) was partially offset as Public Housing units at Nia and Seola Crossing II, part of KCHA's HOPE VI redevelopment (Greenbridge) of the former Park Lake Homes, have come on-line. Further redevelopment at Greenbridge is anticipated to add 50 units to the Public Housing inventory in FY 2009. Additional units may be added to the Public Housing inventory during FY 2009 through efforts to increase the supply of affordable housing in the region and create "subsidy only" units as noted earlier in this Plan.

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 2009: 17

- Public Housing - Conventional
- Public Housing - Mixed Finance
- 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
- Local Sponsor-Based
- Section 8 New Construction
- Preservation Program

KCHA Units Available in 2003: 10,107



KCHA Units Available at FYE 2009: 10,716

Since 2003, the number of subsidized housing programs available through KCHA has nearly 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.

Using MTW block-grant funds, the Sponsor-based Supportive Housing Program has increased the households that KCHA serves. In FY 2008, the Authority secured additional supportive service funding commitments that allowed us to expand the program to 155 units. As stated elsewhere in this MTW Plan, additional program growth – targeted to priority at-risk households – may be approved during FY 2009. As a leader in King County’s 10-Year Plan to End Homelessness, we will continue to investigate every avenue to expand our ability to reach households not traditionally served through mainstream housing assistance programs.

The table below details the total number of Section 8 vouchers authorized, sponsor-based units funded and federally subsidized Public Housing units available through KCHA’s programs at the beginning of each year of MTW participation, as well as the number projected at the end of FY 2009.

Table III-A: Breakdown of Total Units Available by FY

Housing Program	Units Projected at Fiscal Year Begin:						Units Projected at FYE
	7/1/2003	7/1/2004	7/1/2005	7/1/2006	7/1/2007	1/1/2009*	12/31/2009
Section 8 Vouchers	6,374	6,730	6,850	6,850	6,909	7,527	7,692
Low Income Public Housing (LIPH) Units	3,288	3,288	2,985	2,854	2,763	2,507	2,424
Section 8 New Construction	174	174	174	174	174	174	174
Preservation Program	271	271	271	271	271	271	271
Sponsor-based Program	0	0	0	0	25	155	155
Total Subsidized Units	10,107	10,463	10,280	10,149	10,142	10,634	10,716

* During FY 2008, KCHA changed from a July 1 to a January 1 fiscal year. As a result of this change, KCHA’s FY 2008, which began July 1, 2007, was extended to cover the 18-month period covering July 1, 2007 through December 31, 2008. Fiscal year 2009, will begin January 1, 2009 and end December 31, 2009 as reflected on the table above.

Section IV | Sources and Amounts of Funding

MTW’s promise of funding and program flexibility was a key factor in our decision to enter the demonstration program in 2003. The ability to use MTW resources flexibly allows us to design programs that best serve our clients, respond quickly to the ever-changing needs of the local community and effectively address priority issues with the resources we have in hand.

This section of our FY 2009 MTW Plan provides information on the sources and amounts of funding for the Authority’s MTW budget statement, for KCHA’s federally funded housing programs (not included in the MTW Budget), and for a Consolidated Budget Statement. Data reflected for FY 2008 shows budgeted amounts as reflected in KCHA’s previously approved FY 2008 MTW Annual Plan. Information for Calendar Year 2009 is projected in order to accommodate HUD requirements regarding MTW Plan submission dates. These numbers may be adjusted to reflect updated information upon formal adoption in December of KCHA’s FY 2009 Budget.

A. Sources and Amounts of Funding in the MTW Budget

This table shows FY 2008 budgeted and FY 2009 projected revenues for operations included in the MTW demonstration. The Section 8 Housing Choice Voucher funding is reported under two line items – one for funding received for Section 8 vouchers in the form of a block grant and one combining funding for “mainstream” vouchers not included in KCHA’s block grant with voucher administration fees associated with the administration of vouchers that have “ported in” to the jurisdiction.

PROJECTED REVENUES	FY 2008 BUDGET	FY 2009 PROJECTED
Dwelling Rental Income	\$ 6,861,174	\$ 9,464,914
Investment Income	1,285,356	5,019,334
Other Income	500,202	6,170,784
Section 8 Block Grant	58,818,000	76,490,072
Section 8 Subsidy and Port/Admin Fees	2,555,888	3,307,818
Capital Subsidy (CFP all years)	4,612,633	8,313,313
Operating Subsidy (PH)	7,158,659	7,782,712
Bond Proceeds and Tax Credit Equity	19,534,000	37,332,579
Total Revenues	\$ 101,325,912	\$ 153,881,526

B. Sources and Amounts of Funding for HUD Programs outside the MTW Budget

The table below shows FY 2008 budgeted and FY 2009 projected revenues for the Section 8 New Construction and Preservation programs, grants that fund services to KCHA residents and program participants, and the HOPE VI redevelopment grant for Park Lake Homes.

PROJECTED REVENUES	FY 2008 BUDGET	FY 2009 PROJECTED
Dwelling Rental Income	\$ 1,569,268	\$ 1,492,065
Investment Income	376,094	281,879
Other Income	57,008	5,874
Section 8 Subsidy and Admin Fees	2,958,356	2,841,160
Capital Subsidy	82,500	120,000
Operating Subsidy	175,000	1,353,197
Grants (non CFP)	8,979,479	0
Bond Proceeds and Tax Credit Equity	29,445,200	28,237,451
Total Revenues	\$ 43,642,905	\$ 34,331,626

C. Consolidated Budget Statement for HUD Programs

This table shows FY 2008 budgeted and FY 2009 projected revenues for the Consolidated Budget for all KCHA HUD-assisted programs.

PROJECTED REVENUES	FY 2008 BUDGET	FY 2009 PROJECTED
Dwelling Rental Income	\$ 8,430,442	\$ 10,956,979
Investment Income	1,661,450	5,301,213
Other Income	557,210	6,179,658
Section 8 Block Grant	58,818,000	76,490,072
Section 8 Subsidy and Admin Fee	5,514,244	6,148,978
Capital Subsidy	4,695,133	8,433,313
Operating Subsidy	7,333,659	9,135,909
Grants	8,979,479	0
Bonds and Tax Credit Equity	48,979,200	65,570,030
Total Revenues	\$ 144,468,817	188,213,152

Notes: General Descriptions of Revenues shown in tables A, B and C

- **Dwelling Rental Income.** Includes rents received from residents both at existing Public Housing and Project-Based Section 8 properties and at mixed-finance properties such as Greenbridge, which contain Public Housing units but are now owned by private Tax Credit Partnerships where KCHA serves as the managing general partner. The significant increase in this category reflects approximately \$2.2 million in HAP payments included as rental income from Birch Creek (formerly Springwood). In FY 2008, prior to the asset repositioning of the development, this project received operating PH operating subsidy.
- **Investment Income.** Amount earned on all KCHA MTW reserves. Most reserves are invested in the Washington State Local Government Investment Pool (LGIP) as allowed under previously granted MTW authority. In addition, the Birch Creek development is earning interest on unspent bond proceeds while KCHA is receiving lease payments on the Birch Creek transaction, which for accounting purposes is being treated as investment income.
- **Other Income.** Generally this includes other tenant charges, such as work orders and legal fees. There is a one-time developer fee being earned in FY 2009 on the Egis transaction.
- **Section 8, Capital, and Operating Subsidies.** Includes amounts received directly from HUD to support the Public Housing and Section 8 programs. Approximately \$600 thousand will be drawn from MTW reserves to support Public Housing operations in the face of the anticipated low HUD funding rate, estimated at 81 percent for FY 2009.
- **Grants.** The majority of grant funding is from the Greenbridge HOPE VI program; however, KCHA receives other HUD and government grants not included within MTW authority.
- **Bonds and Tax Credit Equity.** Includes projected proceeds from issuance of debt and tax credit syndications to support various redevelopment initiatives involving KCHA's Public Housing inventory.

Section V | Uses of Funds

As part of our shift to the property and asset-based management approach utilized by the private sector, KCHA has developed tools that push financial reporting down to the property level. At the same time, KCHA has ensured that reporting systems continue to meet audit standards set by federal, state and local regulatory agencies. To meet these dual goals, we have used our MTW flexibility to develop a local Asset Management model that streamlines HUD requirements while ensuring proper program oversight, control and financial accountability. The model, approved by HUD in FY 2008, centralizes receipt of MTW Block Grant funds, allows the transfer of funds to operating units when needed and increases transparency and accountability for program costs supported by the MTW Program. Under the new model, we provide properties with a predictable revenue stream, simplify and reduce inter-property fund transfers, easily track MTW resources and establish management protocols to support new program development that meets the needs of the local region.

Looking ahead to fiscal year 2009, we will continue to evolve our MTW-modified Asset Management model, and will self-certify that property management services are in the best interests of the property while considering such factors as costs and staff response time. In addition, we will use the funding flexibility and fungibility of the MTW program to support the current and new initiatives described throughout this plan, including:

- Modifying how Capital Fund Program (CFP) funds are made available to KCHA. Typically, these funds are drawn purely on a reimbursement basis. In fiscal year 2009 we will modify this system and draw current year CFP funds as follows:
 - 10 percent management fee (as fiscal year begins);
 - Vendor invoices and internal costs (on a needs basis);
 - Final draw representing unspent balance of CFP (at end of fiscal year).

This change reduces administrative costs by removing the need to track obligation and expenditure dates and conforming funding cycles to KCHA's fiscal year.

