



MOVING TO WORK
2008 ANNUAL
REPORT



MARCH 31, 2009

SEATTLE HOUSING AUTHORITY

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Shelly Yapp

Prepared by:

Andria Lazaga

With contributions from: Liz Alzeer, Arley Bright, Willard Brown, Joy Bryngelson, DeVonn Chambliss, Mallory Day, Mambo Emedi, Judy Fani, Virginia Felton, Errol Flagor, John Forsyth, Dennis Hall, Janet Hayes, Dylan Higgins, Terry Hirata, Judy Huertas, Helen Ibarra, Marcia Johnson, Judith Kilgore, Laura Lakings-Becvar, Wendy Lance, Ann-Marie Lindboe, Jennifer Martin, Matthew Massel, Claire McDaniel, Cathy Moray, George Németh, Carmine Pascucci, Kehau Pickford, Cheryl Sabin, Jodell Speer, Cindy Sribhibhadh, Jonathan Stine, Brian Sullivan, Linda Todd, Rebecca Whitney, Dueretha Williams, Scott Woo, Denise Wright, Betty Zielinski and Ellen Ziontz.

Cover photos: Sign displaying the countries of origin of volunteers who installed the new playground in NewHolly's Central Park (left); High Point community members enjoy a day in the new Commons Park (top right); participants in Yesler 2014, a summer youth employment program (bottom right).

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INTRODUCTION

What is Moving To Work?

The Seattle Housing Authority (SHA) is one of about 30 housing authorities across the country participating in the U.S. Department of Housing and Urban Development (HUD) “Moving To Work” (MTW) Demonstration.¹ MTW has three primary goals:

- Reduce costs and achieve greater cost effectiveness in federal expenditures;
- Give incentives to families with children where the head of household is working, seeking work, or preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- Increase housing choices for low-income families.

As an MTW agency, SHA is allowed to test innovative methods to improve housing delivery and better meet local needs. SHA may implement alternatives to national regulations for issues described in an amended and restated agreement signed by SHA and HUD in 2008. SHA’s original MTW agreement was executed in 1999, making 2008 SHA’s tenth year of MTW.

Each year, SHA adopts a plan that highlights MTW initiatives and other activities planned

¹ Because HUD’s name for the demonstration, “Moving To Work,” sounds like a jobs program for residents, SHA has renamed the demonstration, “Moving To new Ways,” to keep the acronym and avoid confusion over the program’s purpose. However, for reporting purposes, SHA uses the official name of Moving To Work.

for the following fiscal year.² SHA prepares an annual report describing the previous year’s accomplishments.

What is in this report?

This report compares 2008 activities and performance to that anticipated in the 2008 Annual Plan. The report follows an outline established in the 1999 MTW agreement which mirrors the Annual Plan:

Section I: Households Served documents the number and characteristics of households in SHA housing programs and on waiting lists for housing assistance.

Section II: Occupancy Policies reports the status of MTW and other policy initiatives.

Section III: Changes in Housing Stock records how and why SHA housing resources have changed compared to projections in the 2008 Plan and since MTW began.

Section IV: Sources and Amounts of Funding compares the Fiscal Year (FY) 2008 budget with actual revenues and explains variances.

Section V: Uses of Funds compares the FY 2008 budget with actual expenditures, explains variances and describes revitalization activities.

Section VI: Capital Planning lists capital, disposition, demolition, and homeownership activities in 2008.

Section VII: Owned and Managed Units covers required performance indicators for

² The MTW annual plan takes the place of annual plans required of non-MTW housing authorities.

public housing: vacancy rates, rent collection, work orders and inspections; and discusses public safety in SHA communities.

Section VIII: Administration of Leased Housing addresses performance indicators for the Housing Choice Voucher Program (Section 8 or HCV): utilization rate, rent reasonableness, expanding housing opportunities, inspections, and deconcentration of low-income families.

Section IX: Resident Programs describes community and supportive services.

A copy of SHA’s Audited Comprehensive Annual Financial Report for FY 2007 can be found in Appendix A.

Not all of SHA’s activities and programs are part of MTW although they may benefit from some of the changes SHA is able to make because of MTW. Redevelopment of

NewHolly, Rainier Vista and High Point, special purpose Housing Choice Vouchers, and locally-funded housing programs, such as the Seattle Senior Housing Program (SSHP) are not specifically covered in MTW. In the interest of providing a more comprehensive picture of SHA’s activities, information on these programs is also provided. MTW activities are indicated throughout this report with the ☉ symbol.

Outcomes from Moving to Work priorities

The table below lists areas for innovation included in the MTW Agreement as well as additional areas of innovation and reports on their current status. In 2008, while negotiating a revised MTW agreement with HUD, SHA focused on implementing and monitoring innovations developed in prior years.

Areas for Innovation from SHA’s MTW Agreement – New Activity ☉

Areas for Innovation	Status at the Close of 2008
Adopt a policy for project-basing Housing Choice Vouchers to meet local needs.	The FY 2000 policy permits SHA to project-base up to 25 percent of Housing Choice Voucher budget authority. In FY 2003, the policy was amended to allow the City of Seattle’s competitive process for selecting projects for Housing Levy funds to also serve for project-based funding. In FY 2004, the policy was amended to clarify that tenants leaving project-based units are not eligible for exit vouchers. In FY 2007, SHA developed a pilot “provider-based” program and began requiring the 150 vouchers committed to the SSHP program remain within the program. In 2008 SHA adopted a policy to allow Project-based Housing Choice Vouchers and Public Housing to operate seamlessly in communities that operate both subsidy programs. SHA also revised admission suitability criteria for project-based participants. See Section II for information on 2008 project-based commitments.

Areas for Innovation from SHA's MTW Agreement – Ongoing Implementation

Areas for Innovation	Status at the Close of 2008
Create new public housing rent policy to foster resident self-sufficiency and reduce administrative burden and intrusion into residents' privacy.	SHA approved an MTW rent policy in June 2000. After extensive evaluation, including a telephone survey of 200+ residents, and public input, the SHA Board adopted significant amendments to the MTW rent policy in FY 2005 (Resolution 4785) to emphasize effective self-sufficiency incentives and eliminate ineffective ones. Implementation of these changes began in FY 2006. In FY 2007 SHA conducted an initial evaluation of these changes. In 2008 SHA focused on improving implementation in order to respond to results of the 2007 evaluation; no rent policy changes were made.
Create site-based waiting lists (applicant choice policy).	The SHA Board and HUD approved the "applicant choice policy" in 2000. In FY 2005 SHA established site-based waiting lists for Rainier Vista and High Point (Resolution 4760, November 2004) and an affirmative fair marketing policy and protocol (Section II). In FY 2007, SHA closed the Next Available Unit waiting lists that proved to be very inefficient and eliminated the voluntary transfer policy. In response to an unintended consequence of the elimination of the voluntary transfer policy, SHA added a local preference in 2008 to allow current residents earning over 50 percent of Area Median Income to progress on site-specific waiting lists (Section II).
create mandatory self-sufficiency program participation requirements for residents who are employable but not currently employed.	Self-sufficiency requirements remain in place at NewHolly, Rainier Vista, and High Point. SHA continues implementation of the HUD Community Service Requirement.
Create a new lease and community rules based on proven private management models.	NewHolly, Rainier Vista, and High Point leases are based on private management models, emphasize curb appeal, and require residents to pay their own utilities. These leases also support community revitalization and incorporate private sector practices to assure investors that the communities will be well managed.
Simplify, streamline and enhance management and maintenance.	SHA continues implementation of a portfolio-based property management system. In 2008 SHA continued reconfiguring the scattered sites portfolio to improve efficiencies in management. SHA also adopted a policy to allow project-based Housing Choice Vouchers and Public Housing to operate seamlessly in communities that operate both subsidy programs.
Operate Family Self-Sufficiency (FSS) to meet locally-defined needs.	In FY 2005 and FY 2006 SHA implemented a number of administrative improvements that did not require MTW flexibility. In 2008 SHA continued exploring use of MTW authority to better meet locally-defined needs (Section IX).
Create Jobs and Resource Centers in large SHA family public housing communities.	SHA operates job centers at NewHolly, Rainier Vista, High Point, Lake City and Yesler Terrace. Block granting under MTW has enabled SHA to serve residents from various housing programs with a more seamless and effective system. SHA's strategies for resident employment are described in Section IX.