- Maintaining a focus on the reduction of energy and water consumption. We will continue to analyze the results of ESCO activities, seeking ways to reduce our own consumption while encouraging residents (especially chronically high users) to follow our lead. In addition, we anticipate investigating a possible extension of the current ESCO contract term to 20 years.
- Continuing to use our previously approved Asset Management funding models for both KCHA-owned and Mixed-Finance Public Housing developments.
- Reporting VMS activity in the manner proscribed by HUD for all non-MTW vouchers including Mainstream, VASH and any newly awarded vouchers prior to their inclusion in the block grant.
- Continuing to implement the recommendations of the Classification and Compensation study completed in 2007 and implemented through collective bargaining with KCHA's represented employees. In addition to continued efforts to address the above-market costs of certain site positions, we want to increase apprenticeship and training opportunities for existing staff so that the skill sets of our employees are more closely aligned with the challenges of the site-

based property management model. We also plan to develop measurable performance standards for staff positions that allow for more objective employee evaluations, leading to potential pay progression.

- Exploring the placement of ACC Public Housing units (using “banked subsidy”) in locally owned developments to increase affordability for existing communities and create more opportunity and additional housing choices for extremely low-income households. Preliminary discussions indicate that it may be less difficult to use the ACC on newly acquired or developed properties rather than on properties already in KCHA’s non-subsidized portfolio. We will work with HUD to streamline the process of adding new Public Housing units to our inventory.
- Preserving or expanding affordable housing opportunities in the region through loans or collateralization of loans to support land acquisition or the acquisition and rehabilitation of properties that serve low-income residents – directly or through partnerships with locally-based non-profit housing developers. Beginning in FY 2009, KCHA will lend up to \$18.9 million for development related activities, including funding project reserves. It is anticipated that all funds will be returned to KCHA at a future date, subject to receipt of grants or bond proceeds; however, their return is not guaranteed.
- Increasing efforts to expand the regional network of supportive housing through expansion of the Project-Based and Sponsor-Based housing programs. In FY 2008, KCHA designated a portion of its unrestricted MTW reserves to the sponsor-based program - providing up to 155 units of rental subsidy for chronically homeless persons at an estimated cost of \$1,113,500. Although they are beneficiaries of Section 8 funding, participants are not considered voucher-holders, nor are they included in KCHA’s PIC reporting. In FY 2009, the program may be expanded to support as many as 255 individuals. In addition, we will assign a management fee (similar to the HCV program fee) and a reasonable bookkeeping fee per unit for COCC support.
- Developing measures to evaluate and improve the MTW Program’s impact on agency operations and outcomes. On a program level, the Authority will continue monthly Public Housing and Section 8 departmental review meetings to evaluate operational performance, monitor expenditures, and improve the quality of services to its customers.
- Continuing to use a modified approach to position KCHA’s portfolio in the insurance market in lieu of processes identified in Handbook 7401.5G, Chapter 12.
- Reviewing and possibly implementing other investment strategies besides use of the Washington State Local Government Investment Pool to maximize yield while keeping risk and liquidity within acceptable parameters.
- Simplifying HCV program administration by setting administrative fees at a reasonable level at the beginning of the fiscal year and adjusting them as appropriate thereafter. We will take either 20 percent of our self-determined fee or \$12 per unit based on full HCV program utilization (whichever is higher) for COCC support.
- Using excess cash as calculated in the manner prescribed by HUD for approved uses, without the need to file a Financial Data Schedule.

- Consolidating all our mixed-financed projects into a single Asset Management Project (AMP).
- Retaining all ESCO cost savings (not related to debt service) and extraordinary savings generated from activities such as our retrospective rating program (workers compensation) and volume-based procurement card rebates within the Central Office Cost Center.
- Maintaining internal debt on the eight CFFP projects (the Egis properties) in order to satisfy all HUD requirements for retention of savings through the operating fund calculation during the remaining life of the ESCO.

A. Budgeted and Planned Expenditures: FY 2008 vs. FY 2009

PROJECTED EXPENSES	FY 2008 BUDGET	FY 2009 BUDGET
Administration and General	\$ 21,351,059	\$ 26,826,433
Section 811/Mainstream HAP	1,660,000	1,845,360
Section 8 Block Grant HAP	58,818,000	59,226,144
Utilities	2,719,219	2,819,220
Maintenance	1,330,668	4,484,510
MTW Initiatives		15,516,513
Capital Projects	23,427,191	50,374,630
Total Expenses	\$109,306,137	\$161,092,810

B. Description of Planned Expenditures by Line Item

- **Administration and General:** Includes salaries, benefits, office costs, professional contracts, property and liability insurance, debt service on Section 8 offices, ESCO financing and CFFP debt service paid from CFP funds. Also reflects management fees payable by Section 8 and Public Housing to the Central Office Cost Center for overhead-type expenses and \$1.7 million in block grant expenditures to support a Resident Opportunity Plan and the Provider-based Housing Program and other direct MTW program expenditures.

- **Housing Assistance Payments:** Housing Assistance Payments (HAP) projected on behalf of Section 8 participants are separated into two categories: Section 811/ Mainstream HAP (non-MTW) and MTW vouchers (Section 8 Block Grant HAP).
- **Utilities:** KCHA-paid utilities, including water, sewer, electricity, natural gas, and heating oil. Also includes trash collection costs, in conformity with private-sector real-estate accounting.
- **Maintenance:** All materials and contracts for the maintenance of KCHA's Public Housing developments. Approximately \$2.7 million is included for extraordinary maintenance involving the expansion of KCHA's Unit Upgrade Program and small capital type projects completed by KCHA's force account.
- **MTW Initiatives.** This new line item for FY 2009 reflects anticipated expenses for MTW activities under KCHA's FY 2009 Plan.
- **Capital Projects:** Capital improvements to KCHA's developments are funded through the CFP, and bond and tax credit equity proceeds. Some expenses may be covered through draws on bonds issued in prior years. This category also includes approximately \$5 million in block grant contributions to MTW eligible housing development and pre-development costs and Public Housing's pro rata share of any computer hardware or software costs charged to CFP.

C. Explanation of Change from the FY 2008 to 2009 Budgets

- **Administrative and General.** The majority of the increase is due to inclusion of \$4.9 million in interest costs relating to the Egis CFFP and Springwood redevelopment projects. Other factors influencing the increase include:
 - \$1.7 million for the Resident Opportunity and Sponsor-based Housing Plans including direct MTW program costs
 - HUD-approved management fees to support Central Office Cost Center. The FY 2008 preliminary budget reflected only actual overhead costs; HUD-allowed fees are higher and are necessary to support the COCC under the asset management model.
- **Utility costs.** Actual consumption is projected to decline due to the investment of \$4.0 million in energy upgrades under KCHA's Energy Savings Corporation (ESCO) initiative in FY 2006. Consumption of water has also declined significantly. Utility rates have increased during the year, however, offsetting the cost savings. Trash pickup is included in utilities, as in the private sector. KCHA has hired a Resource Conservation Manager to assist in utility cost control.
- **MTW Initiatives.** This new line item for FY 2009 reflects the changes in accounting for MTW activities under KCHA's previously approved financial reporting model.
- **Capital Program.** Increase is primarily the result of \$38,815,370 in capital projects for mixed finance projects, including \$1.2 million in pre-development activities for the HOPE VI project at Park Lake Homes, not reflected in the FY 2008 budget. The majority of the

remaining increase reflect activities relating to the renovation of the Springwood Apartments, now known as Birch Creek..

D. Level and Adequacy of Reserves: Public Housing and Section 8 Programs

PROJECTED RESERVES	FYE 2009
Public Housing: Project Reserves	\$ 6,087,717
Public Housing: Operating Reserve	3,206,647
Section 8 Project Reserve	4,800,000
Section 8 Admin Fee and HAP Reserve	1,271,898
Section 8 Designated Reserve	4,440,408
Other Restricted Project Funds	15,262,047
Unrestricted MTW Reserve	26,181,500
Total Reserves	\$61,250,217

In June 2008, we were required to designate a portion of our Public Housing reserves on a project-by-project basis. In addition, approximately six months of management fees will be transferred to the COCC as allowed under HUD’s Asset Management rules. The balance of any reserves will be reflected in the MTW ledger, with a portion designated as an operating reserve. The Public Housing operating reserve represents operating expenses to cover approximately two months. Reserves are adequate to cover any shortfalls between operating needs and revenues.

Section 8 project reserves total one month of housing assistance payments as a safety net for HUD funding delays and shortfalls. The administrative fee and HAP reserve consists of accumulated excess revenues over costs for the Section 8 program built up over several years and excess HAP received for Mainstream vouchers. The Designated Section 8 Reserve covers the Sponsor-based contract funding needs for approximately the next five years. These funding commitments are designed to be coterminous with service funding commitments from the regional mental health system. Other Restricted Project Funds include security deposits, FSS escrow accounts and debt service reserves for the mixed finance developments. The remaining balance in reserves represents excess block-grant funding for both Section 8 and Public Housing. This funding can be spent for various MTW purposes, such as the \$13 million in supplemental funding proposed under the five-year Capital Improvement Plan and costs associated with sustaining Section 8 over-leasing during the fiscal year, as outlined in this or future plans.

Section VI | Capital Planning

At the heart of our operation is the preservation of our existing Public Housing portfolio. While the Section 8 Housing Choice Voucher program is our largest and most quickly growing program, our Public Housing inventory performs a critical role in assuring the distribution of high quality affordable housing throughout the region. Preserving this aging inventory, with an average age of almost 33 years, in the face of the steady decline in federal funding allocated under HUD's Capital Grant program, has not been an easy task. MTW flexibility and KCHA's long-standing presence in the capital markets have been key to our ability to preserve the useful life of these communities over the long term.

In implementing an ambitious capital plan, we have used MTW flexibility to leverage the resources needed to renovate or rebuild our oldest and most dilapidated sites – improving the quality of the structures and the quality of life for families who live in them. Our three-fold approach, which addresses the needs for major site redevelopment, major fire and life/safety improvements, and more general capital repairs, will result in completion of \$189 million in capital work between fiscal years 2009 and 2013. This work will be financed by a combination of resources including HUD's Capital Program and Replacement Housing Factor (RHF) Funds, Low-Income Housing Tax Credit (LIHTC) equity, tax-exempt bonds, state and local grants, and private loans. Additional capital work may be initiated during this time depending on the final financing strategy implemented for the redevelopment of Park Lake Homes Site II. More specific detail about capital activities planned for FY 2009 is included below.