Areas for Innovation	Status at the Close of 2008
<p>Combine public housing operating and capital funds and tenant-based voucher assistance into a single fungible budget. Establish obligation and expenditure timelines in the Annual MTW Plan instead of adhering to HUD timelines.</p>	<p>SHA has created block grant budgets every year under MTW. In 2008 the MTW Block Grant has enabled SHA to balance funding for operating programs, both MTW and non-MTW, in order to provide the low income housing types and housing choices that address community needs with local partners and the City to ensure a coordinated system that optimizes service to different low income populations and the homeless.</p> <p>The MTW block grant also continued to provide interim financing and support for development activities; augmented resources to maintain an appropriate service level in our public housing communities; supported management improvements through technology systems development; and provided resources for capital repairs related to water intrusion and window replacement in SHA local portfolio sites.</p>
<p>Maintain an operating reserve consistent with sound housing management practices.</p>	<p>SHA has done this every year since the beginning of MTW. For more on the status of reserves, see Section V.</p>
<p>Tailor the Housing Choice Voucher Tenant-Based Assistance Program to local needs.</p>	<p>In 2005 SHA Commissioners approved Resolution 4784, setting new payment standards, modifying occupancy standards, requiring interim reviews to increase rent when income increases by \$100/month or more and charging families and landlords for missed inspections. The policy uses MTW flexibility to disregard federal regulations requiring housing authorities to impute full TANF benefits for sanctioned families.</p> <p>Prior policy changes that required MTW flexibility include: a \$50 per month minimum rent with no automatic hardship waiver, use of Section 8 funds for a down payment assistance pilot program, criteria defining when payment standards may be raised to 120 percent of Fair Market Rent (FMR) and calculation of rent burden for initial lease-ups to give participants more housing options.</p>
<p>Cooperate with other housing authorities to further MTW goals.</p>	<p>SHA participates in Sound Families with six regional housing authorities and several local governments. Through this program, the housing authorities agree to project-base Section 8 subsidy in new transitional housing approved by local governments and funded by the Gates Foundation. The other housing authorities were awarded HUD waivers for project-basing regulations modeled on SHA's MTW policy. See Section II for information on project-based commitments.</p>
<p>Create a reasonable and less expensive process for determining, applying and reporting HUD-determined wage rates.</p>	<p>SHA has amended procurement policies to streamline administration of prevailing wage in bidding and contracting for contracts under \$35,000 to incorporate by reference prevailing wages and federal labor standards information from relevant agency Web sites, rather than including the entire, lengthy text of these provisions in bid documents or contracts. Links to the appropriate sites are provided on SHA's Web site, www.seattlehousing.org.</p>

Areas for Innovation	Status at the Close of 2008
Simplify and streamline HUD approval for homeownership, mixed-finance agreements, partnerships, property demolition and disposition.	<p>SHA did not request any new disposition or demolition approvals in 2008. SHA anticipates using HUD's streamlined MTW review process. Until this process is fully available, SHA will continue to use the streamlined disposition protocol HUD has been implementing since September 2004.</p> <p>SHA anticipates using HUD's new Streamlined Application Process in Public/Private Partnerships for the Mixed-Finance Development of Public Housing Units. Until such time as HUD publishes final regulations, SHA will continue to use the expedited mixed-finance closing process used in its closings that took place between 2005 and 2007.</p>
Deploy a cost-benefit and risk management approach for property inspections in lieu of HUD requirements for comprehensive annual inspections.	In FY 2003 SHA implemented a new inspection protocol under which each public housing unit receives either a comprehensive or a critical item inspection annually. In 2008 100 percent of required inspections were conducted.
Deploy a cost benefit approach for resource conservation in lieu of the HUD-required energy audits every five years.	An MTW resource conservation protocol was finalized and implemented in FY 2003. See Section V for 2008 resource conservation activities.
Purchase properties without prior HUD approval as long as HUD site selection criteria are met.	In FY 2004 SHA developed a checklist for property purchases including replacement of scattered site units that will be sold. In 2008 SHA brought 13 units in six properties into the public housing program.
Use SHA's own form of construction contract rather than the HUD prescribed form.	SHA has exercised this flexibility for the last several years. The SHA construction contract retains HUD requirements. It also provides more protection for the housing authority, for example, by specifying alternative dispute resolution methods that reduce risk and cost.

SHA's Additional Commitments to HUD

At least 75 percent of the families assisted by SHA must have incomes below 50 percent of the area median.	Ninety-seven percent of households receiving SHA housing assistance have incomes less than 50 percent of the area median.
Assist substantially the same number of households and maintain a comparable mix of families (by family size).	In 1998, prior to MTW participation, SHA assisted 10,560 households. In 2008, SHA assisted 12,359 households. See Appendix B for information on family size.

Outcomes of other activities from the 2008 Plan

The 2008 Annual Plan spelled out major priorities for the year, in addition to the MTW activities listed above. Here is what happened in regard to those priorities.

Other activities

Meeting Seattle's housing needs

Community revitalization

Rainier Vista and High Point

- Construction of 140 new low-income and workforce housing was completed in Phase II of High Point. Another 116 units were underway at year end and will come on line in early 2009;
- The new Rainier Vista Boys and Girls Club held its grand opening in late 2008; and
- The Commons Park at High Point was completed and construction of the new High Point Neighborhood Center began.

homeWorks

- Continued this five-year capital program involving bond- and tax credit-financing to renovate 22 public housing high-rises, including comprehensive rehabilitation of building systems and common areas.
- Completed renovations in all seven Phase 2 buildings; and
- Substantially completed renovations in four Phase 3 buildings and began construction in the three remaining building in this phase.

Yesler Terrace

- Began using the guiding principles adopted in 2007 to develop a site concept plan; continued to work extensively with Yesler Terrace residents and community members throughout.

Scattered sites reconfiguration

- SHA sold 26 scattered sites units, bringing the total sales to 174 of the 196 units identified for disposition.
- SHA replaced 13 scattered sites units, bringing the total replacements to 121.

Holly Court

- SHA continues to work toward replacement housing options and planning for the redevelopment of Holly Court. This activity will continue in 2009.

Mixed-use sites

- SHA marketed mixed-use sites at NewHolly and Rainier Vista to private developers with appropriate design and use restrictions. Due to the current financial and real estate market, no deals were finalized.
- A purchase and sale agreement for the mixed-use site at High Point was executed.

Lake City Village

- SHA received a \$10.5 million HOPE VI grant to help finance the development of 86-low income and workforce family housing units.

Villa Park neighborhood

- SHA began renovating 44 units in South Shore Apartments (formerly known as The Douglas).
- The Henderson (11 units) and an adjacent building of The Douglas were demolished due to the condition of the buildings. SHA is considering redevelopment options for this site.

Off-site replacement housing

- 18 High Point replacement units came on line at Kenyon Housing, a partnership between Building Changes and Housing Resources Group. The project provides housing with supportive services for people with disabilities.

New affordable housing potential

- Led the community planning effort to create a reuse plan for the surplus part of Fort Lawton. The plan proposed to the Army and HUD provides for a mix of housing, including for sale homes and rental housing for the homeless.

Meeting applicant and resident needs

SHA improved access to its affordable housing programs through a variety of strategies in 2008 including:

- Refined strategies developed in 2007 to improve access to housing information for residents and applicants with limited English proficiency.
- Temporarily reopened the Housing Choice Voucher waiting list, establishing a new list of 4,000 households by lottery.
- Implemented a new local preference for households that previously transitioned off housing subsidies owing to earned income.
- Determined that a local preference for families leaving transitional housing programs is not necessary at this time due to the availability of the Expedited Waiting list (Section II).
- Explored an expedited admissions process for victims of domestic violence.
- Amended policies to meet Uniform Federal Accessibility Standards.

SHA's successful community services programs continued in 2008 including:

- The mental health crisis intervention and case management programs successfully prevented 100 percent of evictions referred to them.
- Assisted 185 SHA residents and Housing Choice Voucher participants in finding jobs through The Job Connection program at an average wage of \$13.82 per hour.

- In collaboration with several partner agencies, began piloting the Seattle Asset Building Initiative to help residents move toward economic security.

Other 2008 activities to better meet resident and applicant needs include:

- Adopted a policy that allows project-based Housing Choice Vouchers and Public Housing to operate seamlessly in communities receiving both subsidy types.
- Explored the creation of a homeownership program using Housing Choice Vouchers to assist with mortgage payments. At year end, SHA was still analyzing the financial feasibility of a pilot program.
- Developed and began implementing new procedures to guide decision-making for the use of public housing dwelling units by non-profit service providers.

Organizational improvements

- HUD and SHA successfully executed an Amended and Restated MTW Agreement extending SHA's participation through 2018.
- Implemented a new agency-wide enterprise resource planning software system that consolidated a number of stand-alone systems for both financial and operational activities. The new system improves data integrity and reduces technology support needs.
- Began revising debt policy to reflect best practices to maintain SHA's financial stewardship, while maximizing capacity to support rehabilitation of existing and new low-income and affordable housing stock. The final policy will be presented to SHA's Board for approval in 2009.
- Furthered SHA's ability to function in the face of a crisis or natural disaster, including staff training and development of a business continuity plan.

- Continued to clarify and update the Section 8 Administrative Plan and the SHA Policy and Procedures Manual. Section 8 changes include revisions to project-based admissions criteria and rules regarding past debt to housing authorities. Public housing changes included policy revisions regarding evictions and language interpretation and translation.

SHA activities in the community

SHA continues to make concerted efforts to participate in citywide and regional housing and economic development forums, to make sure that the community as a whole benefits from MTW flexibility, SHA's housing resources are appropriately placed in the affordable housing continuum and SHA residents have access to self-sufficiency resources throughout the region. Activities include:

- SHA is well-represented on the Committee to End Homelessness and its various subcommittees by the Executive Director, Communications Director and Director of Housing Advocacy and Rental Assistance Programs.
- The Executive Director serves on the Board of the Workforce Development Council (WDC) of Seattle-King County. The WDC provides training and development systems to promote economic opportunity for residents and assure a viable workforce for area businesses. SHA staff is also on the WDC Youth Committee.
- The Executive Director serves on the Board of the Seattle Central Community College Foundation, which provides scholarships, child care, and tutoring, to disadvantaged youth.
- The Executive Director serves on the Board of Seattle Jobs Initiative, which

connects low-income people to job training and placements.

- The Executive Director was appointed by the Governor to the State's Affordable Housing Advisory Board, which advises the Governor and the Department of Community Trade and Economic Development regarding issues of affordable housing.
- In 2008 the Executive Director completed his term as President of the Association of Washington Housing Authorities.
- The Deputy Executive Director for Development serves on the Urban Land Institute Seattle Executive Committee and the Common Ground and Housing Development Consortium Boards of Directors. He is also an instructor at the University of Washington College of Built Environments and a member of the College's Department of Urban Design and Planning Professionals Council.
- The Deputy Director for Finance and Administration serves on the Board of Governors for the National Association of Housing and Redevelopment Officers. He also serves on the Seattle/ South King County Habitat for Humanity Board, is an honorary Board Member of the Rainier Vista Boys and Girls Club and was named by the Mayor to the Seattle Center Advisory Commission.
- The Housing Finance and Asset Management Director is a member of both the City of Seattle Credit Committee and the State Bond Cap Advisory Committee.
- The Communications Director represents SHA on the Governing Board of the Seattle CityClub, which sponsors public forums on civic issues, and serves as CityClub's expert on housing and homelessness issues.

- SHA's Human Resources Director is a member of the Breakfast Group, an African-American men's group that provides business mentorship and an education program aimed at young, at-risk males of color.
- Community Service Division staff participates on the Seattle-King County Employment Council, whose focus is to find ways for displaced workers, immigrants or refugees and people with little or no work experience to be trained for living wage jobs.
- Community Service Division staff continued as founding members of two City-wide coalitions that support economic self-sufficiency of low-income families: the Seattle Asset Building Collaborative and the Housing and Economic Security Project. These coalitions are described in Section IX.
- SHA Community Builders are active in neighborhood planning and civic groups including: Coalition of West Seattle Human Service Providers, South East and Delridge District Councils, Coalition to Undo Racism Everywhere, Project Advisory Team for the Van Asselt Community Center, and the Othello Neighborhood Association.

Other activities of note

Accessible housing

SHA began meeting the commitments outlined in the Uniform Federal Accessibility Standards agreement with HUD. More than 150 public housing units were modernized in 2008 to meet UFAS requirements. Plans were developed to modernize SHA's three main administrative offices. Site work was started at all these locations and the work will finish in first quarter of 2009.

New Markets Tax Credits

Seattle Community Investments (SCI), SHA's Community Development Entity, closed \$20 million of Qualified Low Income Community Investments in 2007. In 2008 SCI made loans to the planned High Point Neighborhood Center, the Greenbridge Learning Center at the Greenbridge HOPE VI community, and rehabilitation of the YWCA's administrative offices in downtown Seattle.