A. Redevelopment/Major Renovation of Public Housing Communities

In the Pacific Northwest our Public Housing is well run and in most cases blends unnoticed into the surrounding communities. We are challenged, however, by an aging inventory, limited revenues and declining public subsidies that do not fully fund operating and capital needs. Careful planning and leveraging of a variety of resources are essential components in meeting the critical needs of our most dilapidated developments. Major renovation activities anticipated during FY 2009 include:



- **Park Lake Homes (Site I) HOPE VI Redevelopment.** Spurred by an award of \$35 million through HUD's HOPE VI redevelopment program, the complete redevelopment of Park Lake Homes has been underway for six years. Once our largest and



Seola Park – located in the center of the HOPE VI redeveloped Greenbridge community,

most distressed Public Housing development, the site, now known as Greenbridge, is being transformed into a high quality mixed-income neighborhood. This master-planned community includes a combination of new low income and workforce rental housing and affordable and market rate for-sale homes. Organized around White Center’s 8th Ave “Main Street,” the new neighborhood includes Public Housing live-work units, retail storefronts and community educational and recreational facilities, including new elementary school and Head Start facilities. When complete, this pedestrian oriented community will incorporate an array of parks, walking trails, gardens, and natural features into the neighborhood.

The original 569 Public Housing units are being replaced with 300 subsidized on-

site units for very low-income households. An additional 269 subsidized units will be located off-site, meeting our dual goals of ensuring one-for-one replacement of demolished units and increasing access to affordable housing in higher-cost neighborhoods with strong school systems and ample entry-level job opportunities. When finished, Greenbridge will include a total of 900–1,000 housing units available for rent or homeownership. The first 269 on-site units were completed and occupied by the end of FY 2008. An additional 170 units are scheduled to open by late FY 2009. A total of \$87 million in additional rental housing and infrastructure construction is anticipated between 2009 and the project’s scheduled completion in 2012.

- **Improved On-Site Community Facilities.** In FY 2009, the YWCA/Library facility will open at Greenbridge. This facility will house family and children’s service programs, career development programs, and a public library branch. KCHA also recently received an allocation of \$22 million in New Market tax credits to help finance the 32,000 square foot Early Learning Center planned for Greenbridge. This joint initiative between the Gates Foundation and Washington State’s “Thrive by Five” initiative will break ground in the fall of 2008 and be completed in FY 2009.
- **Park Lake Homes (Site II) Redevelopment.** This 165 unit Public Housing community, also in White Center, consistently experiences moisture problems due to poorly designed heating and ventilation systems, inadequate site drainage, and a high water table. The moisture creates significant indoor air quality issues, an on-going health concern. A significant investment is needed to upgrade the site’s infrastructure and housing to acceptable standards. The most feasible approach to resolving the substantial structural needs of this site is through the demolition and redevelopment of the entire 31-acre parcel. In FY 2008, KCHA began the process of master-planning for the site’s redevelopment and, in the fall of 2008, received a \$20 million HOPE VI grant to help finance this initiative.

Development planning will continue in FY 2009 with platting and subdivision of the site and with the initiation of the tenant relocation process. In addition, KCHA will initiate demolition of the site and disposition of the land among: (1) Low-income Housing Tax Credit partnerships or Limited Liability Corporations (LLCs) who will own the new housing and for whom KCHA will be the managing general partner or member; (2) King County, who will own the public streets and drainage facilities; (3) utility companies for ownership of utility systems; (4) a landowner's association that will own and maintain the parks and trails; and (5) builders of "for-sale" housing.

KCHA's intent is to preserve the site as affordable housing for those low income households in greatest need. The plan calls for the on-site replacement of all of the Public Housing units. Affordable and market rate home ownership and a limited number of workforce rental units would be mixed into the approximately 300 units expected to be included in the final site design.

KCHA intends to use the Replacement Housing Factor (RHF) funds resulting from the demolition of Site II units as part of the financing for this project.

- **Springwood Apartments Redevelopment.** As detailed in our amended and approved FY 2008 MTW Annual Plan, KCHA has disposed of the Springwood Apartments to a Limited Partnership (of which we are the general partner) and is utilizing a combination of Low Income Housing Tax Credit equity contributions, housing bonds, RHF funds and state and county grants to perform \$55 million in substantial renovations to these buildings. Temporary relocation of the residents and the renovation of the units commenced in 2008, with work expected to continue through FY 2009 and into FY 2010. In the redeveloped Springwood, Public Housing subsidies will be replaced with project-based vouchers, providing the cash flow necessary to support repayment of the private debt. As detailed in Section II of this Plan, the flexibility available under MTW has been used to conform policies associated with the project-based vouchers to those of the Public Housing program. As a result, households will return to a development that is managed and administered under similar program requirements as they had prior to the start of the project.

The Springwood site is overly dense, with inadequate parking and open space. In addition, one building (10 units) was substantially damaged by fire in FY 2004 and subsequently torn down and, a number of units are directly adjacent to a protected creek and prone to flooding. Consequently, 84 of the 346 original units will not be replaced on site. However, KCHA is committed to one-for-one replacement and will replace these units elsewhere in King County through the use of project-based Section 8 subsidies.



Architect's rendering of the revitalized Springwood community.

As noted, KCHA will spend 100 percent of the First Increment and Second Increment Replacement Housing Factor (RHF) funds available from disposition and demolition of Public Housing units at Springwood and Greenbridge as a source of repayment for the tax-exempt bonds issued to finance renovations. The following table shows the amount of RHF funding projected for debt service for the next five years.

Table VI-1: Replacement Housing Factor Fund Expenditures for Bond Payments FY 2009-2013 (Springwood Apartments Renovation)

	Total	FY 09	FY 10	FY 11	FY 12	FY 13
Debt Service Payments	\$ 8,321,495	1,659,772	1,170,926	1,798,532	1,829,743	1,862,522

B. Fire/Life Safety Upgrades in Mixed Population Buildings (Egis Housing Project)

In FY 2007, KCHA used the flexibility MTW encourages to simplify its Capital Fund Financing Program (CFFP) transactions. With our modified approach, we were able to leverage significant private equity for fire/life safety and related improvements (including, most notably, the installation of fire sprinkler systems) for eight Public Housing buildings serving elderly and disabled residents. These buildings now operate under a long-term lease to the Egis Housing Limited Partnership – a Washington limited partnership controlled by KCHA. Renovation of the first four buildings (Brittany Park, Gustaves Manor, Paramount House, and Riverton Terrace) has been completed. Work on the remaining four sites (Casa Madrona, Mardi Gras, Munro Manor, and Plaza Seventeen) will be completed by the end of 2008.

The mixed-finance transaction combined tax-exempt bonds and over \$25 million in leveraged equity from 4% Low Income Housing Tax Credits. KCHA’s anticipated CFP receipts are pledged to repay \$9.25 million in tax-exempt bonds, the proceeds of which were spent for renovations completed in 2008. The CFP bonds will be repaid in semiannual installments over 20 years. The table below shows the total amount of Capital Fund resources that will be applied to bond debt service over the next five fiscal years:

Table VI-2: Capital Fund Expenditures for Bond Payments FY 2009-2013 (Egis Housing Project/Capital Fund Financing Program)

	Total	FY 09	FY 10	FY 11	FY 12	FY 13
Debt Service Payments	\$4,355,425	\$1,168,524	\$1,060,124	\$704,815	\$781,956	\$640,006

The Egis project completes KCHA’s initiative to protect senior and disabled residents in our mid-rise inventory. All 19 buildings with 1,163 apartments will be fully sprinklered and equipped with modern fire detection, alarm and communication systems.

C. Capital Fund Expenditures

While creative financing methods have proven quite effective for major renovations, much of the work identified in our 10-Year Capital Plan does not lend itself to this approach. This smaller-scale infrastructure and systems replacement work – such as paving, deck replacements, building envelope upgrades, and general site improvements – is the type of work typically targeted for completion using Capital Fund program (CFP) allocations supplied by HUD. Over the past eight years, however, we have seen a significant decrease in CFP program funding – the result of ongoing budget cuts at the federal level and a decrease in Public Housing units following the demolition of Park Lake Homes under the HOPE VI program discussed earlier.

With less money and an aging inventory, it has become imperative that KCHA control costs and prioritize projects wisely. Work is being sequenced to address the most critical and urgent repairs first, and as quickly as possible – before the problem escalates. KCHA has fully spent its entire CFP allocation for 2005 and drawn down 50 percent of the allocation for 2006. All remaining CFP funds received are fully committed to projects scheduled within the 10-Year CFP work plan. Approximately 69 percent of CFP allocations received through FY 2008 are fully obligated to improvements currently underway. In addition, we expect to receive about \$14.8 million in CFP funding between fiscal years 2009 and 2013. Identified capital needs that we believe must be dealt with during this period exceed anticipated HUD funding receipts by more than \$13 million. Depending on the Authority’s overall cash flow situation, we anticipate starting to draw down additional MTW block grant funds to supplement CFP funding in 2009. Capital improvement projects scheduled for completion during the next five years (2009–2013) are shown in Table VI-3 at the end of this section.

In addition to infrastructure improvements at individual properties, during FY 2009 we will commit \$2.7 million in CFP funding to expand the successful Unit Upgrade Program, which began as a demonstration project in FY 2007. As discussed earlier in this plan, the program allows major interior renovations – such as new flooring, cabinets, and fixtures – using our own internal *force account* crew. In the past, these major upgrades were completed on a building-by-building basis through the use of outside contractors – at an average cost of approximately \$35,000 (including tenant relocation) per unit. By completing the work on a unit-by-unit basis (as residents move out) we are able to deliver the same scope of improvements, extending the useful life of these units by another 20 years, at a much more reasonable \$18,000 per unit average. Current projections indicate the project will save KCHA a total of \$2.5 million in FY 2009.

Table VI-3: Proposed Capital Fund Project Expenditures for FY 2009 – FY 2013

Property	Scope of Work	Total	FY 09	FY 10	FY 11	FY 12	FY 13
Kings Court	Community Building; Office Addition	\$ 280,000	\$ 280,000				
Burndale Homes	Site Improvements	\$800,000	\$800,000				
Cascade Homes	Site Improvements	\$ 2,200,000	\$1,500,000		\$700,000		

Property	Scope of Work	Total	FY 09	FY 10	FY 11	FY 12	FY 13
Briarwood	Common Area Upgrades, Ventilation, Domestic Water	\$1,300,000	\$1,300,000				
Victorian Woods	Site Improvements	\$ 210,000	\$ 210,000				
Lakehouse	Building Envelope	\$ 500,000	\$ 500,000				
Green River	Pre-Design for Exterior Envelope/Interior Remodel/Site Upgrades- Completes FY08 Project	\$55,000	\$55,000				
Southridge	Envelope Upgrades	\$ 1,500,000	\$1,500,000				
Valli Kee	Building Envelope Upgrades Replace Waste Drain Lines	\$ 2,550,000	\$1,800,000	\$ 750,000			
Eastside Terrace	Site Improvements	\$525,000		\$525,000			
Firwood Circle	Site improvements	\$525,000		\$525,000			
Vista Heights	Soffit Replacement	\$ 165,000			\$ 165,000		
Cedarwood	Roofing	\$ 210,250			\$ 210,250		
Kirkwood Terrace	Building Envelope	\$550,000			\$550,000		
Juanita Trace	Building Envelope	\$880,000			\$880,000		
Forest Glen	Roofing (CY11); Site Improvements (CY12)	\$ 725,000			\$495,000	\$ 230,000	
Wayland Arms	Sanitary Sewer	\$ 517,000				\$ 517,000	
Youngs Lake	Site Improvements	\$ 460,000				\$ 460,000	
Riverton Terrace (family)	Paving (CY12); Building Envelope (CY13)	\$ 811,000				\$ 115,000	\$696,000
Casa Juanita	Roofing	\$ 330,000					\$ 330,000
Federal Way Houses	Siding	\$ 90,000					\$ 90,000
Various	ADA Modifications	\$1,750,500	\$120,000	\$414,750	\$434,500	\$385,250	\$396,000
Various	Unit Upgrade Program	\$ 14,850,000	\$ 2,700,000	\$ 2,835,000	\$ 2,970,000	\$3,105,000	\$ 3,240,000
Various	Regional Minor Capital Work	\$ 838,110	238,110	\$150,000	\$150,000	\$150,000	\$150,000
Construction		\$ 32,621,860	\$11,003,110	\$5,199,750	\$6,554,750	\$ 4,962,250	\$ 4,902,000
A & E		\$ 1,070,286	\$ 556,150	\$125,000	\$209,388	\$ 92,540	\$87,208
Capital Fund Project Expenditures*		\$33,692,146	\$11,559,260	\$5,324,750	\$6,764,138	\$ 5,054,790	\$ 4,989,208
Projected HUD Capital Fund Award/Disbursements*		\$20,189,056	\$10,600,958**	\$2,491,528	\$2,560,347	\$2,265,674	\$2,270,549
Anticipated MTW Reserves necessary to cover shortfall*		\$13,503,090	\$ 958,302	\$2,833,222	\$4,203,791	\$2,789,116	\$2,718,659

*Subject to funding availability

** Includes \$5,771,752 from CFP 2007 and CFP 2008 year grants that will be expended in FY 2009 and a projected FY 2009 grant amount of \$3,602,892

Section VII | Owned and Managed Units

The effective day-to-day management of our Public Housing developments remains a fundamental focus of this housing authority. Historically KCHA's Public Housing has been recognized as high quality housing with strong curb appeal, very low vacancy rates, and high rent collections. This past year KCHA's inventory scored 90.4 percent on its REAC inspections, while maintaining a vacancy rate below the established benchmark of 2 percent and rent collections above the established 99 percent threshold. At the same time KCHA has continued to focus admissions on extremely low income households (ensuring at least 40 percent of admissions have income below 30 percent of AMI) and has set aside up to one third of vacancies in its family developments for formerly homeless families graduating from transitional housing programs.

The quality of our operations is key to how we are viewed by our residents and surrounding neighborhoods. Strong oversight reduces criminal activity and vandalism and strengthens community. That's why in 2004, well in advance of HUD requirements, we began to shift our Public Housing operations to a property-based management approach similar to the private sector. We've used our MTW authority to build upon this framework and have developed a locally driven Asset Management model that provides property managers the tools to effectively manage their properties – encouraging them to take ownership of their sites on a daily basis. At the same time, we've streamlined operations and cut through administrative red tape to reduce expenses and ensure our scarce resources are spent in a fiscally responsible manner.

The shift to site-based management and an asset management perspective on the oversight of our properties has also been a critical element in the success of our efforts to leverage outside capital investments into our Public Housing portfolio. We have been successful over the last two years in leveraging \$126.3 million in tax credit equity and bond proceeds into the rehabilitation of our aging stock. To date, nearly 28 percent of our Public Housing inventory has been rehabilitated or rebuilt using tax credits and continues to be managed and maintained by KCHA's in-house management and maintenance operation.

In fiscal year 2009 we will maintain KCHA's traditionally high standard of operational excellence - refining our local asset management model, leveraging outside resources and expanding the current initiatives detailed throughout this Plan. In particular, we will continue the redesign of our Public Housing rent and utility allowance structure to simplify the current system and encourage resident self-sufficiency, and will continue to implement, monitor and modify (as necessary) our revised transfer policy to increase housing choice, shift families to appropriately sized units,



Riverton Terrace – 30-units in Tukwila, WA – renovated using a combination of public housing and tax credit resources is directly managed by KCHA staff trained in both Tax Credit and public housing compliance.

facilitate KCHA redevelopment activities and speed our response to reasonable accommodation requests. In addition, we will begin testing new approaches to improving operations in the following areas:

- ❑ **Resident Communication and Feedback.** To measure how well we serve our residents, we will begin to conduct our own annual Resident Satisfaction Survey (replacing the survey currently distributed through HUD’s Real Estate Assessment Center) and use the results to improve operations and increase customer satisfaction.
- ❑ **Quality Control and Management.** We will begin implementing quality-control programs to evaluate program performance and field staff comprehension of approved practices and procedures to ensure that performance standards are consistently being met department-wide.
- ❑ **Eligibility and Tenant Selection.** We will explore changes in current eligibility policies to ensure that our limited housing resources are reserved for households in greatest need and to facilitate the matching of “special needs” populations to appropriate services. In addition, we will consider changes in the definition of *elderly* and *near elderly* that can help streamline the administration of our waiting lists and our MTW-approved Designation Plan.
- ❑ **Public Housing Dwelling Lease.** We may develop and adopt a locally designed lease that’s consistent with MTW initiatives, including provisions such as those regarding utility consumption sub-metering, smoke-free environments and live/work units.
- ❑ **Admissions and Occupancy.** We will continue to refine Public Housing admissions and occupancy policies relating to mixed-finance developments where Public Housing subsidy has been comingled with other federal programs such as Project-Based Section 8 or where there is an overlay of additional federal requirements such as under the Low Income Housing Tax Credit Program. These revisions would align Public Housing administrative requirements with the requirements of other federal programs, to enable equitable and uniform treatment of all low income households living in a specific complex as well as facilitating compliance with IRS regulations.
- ❑ **Supportive Housing Approaches.** KCHA is closely engaged with the region’s 10 Year Plan to End Homelessness and will continue its efforts in FY 2009 to respond to local priorities, including the need to increase affordable housing options for homeless and disabled populations who require a level of supportive services to enable them to live independently. As the Authority expands its front door, we anticipate working closely with public health and behavioral health care systems to assure the success of these initiatives. To meet this goal, KCHA may experiment in structuring approaches in specific housing complexes that integrate national best practices in supportive housing with Public Housing operating rules. New models may involve changes to tenant admission and occupancy policies and alterations to standard requirements of tenancy and the Public Housing lease.
- ❑ **Expansion of the Public Housing Program.** During the coming year KCHA will explore the acquisition or development of new housing in which to “turn-on” existing ACC contract authority that is not currently being utilized.
- ❑ **Encouraging Self-sufficiency.** As part of its self-sufficiency efforts, KCHA is experimenting with increased development of licensed family childcare and commercial live work units. These innovative approaches to housing design put storefronts on the street, increasing foot traffic and pedestrian activity, provide affordable, culturally relevant childcare in close proximity to the many single parent working households in Public Housing

and provide opportunities for self-sufficiency for Public Housing residents. Successful implementation of these pilot projects may entail changes to Public Housing leases and occupancy rules for specific units.

A. Vacancy Rates

As shown in the table below, our overall vacancy rate of 1.4% is well below the established benchmark of 2 percent. Our move to property-based management and the use of a centralized application center has proven effective in ensuring our rental units remain occupied to the fullest extent possible. During fiscal year 2009, we expect vacancies to increase in developments targeted for major renovation; however, vacancies at other sites should remain consistent.