SHA's performance in 2008

SHA reports to HUD on key performance indicators in the MTW Annual Report, in lieu of HUD's regular assessment systems. Further information can be found in Sections VII and VIII and Appendix E.

- The average vacancy rate among public housing properties was 2.99 percent.
- SHA responded to 98.7 percent of emergency work orders within 24 hours and 97.5 percent of regular work order requests within 30 days.
- In another year of excellent performance, SHA collected 99.1 percent of public housing rent due and other charges to tenants.

Special distinctions

Awards and Recognition

In 2008 SHA received distinctions, including:

- For the eleventh year in a row, SHA was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the U.S. and Canada for the 15-month fiscal year ending December 31, 2007.
- SHA was recognized with the Evergreen Safety Council's John D. Spellman Safety Award for demonstrating significant improvement and achievements in safety.

SECTION I: HOUSEHOLDS SERVED

This section describes changes in the number and characteristics of households receiving housing assistance and on waiting lists over the year. See Appendix B for more information.

Residents

Households and individuals served

In 1998, at the start of MTW, SHA served 10,560 households in Seattle. By the end of 2008, this figure had increased to 12,359 households.³ SHA provides housing assistance to more than 24,200 people (an increase of more than 700 over 2007).

In 2008 SHA served 282 more households at the end of the year than at the beginning. Public housing saw a net increase of 139 households due primarily to new units coming on line at High Point South and more units that were under renovation coming back on line. The Housing Choice Voucher program saw a net increase of 176 households served, predominantly in the project-based program.

SSHP remained fully-leased, housing essentially the same number of households at the end of the year as at the beginning.

Resident income levels

The following table shows average income among SHA residents at the end of 2007, at the end of 2008, and the percent change.

Program	2007	2008	Change
Public Housing	\$12,561	\$12,910	3%
HCV Tenant-Based	13,374	13,850	4%
HCV Project-Based	9,009	9,138	1%
Section 8 New Const.	9,337	9,148	-2%

³ SHA also houses about 1,000 households who do not participate in HUD-funded housing assistance programs or SSHP and are not included in the analysis or the reported totals here. This section also excludes Section 8 Mod Rehab participants.

The average income of public housing tenants and tenant-based voucher holders continued prior years' trend of increasing, but at a slightly slower pace.

Project-based voucher participants have significantly lower incomes compared to tenant-based participants. Compounding this issue, incomes among this group only grew by one percent in 2008.

The decreased average income in Section 8 New Construction was \$9,138, bringing the average to its lowest level in at least six years.

Average income information for SSHP is not available, as SHA only collects income information at the time of move in.

Income distribution as a percent of median income

Among SHA's housing programs, 81 to 96 percent of households have incomes below 30 percent of the area median income (AMI). These proportions have varied only a percentage point or two annually since MTW began, except in the SSHP program where there has been a concerted effort to reduce the percentage of extremely low-income households. In 2008 the overall portion of households below 30 percent of AMI was 86.3 percent, up slightly from 85.6 percent at the end of 2007.

Racial distribution

Overall racial distribution of households has been similar for the last several years. Within programs, racial distribution of heads of households remained about the same as prior years. The most substantial changes since 2000 have been a shift of two percentage points from Asian/Asian American households to African/African American

households in public housing and a mirrored change among Section 8 households.

Age groups and disability

Public housing: The proportion of minors, non-elderly and elderly adults in public housing was 30, 51 and 18 percent respectively, similar to the prior four years. Public housing saw a four percent increase in total population, predominately among minors. Since 2000, the age distribution among public housing residents has shifted four percent from minors to elderly adults.

The percent of individuals in public housing with a disability remained 29 percent.

Housing Choice Vouchers: With 300 more individuals participating in the Housing Choice Voucher program the trend of fewer minors and more elderly adults continued. Of the 14,844 participants, the proportion of minors, non-elderly and elderly adults was 35, 51 and 13 percent in 2008, within one percent of 2007 distributions.

There was a slight increase in 2008 in the proportion of individuals who have a disability and benefit from Housing Choice Vouchers, from 28 percent to 30 percent.

SSHP: People under 62 made up 10 percent of SSHP residents, essentially level with the proportions in prior years. The percent of people with disabilities in SSHP remained steady at 21 percent.

Applicants

Number of applicants

As of December 31, 2008 6,879 households were active on one or more waiting lists for

housing assistance. Program waiting lists varied as followed:

- The HCV waiting list was opened in May 2008 to establish a new list of 4,000 households by lottery.
- SSHP began using Save My Spot in October, causing a decrease of about 200 households by year end.
- Public housing and Section 8 New Construction waiting lists remained essentially level with 2007.

Income levels

Income levels among applicants for SHA's public housing, SSHP, and Section 8 New Construction programs increased slightly in FY 2007. By the end of the year, 88 percent of applicants for these programs had incomes below 30 percent of area median income, as compared to 90 percent at the end of FY 2006.

Income information is not available for nearly two-thirds of HCV applicants. When SHA established the 4,000-household HCV waiting list by lottery, 2,444 applicants did not complete the income questions. SHA will gather income data after the applicant is called in off the waiting list and completes an income certification.

Racial distribution

The racial distribution among applicants to SHA housing programs remained relatively stable in 2008 despite adding 4,000 new applicants to the HCV waiting list.

SECTION II: OCCUPANCY AND ADMISSIONS POLICIES

Eligibility, selection, admissions, assignment and occupancy policies

Public housing and Housing Choice Vouchers

Local preferences ⁴

The term “local preferences” refers to criteria for selecting applicants from housing authority waiting lists. SHA’s first adopted local preferences in FY 2003 (Resolution 4680):

- Households whose current income is at or below 30 percent of area median income;
- Applicants who are homeless; or
- Households who have been homeless or whose gross income has been at or below 30 percent of area median income at some point during the 12-month period prior to the eligibility determination.

In addition, several categories of applicants were given a specific preference: SHA live-in staff who leaves employment and applicants selected by non-profit operators of HOPE VI replacement housing units that receive public housing subsidy.

In FY 2005 the policy was amended so that in the event of a declared disaster, the Executive Director is authorized to adopt and implement procedures that provide a housing preference for disaster victims that supersedes other preferences.

In 2008 SHA adopted an additional local preference for public housing. Public housing households who have increased their self-sufficiency and choose to leave subsidized housing and enroll in the Safety Net Assistance Program now have a waiting list

⁴ The term “local preferences” refers to criteria for selecting applicants from a housing authority’s waiting list.

priority to return to public housing if their economic circumstances change in the first year.

Poverty deconcentration strategies

SHA fosters deconcentration of poverty by—

- setting appropriate payment standards for Housing Choice Voucher subsidy;
- continuing to redevelop large public housing developments into mixed-income communities and requiring low-income residents of those communities to abide by self-sufficiency lease provisions;
- supporting creation of affordable housing in non-poverty neighborhoods through acquisition and project-basing Housing Choice Vouchers;
- creating a “mix of incomes from within,” by assisting SHA residents to get a first job or a better one; and
- providing incentives in the public housing rent policy to encourage people to work and increase their income.