Development Name	# Units	# Occupied	% Occupied
AVONDALE MANOR	20	20	100.0%
BALLINGER HOMES	110	110	100.0%
BELLEVUE 8	8	8	100.0%
BOULEVARD MANOR	70	70	100.0%
BRIARWOOD	70	70	100.0%
BRITTANY PARK	43	42	97.7%
BURNDALE HOMES	50	50	100.0%
CAMPUS COURT I	12	12	100.0%
CAMPUS COURT II	1	1	100.0%
CASA JUANITA	80	78	98.8%
CASA MADRONA	70	65	92.9%
CASCADE APTS	108	107	99.1%
CEDARWOOD	25	25	100.0%
COLLEGE PLACE	51	51	100.0%
EASTRIDGE HOUSE	40	40	100.0%
EASTSIDE TERRACE	50	50	100.0%
EVERGREEN COURT	30	30	100.0%
FEDERAL WAY HOUSES	3	3	100.0%
FIRWOOD CIRCLE	50	50	100.0%
FOREST GLEN	40	40	100.0%
FOREST GROVE	25	25	100.0%
GLENVIEW HEIGHTS	10	9	90.0%
GREEN LEAF	27	27	100.0%
GREEN RIVER HOMES	60	58	96.7%
GUSTAVES MANOR	35	35	100.0%
JUANITA COURT	30	29	96.7%
JUANITA TRACE	30	29	96.7%
JUANITA TRACE II	9	9	100.0%
KING'S COURT	30	29	96.7%
KIRKWOOD TERRACE	28	27	96.4%
MARDI GRAS	61	58	95.1%
MUNRO MANOR	60	60	100.0%
NIA APARTMENTS*	40	0	
NORTHRIDGE I	70	69	97.1%
NORTHRIDGE II	70	69	97.1%

PARAMOUNT HOUSE	70	69	97.1%
Development Name	# Units	# Occupied	% Occupied
PARK LAKE HOMES SITE II	165	161	97.6%
PICKERING COURT	30	30	100.0%
PLAZA SEVENTEEN	70	68	97.2%
RIVERTON TERRACE	30	30	100.0%
RIVERTON TERRACE - EGIS	30	30	100.0%
SEOLA CROSSING	77	77	100.0%
SHOREHAM APTS	18	17	94.4%
SOUTHRIDGE HOUSE	80	80	100.0%
SPRINGWOOD **	342	153	44.7%
THE LAKE HOUSE	70	70	100.0%
VALLI KEE	114	110	96.5%
VICTORIAN WOODS	15	14	93.3%
VISTA HEIGHTS	30	30	100.0%
WAYLAND ARMS	67	67	100.0%
WELLSWOOD	30	30	100.0%
YARDLEY ARMS	67	67	100.0%
YOUNG'S LAKE	28	27	100.0%
Total Units – Excluding those under development	2467	2432	98.6%

*Currently under construction, scheduled for completion late FY 2008

** Currently under construction, scheduled for completion FY 2009

B. Rent Collections

Although it's possible that rent-collection levels may fluctuate with potential changes under our Rent Reform initiative, we project FY 2009 collections will remain above 98 percent of total Public Housing rents assessed. Rent collections are tracked at the Central Office level to ensure that all properties continue to meet this standard. This system allows proper program oversight so that problem areas are easily identified and addressed promptly. In addition, close collaboration between our property management and resident service staff helps keep collections within the acceptable range.

C. Work Orders

Our property-based management approach allows us to allocate staff as needed by individual properties. In addition, use of a regional maintenance crew allows us to respond to specific maintenance issues and repair needs as they occur. During FY 2009, we intend to respond to all emergency maintenance requests within 24 hours, and to 97 percent of all regular (non-emergency) maintenance requests within 30 days. Both these targets are consistent with benchmarks established upon entering the MTW demonstration.

D. HQS Inspections

Current regulations require inspection of each Public Housing unit and building system at least annually. While we are on track to meet this (100 percent) goal in the current fiscal year, in FY

2009 we want to evaluate how MTW flexibility can help modify the inspection process. As discussed earlier in this MTW Plan, we want to consider how efficiencies can be realized through streamlining, less frequent inspection schedules, and the possibility of accepting inspections completed by other qualified entities, such as the Housing Finance Commission, in lieu of those completed directly by KCHA staff.

E. Security

Keeping our communities safe is crucial to effective management. KCHA has strict suitability standards for screening applicants, including completion of criminal background checks through local, state, and federal law enforcement agencies. This “first line of defense” strategy helps ensure that our communities remain safe places to live by effectively screening out those likely to have an adverse impact on the neighborhood. The next line of defense in our anti-crime strategy is proactive and consistent lease enforcement by property management staff. In addition, we continue to employ many of the core strategies previously funded under HUD’s Drug Elimination Grant such as those described below:

- ❑ Maintaining strong partnerships with police departments throughout our jurisdiction and ensuring that Public Housing residents receive needed services for safety and security. Cross-communication between the police department and our own management staff is especially crucial when pursuing evictions or seeking solutions to cases involving serious criminal and drug-related activity. As part of the close collaboration with local police jurisdictions, we have implemented a monthly reporting system to track the occurrence of Phase I and Phase II crimes in every KCHA managed housing development.
- ❑ Supporting community policing programs in select family communities, using MTW block-grant resources to foster cooperative relationships between residents and police officers. In addition, community police substations on-site at our largest family developments help deter criminal activity and encourage residents to enhance safety through block watches and other efforts.
- ❑ Developing strong partnerships with support-service providers and community-based organizations to offer after-school and summer activities on-site and within the local community. These include youth sports, homework and youth tutoring programs, and summer day camps.
- ❑ Seeking new resources such as the Public Housing Safety Initiative, implemented in 2006, which funded community policing and after-school and late night youth intervention services in three Public Housing developments in Kent. Unfortunately, this program was not renewed in the FY 2008 Federal budget.
- ❑ Integrate crime prevention through environmental design (CPTED) and defensible space approaches into major redevelopment projects. Develop and implement plans to install security-camera systems at select sites including Springwood Apartments, Greenbridge and Park Lake Homes Site II redevelopment projects.

Section VIII | Management Information for Leased Housing

MTW program flexibility has been the catalyst in our efforts to grow the size of the Section 8 Housing Choice Voucher (HCV) program and expand housing opportunities available to low-income households over the term of our MTW participation. We now assist more than 9,000 families under the HCV umbrella – nearly forty percent more than the number assisted when we entered into the demonstration program. Effectively managing a program of this size requires careful planning and analysis. KCHA closely monitors shopping success rates, HQS fail rates, participant shelter burdens, program terminations and the geographic distribution of vouchers to assure that the program is operating at the highest possible level. Our MTW agreement has been crucial to our efforts, allowing us to streamline procedures, break through bureaucratic restraints, and develop new and innovative programs to expand housing opportunities and address the multi-faceted needs of the County’s lowest-income populations. The ability to design programs that fit local circumstances has been integral to our success, especially in light of the tight rental market characteristic of King County.

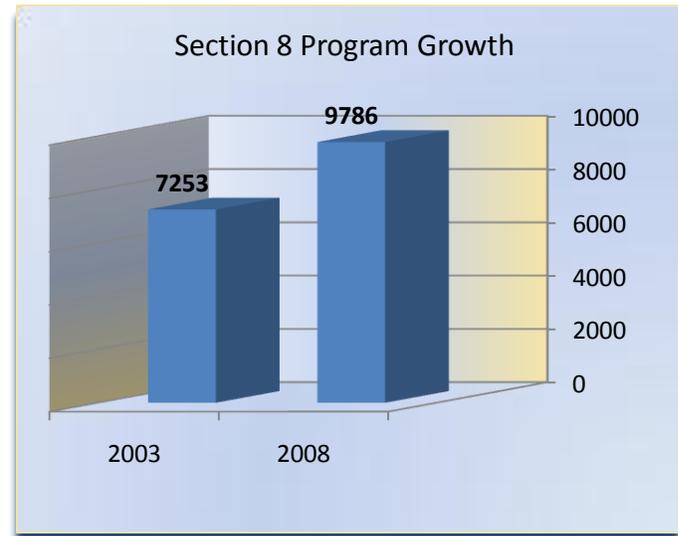


Figure VIII-1: Section 8 households under lease at the end of FY 2008 vs. participants in 2003 as KCHA entered the MTW demonstration.

In King County, where a shrinking rental inventory continues to drive rents upward, low-income families are increasingly at risk of being priced out the rental market, even with KCHA rent assistance. As the wave of rent increases began to move across the region, it became clear that proactive steps were needed to ensure continued access to housing county-wide. With MTW authority, we addressed this need by changing how payment standards (maximum subsidy amounts) are determined for voucher-assisted households. Where subsidy amounts were once capped by HUD-approved Fair Market Rents (FMRs), we now look toward local market conditions, trends, and our own resources to set payment standards at appropriate levels for individual rental sub-markets. This local-program approach expands access to more affluent neighborhoods with better schools and increased opportunity for employment, while assisting efforts to reduce the concentration of low-income families in the region’s poorest neighborhoods. Under these revised policies, we also approve exceptions to the payment standard “in-house” when requested as a Reasonable Accommodation for HCV participants with a disability. Our streamlined approach circumvents a somewhat lengthy HUD approval process and significantly accelerates access to housing subsidy for affected families. We will continue to monitor local market trends during the term of the MTW demonstration and adjust payment standards as necessary to reflect market conditions and address the needs of the region and local communities.