Streamlined subsidy management

(Resolution 4899 dated April 21, 2008) ☉

Some of SHA’s properties utilize both project-based Housing Choice Vouchers and low income public housing subsidy. While these two programs serve the same population, they have different requirements that are confusing to applicants and residents and administratively burdensome to administer in a single property.

Therefore, in 2008 SHA utilized MTW flexibility to establish the Streamlined Low Income Housing Program (SLIHP). Under this program project-based Housing Choice Vouchers and Low Income Public Housing function almost seamlessly in communities that operate both programs. With the

exception of grievance procedures, all units receiving either subsidy type operate under the public housing policies for the property. For HUD reporting purposes, the programs are tracked separately. SHA is currently implementing this policy at High Point South. Streamlined elements include certifications, inspections, waiting list management and rent calculation. This has resulted in a significant simplification in business practices and SHA's ability to communicate about housing policies to tenants.

Public housing admissions policies and procedures

Public Housing Applicant Choice (FY 2001) ©

In 2000 SHA adopted a public housing applicant choice policy with these goals:

- Offer public housing applicants the ability to choose where they would like to live;
- Maintain racial and ethnic diversity in public housing communities and avoid any conscious or inadvertent racial or ethnic steering;
- Resist concentrating the most disadvantaged applicants in the least desirable locations;
- Increase the efficiency of the admissions and tenant assignment functions; and
- Reduce unit turnover due to resident dissatisfaction with location.

The policy has been in place since 2001. Procedural changes have been made over the years to increase efficiency of leasing.

Under applicant choice, all applicants may place themselves on up to two site-specific waiting lists. Applicants who are working with selected partner service agencies may qualify for the Expedited waiting list, which permits expedited processing. The fifteen agencies currently involved in the program

serve a wide range of household types and needs. Most provide transitional housing or other services for homeless families or individuals.

In FY 2007 SHA closed the Next Available Unit (NAU) waiting list. Applicants already on the NAU waiting list continue to be processed in the same manner. In late 2008 the NAU waiting list was exhausted.

No policy changes were made in 2008. However, SHA created an internal work group to revisit the policy and determine if any changes are needed to meet current needs.



International Terrace has one of the longest site-specific waiting lists

Tenant Selection and Placement

SHA continued implementation of the on-line Tenant Selection and Placement (TSAP) system to ensure that applicants were pulled from waiting lists in the correct order and to track outcomes.

Through the TSAP system, 739 applicants who were approved for public housing were selected for leasing opportunities in 2008. Final outcomes for the last five years are summarized below.

Final Outcome of Approved Applicants 2004-2008

FINAL STATUS	2004	2005	2006	2007	2008
Cancelled - by request	59	76	90	83	89
Cancelled - no response	51	75	85	59	61
Cancelled - refused unit	40	45	41	21	46
CANCELED Total	150	196	216	163	196
LEASED Total	278	310	287	386	543
GRAND Total	428	506	503	549	739
Percent of Approved Applicants Leased	65%	61%	57%	70%	73%

The percentage of approved applicants who end up leasing with SHA has increased significantly over the last two years.

Affirmative Fair Housing Marketing

In FY 2005 SHA implemented an Affirmative Fair Housing Marketing policy and procedures. SHA now conducts affirmative fair housing marketing of racially-identifiable buildings. Racial distribution of heads of households in public housing high-rises is monitored quarterly. If any buildings are found to be racially-identifiable, affirmative fair housing marketing is conducted. SHA provides quarterly reports to HUD detailing racial distribution by building and affirmative fair marketing activities.

Suitability criteria

Established in FY 2004 and amended in FY 2005, SHA's suitability criteria require that an applicant demonstrate suitability both through the presence of positive indicators and through the absence of negative ones.

A determination of suitability is based on an applicant's achievement of a specified number of "suitability points" (housing history, employment, sponsorship, services agreements, etc.) *plus* the absence of unacceptable negative indicators.

The purpose of the point system is to maximize every applicant's opportunity to demonstrate suitability for SHA housing and to ensure fair treatment of applicants in

similar situations. No changes were made in 2008.

In 2008 SHA and partner agencies began working on an expedited process to facilitate housing for domestic violence victims. In 2009, SHA plans to be one of a network of housing providers participating in this soon-to-be-developed expedited process.

Automated monthly check-in system

To improve the viability of the waiting list and reduce the number of non-responsive applicants, SHA uses an automated monthly telephone check-in system. Following a successful pilot in 2005, SHA's Low Income Public Housing program successfully inaugurated its new waiting list check-in system in 2007. The check-in system is designed to help move people into housing more quickly by reducing the amount of staff time required for maintaining, updating, and checking waiting lists. It requires people on waiting lists to call in, or to check in on the Web site, once a month, on any day of the month, at any time--24 hours a day. People who use the telephone system can choose to hear instructions in any of nine languages besides English. The check-in requirement applies to all public housing waiting lists in Yesler Terrace, the Scattered Sites, and SHA's 29 high-rise buildings. Based on the success of this system, it was expanded to the Seattle Senior Housing Program in 2008.

Tax credit compliance

In FY 2007 SHA made changes to application procedures and policies to ensure consistency with low-income housing tax credit requirements where applicable. Significant changes involved tax credit income limits and ineligibility of full-time students. No changes were made in 2008 due to tax credit compliance.

Smoke-free housing (FY 2001) ©

In 2001 SHA designated Tri-Court, 87 units of public housing for elderly and disabled households, a smoke-free environment. 2008 was Tri-Court's fourth full year operating as a smoke-free community. Property managers report a high degree of acceptance of the no smoking rule among residents, no enforcement issues, and lots of interest among applicants. SHA has been able to accomplish neighborhood and unit-type diversity in smoke-free units with the creation of Breathe Easy Homes in the High Point community (Section V). SHA continues to explore additional opportunities to create smoke-free buildings in new or redeveloped properties where relocation of existing residents would not be necessary.

Designation of elderly/near-elderly communities

In FY 2007 HUD renewed SHA's designation plan for two years. This plan designates two public housing high-rises – Westwood Heights in West Seattle and Ballard House in Seattle's north end – for elderly/near elderly.⁵ SHA may establish suitability criteria specific to



⁵ Elderly is defined as 62 years of age or older. Near elderly is 50 years of age or older.

designated elderly buildings at a future time. SHA continues to consider revising the definition of elderly for the purpose of admissions to senior-designated buildings. The current age preference of 62 and older limits the pool of applicants. SHA also continues to evaluate the success of the two senior-designated buildings and explore the possibility of establishing a third community.

Service provider units ©

SHA currently leases about 150 public housing units to non-profit service providers. Most of these units are used for transitional housing. Others are used for service provider offices. In 2008 SHA began developing policies and procedures to guide decision-making regarding the use of public housing dwelling units by non-profit service providers. Work will continue in 2009.

Community Service Requirement

During FY 2004, SHA implemented the community service requirement in all its public housing communities in accordance with QHWRA (Resolution 4716).

Beginning with annual recertifications in FY 2005, household compliance was reviewed. For households who failed to comply with their community service hours, SHA initiated cure agreements. Some households chose to remove the non-compliant member instead of agreeing to sign a cure agreement. In 2008 no household was at risk of eviction.