In addition to the many MTW initiatives discussed elsewhere in this section and in this Annual Plan, we anticipate exploring and implementing program changes in the following areas during FY 2009:

- ❑ **Rent, Income and Deductions.** As discussed earlier in this Plan, we have begun to develop revised policies relating to the calculation of rent, income and deductions. Using a two-phased approach, during FY 2008 we implemented simplified policies for elderly and disabled households that are easier to understand and administer. These will be followed, in FY 2009, with changes for “work-able” households that combine simplified policies with changes to encourage employment, income progression, savings and graduation from the program. As part of this process, we also plan to review and implement changes in policies and procedures for setting utility allowances program-wide.
- ❑ **Eligibility Policies and Tenant Selection.** To ensure that limited resources are made available to those households most in need, we intend to review policies such as those regarding live-in attendants and residual family members. In addition, we may revise policies covering wait list administration and preferences, tenant eligibility and selection, and the definitions of *elderly* and *near elderly* to ensure the best use of limited resources as well as to streamline operations and increase program efficiency.
- ❑ **Property and Owner Eligibility Criteria.** To assist efforts to deconcentrate poverty, we may consider changes limiting the number of units that can be placed under an HCV contract in any given building, development, or neighborhood.
- ❑ **The Housing Assistance Payments Contract (HAP) and Family Obligations.** In order to clarify owner and participant responsibilities and streamline HCV program administration, we may revise the HAP contract and modify the list of Family Obligations.
- ❑ **Portability and Moving Procedures and Policies.** To control costs and increase program efficiency, we may revise policies that allow participants to move within KCHA’s jurisdiction or across the region or nation.
- ❑ **Changes in HUD Reporting Requirements.** We may seek to modify current reporting requirements to address changes implemented under the MTW demonstration and increase efficiency through streamlined program administration.
- ❑ **Project-Based Policy and Procedures.** As described throughout this Plan, during FY 2009 and beyond, we will continue to serve as an active force in the County’s 10-year Plan to End Homelessness. As such, we will seek every opportunity to modify Project-Based policies and procedures to fit local needs and to expand and target voucher assistance to specific priority populations and supportive service providers. In addition we will continue to use the Project-Based program to broaden geographic housing choice for our clients and assist in underwriting the development of new affordable housing and the preservation of existing housing.
- ❑ **Expansion and Program Modifications to KCHA’s Sponsor-based and Tenant-based Programs for Disabled and Homeless Populations.** KCHA will continue to develop program innovations to better serve hard-to-house populations and to leverage and coordinate necessary supportive services. In addition, we will seek to expand these programs in tandem with new funding initiatives by public and philanthropic partners.

A. Program Utilization (Lease-up Rates)

Stabilization of funding levels through the MTW block grant has increased our ability to accurately project program costs over the long term. These projections, coupled with cost savings resulting from careful planning and streamlining efforts, provide us with a unique ability to address the growing demand for housing assistance in the King County region. Under normal Section 8 program guidelines, on-going funding of voucher assistance above the established HUD baseline is not allowed. However, in FY 2008, using MTW flexibility, we moved forward with an initiative to assist 300 additional households by maintaining a program utilization rate above the HUD authorized baseline of 7,227 units. Currently we have a lease-up rate of 102 percent. We plan to increase the rate to as high as 104 percent and maintain program utilization above the baseline level throughout the year.

B. General Program Administration

- **Ensuring Rent Reasonableness:** We will continue to use the services of Dupre + Scott, a professional real-estate consulting firm that conducts rental market research in the Puget Sound Region. The firm publishes an annual rent reasonableness report customized for the Section 8 program that is based on an extensive survey of rental units in sub-markets across King County. The report establishes a maximum rent for housing units based on a number of factors including: location, size, quality, type, amenities, utilities, and general condition. KCHA staff also use a web-based resource to provide additional information in performing rent-reasonable tests. The website provides data on all apartment buildings in the Seattle-King County area with 50 or more units. The data includes total number of units, age of building, square footage by bedroom size, and rental price of last units rented, as well as comparable units within a stated number of miles. KCHA staff make rent reasonableness determinations for all units rented under the Section 8 program, including units owned by KCHA.

In acknowledgement of rising market conditions KCHA is only conducting additional rent reasonableness studies on units where the owner has requested a rent increase. During the coming year we intend to continue to explore ways in which we can both assure accuracy and continue to streamline this process.

- **Landlord Outreach:** The Authority does extensive outreach to current and potential landlords through a variety of methods. Those methods include staffing a Section 8 information booth at the annual TRENDS/Rental Housing Management Conference and Trade Show, periodic informational mailings to let landlords know of upcoming changes to the program, and continued refinements to the KCHA website to make it easier for a landlord to gain information about the program and list any available units. During FY 2009, the Authority is exploring the expansion of the housing search assistance capability of its non-profit partner, some of whose staff works regularly out of the Section 8 office, in order to help hard to house families negotiate with landlords and navigate the private rental market. Shopping success rates for new voucher holders stand at 89 percent in FY 2008 and we will seek to sustain and improve this level during FY 2009.

- **Assuring Housing Quality and Streamlining the Inspection Process:** Implementing an effective and efficient Section 8 Housing Quality Standards inspection program for KCHA’s large jurisdiction – covering almost 2,000 square miles – is a significant challenge. Using MTW flexibility, we have adopted a number of changes to HUD’s inspection protocols to ease the burden on participants and landlords. Highlights of our streamlined inspection process include:

- Allowing owners and participants to self-certify corrections of minor fail items identified during initial and annual HQS inspections.
- Implementing a new “clustering model” for efficient completion of annual inspections. The model decouples the annual inspection from the client’s annual review - allowing staff to group inspections geographically in order to reduce travel time and expense. To accommodate the change, we consider an “annual inspection” to include any inspection completed within 120 days of the 12-month deadline imposed by regulation and allow the first annual inspection for each unit to be completed between 8-20 months of the original lease date.

In addition, we have established an automated system to remind participants of their scheduled inspection and are utilizing computerized routing software to efficiently plan inspector travel. These changes are designed to serve the dual purposes of reducing program costs and providing families with faster access to needed subsidy. During FY 2009, we will seek additional changes in inspection protocols to increase efficiency and reduce program intrusiveness. At the same time, we will continue our commitment to provide safe, decent and sanitary housing for all Section 8 program participants. Changes under consideration include policies designed to:

- Reduce the number of annual inspections through sampling in buildings with large numbers of Section 8 families or through other approaches.
- Reduce the frequency of inspections on qualified units from annual to biennial.
- Reduce the number of missed inspections.
- Allow KCHA to accept inspections by other parties (State Housing Finance Commission, King County Affordable Housing Program) whose practices and standards are similar to those of KCHA.

C. Expanding Housing Opportunities and Deconcentrating Poverty using Housing Choice Vouchers

- **Tenant-based Housing Choice Vouchers for Special Needs Populations:** KCHA has partnered with King County and the region’s major behavioral healthcare and human service systems to ensure that people with disabilities get access to both housing subsidies and the services they need to remain successfully housed through the Housing Access and Services Program (HASP). The participating public systems collectively fund a coordinating non-profit service provider to work with applicant households, the Section 8 staff and private landlords to make this program a success. The program provides housing search assistance, linkages to case management, landlord liaison and crisis intervention. As a result, shopping success rates for these hard-to-house households (50 percent of whom were previously

homeless) are high and evictions and program terminations under one percent. This highly innovative partnership currently houses over 1,300 disabled households. KCHA will work this year to expand this "housing and services" approach to include additional priority populations and partnerships with service funders and providers.

KCHA has a number of other tenant-based voucher programs serving special needs populations, including homeless veterans (VASH), homeless families reuniting with children out of the foster care system (FUP), victims of domestic violence and terminally ill individuals. KCHA will work this year to strengthen supportive service connections for these programs and to integrate them where appropriate into the HASP system. KCHA will also evaluate these programs on an ongoing basis to ensure the quality of supportive services offered and to evaluate the possible use of these subsidies under either the project or sponsor-based models. The Authority intends to apply for additional vouchers, including VASH and FUP vouchers, as they become available over the coming year.

- **Project-Based Housing Choice Voucher Assistance:** In 2003, using MTW authority, KCHA adopted a local Project-Based Assistance policy to significantly expand housing opportunities for low income households. The policy identified eight local issues that KCHA was interesting in addressing through this program including:
 - Production of New Affordable Housing
 - Preserving Economic Diversity in Gentrifying Communities
 - Overconcentration of Affordable Housing
 - Replacement Housing Initiative
 - Affordability Limits in Existing Subsidized Housing
 - Maintaining the Viability of KCHA's Existing Affordable Housing Inventory
 - Strengthening the County's Existing Affordable Housing Inventory
 - Serving underserved and Homeless Populations

Multiple issues are frequently addressed in a single initiative. KCHA's Project-Based programs can best be characterized in two general categories:

- ❖ **Category 1: Preserving our Stock and Deconcentrating Poverty.** Utilizing the HOPE VI program and the creative bundling of government and private resources, KCHA is moving aggressively to preserve or rebuild its aging Public Housing inventory. Project-Based assistance has been a critical tool in this endeavor, as declining Public Housing operating subsidies cannot provide sufficient revenue to sustain housing operations and capital improvements in an aging housing stock. By project-basing subsidies at these redeveloped sites we ensure that this newly renovated housing remains a lasting community resource. Changes to Project-Based assistance operating guidelines under MTW have allowed project-based subsidies to mirror those of the public-housing funds they replace, in order to provide a single set of program rules for new and returning residents and property managers.

At the same time we are using this opportunity to deconcentrate poverty in overly impacted low income communities by replacing extremely large Public Housing developments with smaller decentralized clusters of subsidized housing. KCHA is committed to one-for-one replacement and “hard units” not replaced on site are being replaced elsewhere in the region to promote and expand housing choice. A portion of these vouchers are being combined with other government funding to develop new housing. In other cases the subsidies are being placed in existing housing complexes.

The following chart identifies how Project-Based Housing Choice Vouchers are being used to assist in the redevelopment or replacement of KCHA’s Public Housing inventory and the preservation of existing affordable housing stock. Vouchers planned but not currently under contract for project basing have been issued as tenant-based vouchers and project-based targets will be met through recapture and the close management of the voucher issuance rates possible under MTW.

Program	Housing Type	Vouchers Authorized	Units Currently Under Contract
Public Housing Redevelopment	Former Public Housing Developments	382	409
Replacement Housing	Non-subsidized Apartment Complexes	331	220
Local Preservation	Non-subsidized Apartment Complexes	150	64
Total		863	693

- ❖ **Category 2: Ending Homelessness.** The project-basing of Section 8 vouchers in tandem with the provision of appropriate supportive services is a crucial element in the region’s 10-year Plan to End Homelessness. MTW has provided KCHA with the flexibility it needs to make this a success. Working closely with our funding partners, including King County, local suburban cities, United Way and the Gates Foundation, KCHA is bundling housing and services to successfully bring homeless families and individuals off the street and out of in-patient institutions. We will further expand upon these efforts in FY 2009 as additional homeless family projects funded under the Gates Foundation’s Sound Families Project come on line and new supportive housing projects are funded by the region’s public health, behavioral healthcare and human services systems. These may include up to 30 units of non-time limited housing for homeless young adults and possibly up to 53 units of housing for homeless veterans under the VASH program.