SHA continues to monitor the impact of this requirement on residents and the agency. No policy or procedure changes were made this year.

Public housing occupancy standards

In FY 2005 SHA revised the public housing occupancy standard to two persons per bedroom, eliminating exceptions for marital status, gender and age. As in the prior policy, an adult head of household is not required to

share a bedroom with a minor dependent. This change was made in order to open up more housing units to more families. The new occupancy standards were implemented for new households and those transferring to a different unit in FY 2006. After three years of implementation there has not been enough turn over to see changes in average household size.

Housing Choice Voucher tenant-based occupancy standards

In 2005 the SHA Board of Commissioners adopted Occupancy Standards which required at least two persons per bedroom. This Resolution 4784 made a variety of changes to occupancy and rent policies to maximize voucher utilization in order to assist more families. This goal was met in 2007 as SHA increased the number of families served by more than 1,000 since making this change. On April 1, 2008 Seattle Housing Authority revised its minimum HCV Occupancy Standards to more closely align with those of neighboring housing authorities. The new standards allow more flexibility and are intended to increase the number of households able to successfully lease within the Seattle city limits. Subsidy continues to be eliminated for children away at college most of the year.

Voucher Size	Persons in Household		
	Min	Min	Max
	2005	2008	
Studio	1	1	2
1 Bedroom	2	1	4
2 Bedrooms	3	2	6
3 Bedrooms	4	3	8
4 Bedrooms	6	4	10
5 Bedrooms	8	6	12
6 Bedrooms	10	8	14

Housing Choice Voucher project-basing policy (FY 2001) ☉

In 2000 SHA adopted a policy for project-basing Housing Choice Vouchers replacing HUD regulations and procedures. It authorizes the project-basing of up to 25 percent of SHA's Housing Choice Voucher assistance. In FY 2004 SHA extended project-based vouchers to the City of Seattle's low-income housing levy program.

By the end of 2008 SHA had 1,553 project-based units under contract, equaling 18 percent of authorized vouchers. Replacement units are not included in this count because they are not subject to the policy's 25 percent limit on project-based vouchers, as HUD provides vouchers specifically for this purpose.



A unit in YWCA's Opportunity Place which received project-based vouchers through SHA's 2001 request for proposals process.

Under the policy, vouchers are project-based for several purposes:

- Competitive process with housing goals defined by SHA – To date, three Request for Proposal (RFP) rounds have resulted in 741 contracted units in 31 projects.
- Supporting City of Seattle low income housing initiatives – At the end of 2008 SHA had 242 project-based units under contract in four City Levy-funded projects. SHA has committed up to 500 project-based vouchers for this purpose. SHA also has made a commitment to Sound Families of up to 400 project-based units.

At the end of 2008, 235 Sound Families units were under contract in 24 properties.

- Replace demolished or sold public housing – SHA has committed to 624 units in 38 properties.

SHA continues to use the City of Seattle for National Environmental Policy Act reviews for project-based vouchers.

Provider-based vouchers ☉

In FY 2007 SHA began implementation of a pilot “provider-based program” to support the King County 10-Year Plan to End Homelessness. The pilot is testing, on a small scale, the efficiency and effectiveness of using vouchers with community partners to meet the supportive housing needs of special needs, disabled, young adult, and chronically homeless households who require dedicated supportive services in ways that SHA’s traditional subsidized housing programs are not designed to address. This new program allocates funding in tandem with partner publicly funded services and/or behavioral healthcare systems. The program continued in 2008 and initial program evaluations will be conducted in 2009.

Statement of Rent Policy

Public housing rent policy (FY 2001, amended FY 2005) ☉

In 2000 SHA adopted a unique policy for calculating public housing rents under MTW. After several years of monitoring and evaluating the policy and extensive public review, in FY 2005 SHA adopted major amendments to the policy to build on the successful elements of the original policy and eliminate confusing and administratively burdensome provisions (Resolution 4785).

Revised rent policy goals included most of those established in the original rent policy:

- Remove disincentives and provide rewards for resident employment, job retention and wage progression;
- Preserve an economic safety net;
- Generate sufficient rent revenue to supplement federal subsidies; and
- Reduce unnecessary administrative procedures.

Several new goals were added:

- If people have good prospects for economic self-sufficiency, the policy should help them prepare for the conventional housing market;
- Create revenue for self-sufficiency support services and budget skill training;
- Remove incentives for manipulation and fraud; and
- Implement a policy that is equitable that staff and service providers can support in order to educate and motivate residents.

The Board of Commissioners adopted a revised rent policy in 2005 (Resolution 4785). Major changes included:

- Expanding the Tenant Trust Account so more working households are eligible and can accumulate savings faster for clearly-defined self-sufficiency purposes;
- Eliminating the first two rent steps because the 2004 survey results showed that residents did not see the steps as an incentive to get or keep a job;
- Eliminating the punitive rent formula for households whose only income is TANF;
- Requiring residents to report all increases in income above \$100 per month, between annual reviews, so that SHA may increase rent accordingly;
- For households reporting zero income who appear to be eligible for TANF or

unemployment benefits, imputing income from these sources until ineligibility is documented; and

- Allowing property managers to differentiate rents in studios and one-bedroom apartments to maintain high occupancy of studio units.

Under the revised policy, almost all employed residents see their rent calculated at 30 percent of their adjusted income. A few still benefit from a two-year rent step when 30 percent of their adjusted income reaches the market rent for their unit.

The revised rent policy was implemented in phases, beginning in October 2005 and ending with the implementation of TTA program changes occurring in April 2006. In February 2008 SHA conducted an evaluation of the effects on the policy's goals including resident self-sufficiency, revenue generation, and administrative efficiency. This resulted in increased outreach for the TTA program and a new local preference for households who leave subsidized housing due to earned income, but need to return to public housing if their economic circumstances change in the first year.

Continuing MTW rent policy provisions

For households on fixed incomes (e.g., social security), the frequency of recertification has been reduced to once every three years except where annual certification is otherwise required (e.g., Low Income Housing Tax Credit financing). In the intervening years, rents are increased proportionately to the social security cost of living adjustment. This "Fixed Auto Review" is intended to reduce the administrative costs of these reviews and SHA's intrusion into residents' privacy. Tax credit financing requires annual income reviews, reducing the potential impact of this use of MTW flexibility. In 2008 less than seven percent of households had their rents set through the Fixed Auto Review, compared

to a potential of 43 percent if tax credit financing did not prevent this type of review.

All residents pay an absolute minimum rent per month unless they face a hardship in making such a payment. The minimum rent is to be adjusted each year based on an inflation factor. To date, management has not made an adjustment to the minimum rent as the cumulative change is still less than \$2 per month. At year end 330 residents were paying minimum rent, up from 317 at the end of 2007.

In FY 2007 the rent policy was revised so that the maximum rent charged will not exceed the maximum tax credit rent for residents in public housing units with tax credit funding.

Seattle Senior Housing Program rent policy (FY 2003)

The SSHP rent policy establishes a series of flat rents for people with incomes up to 80 percent of median and a sustainable distribution of rents (Resolution 4699). It also assumes 150 eligible SSHP residents will have program-based Housing Choice Vouchers.