The following chart identifies current plan authorizations and existing Project-Based initiatives for homeless and disabled populations:

Program	Purpose	Vouchers Authorized	Units Currently under Contract
Transitional Housing	Homeless Families	230	186
Permanent Supportive Housing	Permanent Supportive Housing for People with Disabilities	150	32
Total		380	218

D. Expanding Housing Opportunities and Deconcentrating Poverty under a Local Leased Housing program

- Sponsor-Based Subsidies for Permanent Supportive Housing:** KCHA recognizes that certain households are not going to be successful in securing housing on the private market, even with voucher assistance. These at-risk populations, including chronically homeless mentally ill individuals and households transitioning out of long-term care inpatient facilities, require intensive supportive services in a flexible housing model to successfully integrate into a community. Given problems of credit and landlord history and criminal records, landlords simply won't rent to them – particularly in a market with an overall vacancy rate of four percent. In 2007, in order to serve this most vulnerable segment of the population, we used MTW authority to develop the Sponsor-Based Permanent Supportive Housing Subsidy program. Instead of attaching subsidies to the tenant - as in the standard Housing Choice Voucher Program – the Sponsor-Based Permanent Supportive Housing Subsidy Program allows KCHA to contract with service providers. These partner agencies then negotiate master leases with landlords to secure affordable housing for their clients. Under this program, sponsor-based subsidy contracts are linked directly with local government and philanthropic service contracts to closely coordinate housing and services.

KCHA currently has the following contracts in place under the Sponsor-Based program:

Program	Purpose	Vouchers Authorized	Units Currently under Contract
South County Pilot	Homeless Families	50	50
FACT – Sound Mental Health	Chronically mentally ill	15	15
PACT – Navos	Chronically mentally ill	90	90
Total		155	155

KCHA anticipates the Sponsor-Based program will be fully leased to the authorized maximum of 155 individuals by the end of the FY 2009 Plan Year. Under the first two contracts, Sound Mental Health assists 50 chronically homeless individuals identified by street outreach teams and 15 deinstitutionalized households. The third contract allows Navos (formerly Highline West Seattle Mental Health) to assist up to 90 deinstitutionalized households transitioning out of the region's mental health system. Participants are being supported by Assertive Community Treatment (ACT) teams funded through a mix of county, state, United Way and Medicaid funding.

All program participants must qualify as extremely low-income and provide no more than 30 percent of their monthly income for rent and utilities. To ensure that the housing leased by service providers meets KCHA standards, all units undergo HQS inspection screening and rents are subject to rent reasonableness reviews. This highly successful program is not funded through an increase in housing assistance payments from HUD; rather KCHA directly funds the program through the use of accumulated MTW block grant proceeds. We are currently exploring the appropriateness of this model for use in assisting other traditionally hard-to-serve populations, such as homeless veterans under the VASH program and young adults under King County's 10 Year Plan. Up to 100 additional Sponsor-Based subsidies may be targeted for lease-up in this coming year.

Section IX | Resident Programs

In order to effectively respond to the housing crisis in our region with the resources we have, KCHA must find ways to move families forward along the path toward self-sufficiency. With targeted assistance, many households can become more self-reliant and prepared to transition out of Public Housing or Section 8 into market-rate apartments or homes of their own. With each family that successfully steps off the ladder, we can turn our attention to those on the rung below – helping them build skills to advance and succeed and eventually leave the program.

This is the focus of the Resident Opportunity Plan (ROP), an initiative introduced in FY 2008. As we look toward the next five years and the challenges faced by the County's lowest income households, we see two critical objectives: improving economic independence for Public Housing and Section 8 households and increasing graduation rates from federally assisted housing. During FY 2008, we conducted a comprehensive assessment of current conditions and opportunities for residents. Based on this assessment, during FY 2009 we will continue to advance the ROP through a combination of strategies that consider:

- Internal and external work incentives that support resident employment and income progression.
- Program participation mandates to increase resident involvement in programs.
- Resident outreach and community-building practices that promote active engagement in and feedback on resident service programs.
- Skill-development initiatives that focus on ESL, pre-vocation, apprenticeship, vocation, and general education with community colleges, unions, and other key stakeholders.
- Close coordination with employers and the Workforce Development Council to increase access to quality jobs.
- Small-business development and micro-lending opportunities that support home-based businesses such as licensed family childcare or landscaping.
- Pilot projects that combine unique incentives, opportunities, and approaches for specific populations including, for example, households receiving temporary assistance for needy families (TANF).
- Asset-building programs that combine skill development such as credit repair and budgeting tools with programs such as individual development accounts, to help families build and maintain equity over time.
- Exit strategies, including shallow subsidies and coordination with KCHA-controlled workforce housing, which enables residents to graduate from subsidized housing into market-rate apartments.

KCHA recognizes that many households, particularly within the context of the region's growing disconnect between wages and housing costs, may not be able to achieve complete independence from government assistance. However, by focusing on increasing economic independence and graduation rates, we can improve resident success rates and serve more low-income households in desperate need of our assistance. The financial flexibility of the MTW program helps us reach our goals by allowing us to fund programs and services for our residents to address the specific needs of household members at all ages and abilities. Still, we know that MTW resources are not enough. So we actively search for new partnerships and seek new funding opportunities to

support the wide array of supportive services and economic development activities delivered to our residents. We will continue this effort during FY 2009 by identifying and soliciting funding from appropriate local, state and federal public resources, as well as national and local private foundations. Funded and implemented through a combination of resources and partnerships, the following is a list of new and existing programs and services anticipated during FY 2009:

New Resident Services Initiatives

- ❑ **Broadening Access to Resident Services.** We will explore ways to make resident services traditionally open only to Public Housing residents (because of funding guidelines) available to Section 8 participants and other low-income households participating in rent-restricted programs, such as Preservation and Tax Credit properties.
- ❑ **Rent Policy and Lease Terms.** Our Resident Services and Housing Management departments will jointly develop a comprehensive approach to rent policy and lease terms that supports economic independence and addresses administrative burdens for residents living on limited or fixed incomes. The Resident Services department will revise or develop services and programs that support the new rent policy.
- ❑ **Student Scholarship Program.** We will work with our youth development partners to increase the availability of scholarships, giving low income students additional funding resources to further their higher education goals.
- ❑ **Relationships with School Districts.** We will work with specific school districts to develop formal relationships between schools and our youth-related service providers, establishing district-wide information sharing, collaboration and outcome expectations to increase support for youth and their families.
- ❑ **Section 3 Employment Program.** Construction work will increase substantially over the next several years as we redevelop two major Public Housing family developments. As development activities increase, we will consider expanding our existing local hiring and contracting program in tandem with the Resident Opportunities Plan referred to above.
- ❑ **Homelessness Prevention Services for Current Public Housing Tenants and Section 8 Participants.** We will expand our program to assist vulnerable clients in maintaining their housing. This program, jointly administered by Housing Management and Resident Services department staff, includes procedures for identifying and stabilizing at-risk families and providing referral and follow-up for households in need of more comprehensive services.
- ❑ **Client Assistance Funds.** Extending our homeless prevention efforts, we will partner with service providers to continue administering the Client Assistance Fund established in 2008. The fund provides eligible residents of Section 8 and Public Housing with emergency cash to fund transportation, legal, medical, employment, education, training, and other expenses. These funds are intended to provide direct client support in cases where no other financial resources are available to meet client need.
- ❑ **Housing Assistance Services for Housing Voucher Applicants.** We will seek to expand housing assistance, including housing search and landlord advocacy, for HCV program applicants who receive vouchers but have barriers preventing them from leasing from a private landlord. The goal of this service is to increase the number of applicants who successfully find housing using HCV subsidy.

- ❑ **Support Services Program.** As part of the HOPE VI project, the Nia Apartments, a new mixed-population apartment building is completed construction in 2008. The site serves an additional 82 senior or younger disabled households. During FY 2009, we will seek to include this building in our support services program and look into expanding support services for senior and younger disabled residents living in Public Housing family developments. Both expansions will require additional funding.
- ❑ **Youth Education and Development Services.** As we evaluate youth program goals and outcomes, we may revise contracts, expand youth program budgets, and determine a new funding mechanism.
- ❑ **Community Services Requirement.** We will continue to evaluate and revise the existing programs to support residents and improve administrative efficiency.
- ❑ **Family Child Care Network.** KCHA currently supports the provision of licensed family childcare services in a number of Public Housing units. In FY 2008, we surveyed the Public Housing inventory to identify additional licensable apartments. In FY 2009, KCHA will seek to expand this network. Admission, occupancy and lease terms may be modified to support these live/work opportunities.



Nia Apartments – KCHA’s newest mixed finance development located at the HOPE VI redeveloped Greenbridge site. Opened in Fall 2008, the development includes 40 public housing units alongside 41 project-based section 8 units.

Ongoing Resident Services Initiatives

- ❑ **Early Childhood Programming.** In partnership with the Puget Sound Educational Services District (PSESD), KCHA supports three on-site Head Start centers at our largest Public Housing communities. Together, these sites serve over 300 four and five-year-olds annually in half-day and full-day programs. In 2007, the Bill & Melinda Gates Foundation awarded PSESD a large, multi-year grant to develop an early learning center at Greenbridge, KCHA’s Hope VI project, with the goal of preparing all children in the White Center community, regardless of economic status, for success in school. KCHA is contributing the land free of charge for this 32,000 square foot facility and is providing New Market Tax Credits to assist in financing facility development. Construction is scheduled to begin in October 2008.



- ❑ **Youth Education and Development Services.** KCHA partners with Neighborhood House, the Center for Human Services, Kent Youth and Family Services, the Center for Career Alternatives, and the Boys and Girls Club to

provide over 1,200 public and assisted housing youth between the ages of seven and eighteen with the following services:

- Youth literacy and tutoring programs;
 - Homework assistance;
 - School tracking and attendance and grade monitoring;
 - Computer training programs;
 - Life skills classes and mentoring programs;
 - Recreation programs, including late-night activities for teenagers;
 - Employment readiness and job search assistance.
- **Self-Sufficiency Services and Programs.** We provide supportive services to Public Housing and HCV program residents to help them obtain, maintain, and increase employment through the following programs:
- **Career Development Centers.** KCHA contracts with the Center for Career Alternatives and the YWCA to operate career development centers strategically located in three Public Housing communities: Greenbridge, Springwood Apartments, and Green River Homes. In addition to employment and job retention services, these agencies partner with local community colleges to prepare residents to increase their economic independence by establishing:
 - English classes for residents with limited English speaking skills;
 - Job skill and short-term training programs;
 - Job search, resume preparation, and interview skill training;
 - Job retention and life skills development.
 - **Family Self-Sufficiency Programs.** Approximately 200 HCV participants currently participate in the FSS program. Working with the Housing Authority and the YWCA, families establish long-term individual plans that lead to economic self-sufficiency. As employment income increases, the difference between initial rents and subsequent higher rents is deposited into escrow accounts established for each participant. When FSS participants meet their program goals and are ready to end their contract, they receive their escrow account balance, which they can use for homeownership, higher education, or small business development. Changes may take place in program structure this year as part of the ROP.
- **Support Services Coordination for Elderly and Younger Disabled Households.** Nine KCHA Support Service Coordinators serve over 1,300 elderly and younger disabled households living in 21 mixed-population Public Housing buildings. The coordinators reduce isolation by coordinating building activities and prevent evictions by helping residents assess their needs and connecting them to available community-based services. KCHA also coordinates services, including transportation, provided to elderly and disabled residents by Neighborhood House, Senior Services, HOPELINK, and other partner agencies.



- ❑ **Urgent Mental Health Assessments.** KCHA now contracts with a qualified mental health agency to prevent homelessness and increase residents' safety and health. The mental health agency provides on-site assessments of client needs and assists KCHA staff with referral options and client advocacy to help residents gain proper access to the mental health system.
- ❑ **Reasonable Accommodations.** We provide a 504 Reasonable Accommodation program, which coordinates resident and applicant requests for reasonable accommodation in Public Housing units and the HCV program. During fiscal year 2008, KCHA expects to process a minimum of 1,200 requests.
- ❑ **Improving Safety in Public Housing Communities.** In late 2005, in partnership with two police departments, several community service providers, and the United States Attorney's Office, KCHA was awarded a Public Housing safety initiative grant to deliver crime prevention and intervention services in three housing developments in south King County. This grant helped improve the physical environment of each development, increased community-policing efforts, improved safety measures, and provided after-school and late-night activities for at-risk youth. The program supported successful summertime safety fairs, National Night Out, and community education meetings - strengthening relationships between police departments and residents who historically may have been polarized from law enforcement. This program was funded through June 2008. We are continuing to seek new funding to restart this successful program.
- ❑ **AmeriCorps Program.** KCHA provides staffing, supervision, and coordination of a 12-member team of AmeriCorps volunteers who work in Public Housing, schools, and community-based organizations to support residents' needs, including youth tutoring, adult education, urban farming and waste recycling.
- ❑ **Hope VI Family Services.** The HOPE VI Family Services staff assists families displaced by the HOPE VI redevelopment project to return to the newly developed Greenbridge community, maintain current housing stability, handle emergency issues, and set long-term goals. We also utilize local community agencies to provide HOPE VI families with additional support services, including homeownership, employment and training, financial planning, youth activities, and healthcare. Services will be available through 2009, when it is anticipated that all former Park Lake Homes residents wishing to return to the new community will have been able to do so. To date 100 percent of completed rental units at Greenbridge have been occupied by returning Park Lake tenants. As the community is re-occupied, the Greenbridge community builder is working with service agencies, management, and residents to create programs, workshops, resident groups, and neighbor-to-neighbor activities that support connection and community. A similar Community Support Services (CSS) effort will start up on Park lake II this coming year.
- ❑ **Facilities to Support Access to Services.** KCHA collaborates with partner agencies to develop facilities to house direct service delivery within our major Public Housing sites. To support capital fundraising activities, we have established two 501(c)3 partnerships with non-



profit service providers. These partnerships, Building Better Futures and the Greenbridge Foundation, have successfully raised close to \$12 million to assist in facility development. Facilities completed or currently under development are detailed below. In addition KCHA has identified smaller facilities at four communities in south and east King County (Valli Kee, Firwood Circle, Burndale Homes and Eastside Terrace) that it will begin to improve and possibly expand in the coming year.



Kent Family Center

- **Kent Family Center:** In 2004, working in partnership with the Puget Sound Educational Service District and two community-based non-profit service providers, the Building Better Futures partnership completed fundraising and construction of the Kent Family Center. This two-story, 20,000-square-foot building houses Head Start classrooms, a WIC health clinic, and a career development center at Springwood, KCHA's largest Public Housing site in south King County.

- **Springwood Youth Center:** In 2005, the same partnership that built the Kent Family Center began raising the capital needed for the replacement of the Springwood Community Center with a new Youth

Center. This 10,800-square-foot facility opened in August 2006, and provides state-of-the-art space for after-school and late-night youth activities.

- **Greenbridge Community Service Campus:** As part of the Greenbridge HOPE VI project, KCHA is working with over a dozen long-time service partners to create a network of facilities to support comprehensive services for the White Center community. The first building, completed on land provided by the Authority and opened in 2005, is the new **White Center Heights Elementary School**, designed as a community school with facilities open to the neighborhood after hours.

The second facility to open was the **Jim Wiley Community Center**. With funding raised by the Greenbridge Foundation, this 23,000 square-foot facility has been extensively rehabilitated and was reopened in March 2007. The facility houses the Southwest Boys and Girls Club, Neighborhood House and Highline Community College programs and includes space for youth tutoring, mentoring and recreation, family and individual case management, adult basic education, ESL and citizenship classes, senior activities, cultural classes, EITC assistance, energy assistance, and flexible community meeting and gathering spaces.



Jim Wiley Community Center - Greenbridge

The YWCA Learning Center at Greenbridge: The YWCA broke ground on this 8,000-square-foot facility in November 2007. The Learning Center will include a branch library and Washington State University Cooperative Extension Program.

Programs and services to be provided include job search assistance, employment case management, youth leadership programs, literacy enrichment, distance learning, 4-H programming, and basic computer classes. The facility opened in November 2008.

The Greenbridge Early Learning Center: Developed by the Puget Sound Educational Services District, this 32,000-square-foot building will serve as the hub for the White Center Early Learning Initiative and house a variety of Head Start programs such as: parenting classes, employment services for Head Start parents, regional training programs, support and training programs for informal childcare providers, childcare home visits, and prenatal/infant/toddler services. It is scheduled to open in 2010.

- **Food Banks:** KCHA has constructed food banks in both White Center and Auburn and has provided a former maintenance facility for operation of a third food bank in the East Hill neighborhood of Kent.
- **King's Court Community Center:** Currently under development, this renovation will provide 2,500 square feet of space dedicated to training and support services for low-income residents and surrounding community.

Section X | Other Information Required by HUD

KCHA Commission Resolution and Required HUD Certifications

- Board Resolution Adopting this FY 2009 MTW Annual Plan
- PHA Certification of Compliance with MTW Plan Requirements
- Certification for a Drug-Free Workplace
- Certification of Payments to Influence Federal Transactions
- Disclosure of Lobbying Activities
- Audit Report in Compliance with OMB Circular A-133

To access electronic copies of the Board Resolution and related Certifications, please click the icons below:

Funding Allocation Forms

- Calculation of Operating Subsidy
- Capital Fund Program Estimate
- Section 8 Estimate of Total Required Annual Contributions

To access electronic copies of Funding Allocation forms, please click the icon below:

Section XI | Community Review of the MTW Plan and Ongoing Policy Formulation

A. Coordination and Public Notice

The King County Housing Authority is committed to ensuring the MTW Annual Plan is developed in an open environment that encourages public and resident review and input. Under guidelines established by the Housing Authority, the Draft MTW Annual Plan for FY 2009 was made available for public review and comment for a period of 30 days. Public Notification of draft Plan availability was advertised as follows:

- Posted on KCHA's website (kcha.org);
- Posted within all KCHA Public Housing Management offices and each development;
- Published to the Neighborhood House "Voice" newspaper *and*,
- Published in the Northwest Asian Weekly, the Facts Newspaper and the Seattle Times.

Copies of the draft Plan were made available, upon request, to all interested parties.

On September 23, 2008, KCHA held an informal meeting to provide a variety of community stakeholders an opportunity to review draft Plan components, answer questions and invite further comment and input prior to the Public Hearing.

In addition, copies of the draft MTW Plan were distributed to the Resident Advisory Committees (RAC) during RAC's regularly scheduled meetings on October 7th and 8th, 2008. The RAC meeting allotted time to review draft Plan components, answer questions and invite further comment and input prior to the Public Hearing.

A Public Hearing was held on October 16, 2008 at the Authority's Central Administrative office during which participants were invited to present input and comment on the draft Plan.

The Plan was subsequently approved in an open meeting of the Board of Commissioners on October 20, 2008.

B. Comments Received:

To access a copy of the comment received following the MTW Plan Public Hearing, please click the icon below:



APPENDICES

FY2009 MTW Plan