Income group	Percent of Residents	
	Goal	2008 Actual
< 20% AMI	31%	27%
20-30% AMI	36%	28%
Vouchers (<30% AMI)	15%	18%
30-40% AMI	14%	16%
40-80% AMI	4%	11%

SSHP continues to meet its operating financial goals and the flat rent structure has not proven a barrier to access for most applicants.⁶ However, even while exceeding the target number of residents above 30 percent AMI and exceeding the number of Housing Choice Vouchers in use, the program was not able to make the sustainable reserve

⁶ Applicants who cannot afford the minimum rent are referred to public housing, including the senior designated buildings, Westwood Heights and Ballard House.

contribution. Implementation of the rent policy is monitored by an advisory committee of residents and industry experts.

Housing Choice Voucher Program (FY 2005) ☉

No rent policy changes were made in 2008. SHA continued implementation of policy revisions adopted in FY 2005 (Resolution 4784):

- Participants are now required to report all increases in income. The tenant portion of rent is be adjusted upward when income increases more than \$100 per month, and subsidy is adjusted accordingly.
- Where the participant is being sanctioned for non-compliance with WorkFirst requirements or for fraud, SHA counts the full amount of TANF grant the participant is eligible for, even if they are receiving a smaller grant amount as a result of the sanction.
- The only exception to this rule occurs when a participant is receiving a reduced grant at the time they are admitted to the Section 8 program. If a reduced grant is in effect at the time of admission, only the actual, reduced grant amount will be counted. This is the case for the family's initial income calculation and at subsequent reviews, if a reduced grant is still in effect.
- SHA may require families to document eligibility for unemployment benefits when they request a rent decrease due to job loss.

Voucher payment standard ☉

Payment standards for one-, two-, and three-bedroom vouchers were lowered to 110 percent of Fair Market Rent (FMR) or less in FY 2005.

Due to the tightening rental market in 2007, it became increasingly difficult for participants

to secure and maintain housing and many families became rent burdened. A rent burden analysis was conducted and it was determined there was a need to raise the voucher payment standard. The voucher payment standard was, therefore, increased in FY 2007 with the commitment to still be able to maintain 95 percent utilization.

In 2008 another rent burden analysis was conducted and it was determined that there was a need to raise the voucher payment standard for 0, 1, 2, 3 and 4 bedroom vouchers. The voucher payment standard was increased effective February 1, 2009.

Other Public Housing Policy and Procedure Manual updates

In addition to rent and occupancy policies described elsewhere in this section, the following *Policy and Procedure Manual* sections were updated in 2008:

Uniform Federal Accessibility Standards (UFAS): In compliance with SHA's voluntary compliance agreement, several policies were revised to add language regarding SHA's UFAS-accessible units and the placement of applicants and residents in those units; updated language in how applicant and resident requests for reasonable accommodations are processed; and two new policies were created for Effective Communication and Assistance Animals.

Evictions: Eviction policy was revised to meet current requirements regarding the possessions of evicted tenants.

Language interpretation and translation: SHA continued work to revise interpretation and translation policies to ensure compliance with HUD guidelines and meet the needs of SHA's customers.

Other *Section 8 Administrative Plan* updates

In addition to rent and occupancy policies described elsewhere in this section, the following updates were made to Chapter 5: project-based Program in 2008:

Other criteria for admission: For an applicant who has been previously assisted under the program and was terminated for violating a family obligation in the last five years, SHA will allow admission to the project-based program when the applicant has support services which will increase the likelihood of successful program participation. This does not apply to program

violations where fraud or deception relating to income or household circumstances was a factor in the termination of assistance.

Debt owed to SHA or another housing authority: Applicants for project-based units who owe SHA or other housing authorities money must repay the amounts owed before their application will be approved. However, SHA will consider on a case by case basis entering into a repayment agreement for amounts owed to SHA. SHA will only enter into a repayment agreement when the applicant has sufficient income to make the payments under the agreement.

SECTION III: CHANGES IN HOUSING STOCK

This section compares the number and types of housing resources SHA had at the start of MTW (December 31, 1998), and at the end of 2007 and 2008.

In the 2008 Plan, SHA forecasted a net increase of 267 units and tenant-based housing opportunities over the year. The actual change was an increase of 151 units, as described below.

Housing Program	Pre-MTW 1998	December 31, 2007 Actual	December 31, 2008 Projected	December 31, 2008 Actual	2008 Housing as a % of 1998 Housing
Housing Choice Vouchers	4,517	8,342	8,342	8,401	186%
Section 8 New Construction	159	100	100	100	63%
Low Income Public Housing	6,144	5,250	5,324	5,263	86%
Seattle Senior Housing Program	1,198	993	993	993	83%
HOPE VI workforce rental	5	407	601	523	10,460%
Other affordable housing	282	1024	1113	987	350%
SHA-managed, owned by others	0	37	37	37	n/a
Total	12,305	16,153	16,510	16,304	132%

Public housing

During 2008 SHA sold 26 scattered sites units and converted 13 units in Roxhill Court Apartments to public housing scattered sites replacement units. Total public housing units were lower than projected as the delivery of units in High Point South was behind schedule, and due to a decision to replace the remaining scattered sites units through new construction rather than acquisition.

units in Roxhill Court Apartments to public housing and demolition of 24 units in one building of South Shore Apartments.

HOPE VI workforce housing

The delivery of units in High Point South trailed behind projections.

Housing Choice Vouchers

SHA received 52 new Veterans Affairs Supportive Housing vouchers in 2008. During the year, a total of 50 vouchers were converted from special purpose to MTW as shown in the table below:

Other affordable housing

The number of Other Affordable Housing units decreased due to the conversion of 13

Housing Choice Vouchers	FY 2007 Total	Converted to MTW in 2008	New in 2008	2008 Total
MTW Vouchers	7,779	50	0	7,829
Mainstream Disability	75	0	0	75
Welfare to Work	455	(50)	0	405
Burlingame Opt Out	15	0	0	15
Relocation vouchers	18	0	0	18
Veterans Affairs Supportive Housing	0	0	52	52
Net Total	8,342	0	52	8,394

SECTION IV: SOURCES AND AMOUNTS OF FUNDING

This section compares projected and actual sources and amounts of funding included in the MTW budget and other programs. SHA's Consolidated Financial Statement can be found in Appendix C. The figures in this section represent unaudited twelve month figures through SHA's fiscal year end, December 31, 2008.

Planned vs. actual revenues – MTW budget

Funding Sources – MTW	Budget	Actual
Dwelling Rental Income	\$10,373,000	\$10,896,000
Investment Income	356,000	865,000
Other Income	1,434,000	1,362,000
MTW Block Grant	101,502,000	100,348,000
Use of Reserves	0	0
Total Sources	\$113,665,000	\$113,471,000

Note: The MTW Grant includes SHA's FY 2008 awarded capital allocation. No funds from prior year capital grants are included.

Dwelling Rental Income: Actual Dwelling Rental Income exceeded budget primarily due to lower than anticipated vacancy loss. Also, annual reviews and the continuation of the third-party tenant income verification process helped to more accurately identify tenant income. This resulted in higher rents received than anticipated.

Investment Income: Income from Investments was more than budget because of a higher than anticipated average reserve level, which was a direct result of average payments per voucher being less than budgeted.

Other Income: Lower than anticipated HCV administrative portability fees, no income

from polling places fees due to mail-in balloting, combined with lower laundry income and antenna fees contributed to the lower than budgeted Other Income.

MTW Block Grant: The lower than expected MTW Block Grant was due predominately to the Housing Choice Voucher annual adjustment factor which was less than initially budgeted. This was offset in part by a favorable public housing block grant relative to the budget. Although this grant was prorated at less than 100 percent, it was still higher than projected.

Use of Reserves: Use of Reserves was not required for operations.

Planned vs. actual revenues – other programs

SHA operates a number of housing programs not included in the consolidated MTW budget: Special Purpose Housing Choice Vouchers, Seattle Senior Housing Program, Section 8 New Construction and a large and growing Other Affordable Housing Portfolio, as well as HOPE VI and other grant-supported programs. The following table compares projected with actual revenues for 2008 non-MTW activities.

Funding Sources – Other Programs	Budget	Actual
Dwelling Rental Income	\$12,583,000	\$12,284,000
Investment Income	2,540,000	2,778,000
Other Income	12,084,000	14,427,000
Non-MTW Section 8	10,024,000	8,729,000
Grants	9,810,000	8,870,000
Capital Sources:		
homeWorks	17,600,000	0
Other Capital	29,472,000	14,925,000
Other Revenues for HOPE VI Projects	16,826,000	0
Prior Year Capital Sources	43,267,000	69,827,000
Total Sources	\$154,206,000	\$131,840,000

Differences between projected and actual funding

Dwelling Rental Income: Rental Income ended the year under budget primarily because, after the budget was developed, SHA decided to stop filling vacancies at two properties that were determined to need redevelopment. This resulted in significantly higher vacancy levels than originally projected. In addition, local affordable housing projects faced challenges in leasing up all available units and had more units offline during the year than anticipated.-

Investment Income: This line item includes investment income and interest income from bonds and loans. SHA has redevelopment loans with many non-profit housing developers for replacement housing obligations. These loans accrue interest at the rate of one to two percent. None of this interest income was budgeted.

Other income: Other income includes developer fee income. The developer fee income from the homeWorks program and from the High Point South Limited Partnership was more than anticipated in the budget. Offsetting part of this favorable variance was less than budgeted for-sale property proceeds.

Non-MTW Section 8: The Non-MTW Section 8 and Housing Choice Voucher (HCV) revenue was less than expected due to lower than budgeted utilization. The budget

anticipated 100 percent utilization of Special Purpose HCVs. Subsidy is only recognized up to the actual costs for these vouchers. Both the voucher use and the cost per voucher were less than budgeted.

Grants: Both HOPE VI and Community Service grants are included in this line item. Rainier Vista HOPE VI grant funding was under projections. Planning and development of the final phases at Rainier Vista are still underway. Slightly off-setting this shortfall, operating grant revenue was higher than budgeted including revenue from a Neighborhood Networks grant award that was not included in the budget.

homeWorks: The rehabilitation project's sources budgeted in 2008 actually became available in December 2007. The revenue is shown in the Prior Year Capital Sources in the table above.

Other Capital: These sources are less than expected principally due to repositioning of Scattered Site program assets. Revenue that was expected to be \$16.8 million was actually \$5.0 million due to market conditions. Of the \$2.4 million planned for Seattle Senior Housing Program asset preservation projects, only \$363,000 was drawn from reserves to cover 2008 costs (remaining budgeted funds will be used to cover expenditures that will continue into 2009). Slightly offsetting this trend, South Shore Apartments rehabilitation was planned at \$8.4 million in sources while

the transaction closed with \$9.5 million in sources.

Other Revenues for HOPE VI Projects: This variance is related to the delayed start date of the rental housing construction program for Phase II redevelopment at Rainier Vista. The project is in development and a mixed-finance closing, scheduled for mid-2008 is currently planned for 2009.

Prior Year Capital Sources: This balance represents financing transactions that took place in prior years and provided funding for multi-year projects. As noted under homeWorks above, Phase 3 closed in 2007

rather than 2008 as anticipated. Therefore, the actual revenues show in Prior Year Capital rather than homeWorks.

Investment policy

Under MTW SHA is allowed to follow Washington State Investment Policies instead of adhering to HUD Investment Policies. As a result, SHA has the flexibility to invest its financial resources productively and efficiently, without regulatory duplication. However, SHA is not currently exercising this option.

SECTION V: USES OF FUNDS

This section compares budgeted expenditures with actual expenditures by line item and reports the level and adequacy of reserve balances at the end of the fiscal year for MTW and other programs. The figures below are unaudited for the fiscal year end December 31, 2008.

Planned vs. actual expenditures – MTW budget

Expenses	Budget	Actual
Administration and General	\$19,962,000	\$19,216,000
Housing Assistance Payments	63,923,000	56,353,000
Utilities	4,246,000	4,641,000
Maintenance and Contracts	10,251,000	10,514,000
Capital and Development Projects	9,829,000	10,656,000
Capital Equipment and Non-Routine	527,000	624,000
Total Expenses	\$108,738,000	\$102,004,000

SHA's actual expenses varied from the budget for these reasons:

Administration and General: Actual Administrative and General expenditures were lower than budget because of savings in labor costs as a result of salary savings from vacancies. In addition, actual insurance expense was lower than budgeted due to a soft insurance market that led to lower than budgeted premiums and because the insurance carrier issued a higher dividend than expected. Industrial insurance expenses were also favorable to budget due to a reduction in the number of work related injuries which resulted in reduced rates.

Housing Assistance Payments: SHA's MTW HCV budget for 2008 anticipated higher federal funding than was ultimately authorized. Policy changes to occupancy standards and changes in utility allowances went into effect during 2008; however, the cost impacts of these changes in 2008 were over-estimated. The lag between these program changes and the actual renewal of vouchers at the higher rates kept average housing assistance payments for 2008 below budget.

Additionally, HCV funds were originally budgeted for 2008 at 100 percent utilization of SHA's available 7,829 MTW housing choice vouchers. Actual HCV funding came in below what SHA had anticipated in the 2008 budget. In light of lower funding levels and to implement occupancy standard changes, the program target was revised to maintain utilization of leased vouchers at 97 percent.

Utilities: Sewer and solid waste account for most of the Utilities deficits. For sewer, the actual rate increase of 15 percent was higher than the budgeted 10 percent increase. For solid waste expense, some communities did not fully budget this service cost. Gas and steam expenses were higher than planned, both from actual rate increases and higher than anticipated utilization. There were some offsetting savings from a lower than anticipated water rate.

Maintenance and Contracts: The over-expenditure of budget in Maintenance and Contracts is due to several factors. Higher numbers of vacates and higher average costs per vacate was the main contributor to the variance. These increases were experienced in SHA's public housing scattered sites and high-rises. A series of circumstances in each

program contributed to the increases in vacate costs. Off-setting the increases in vacate costs and moderating the budget impact of these cost increases were under-expenditures in maintenance and repairs, security and landscaping expenses.

Capital and Development Projects: The amount budgeted represents the total approved projects funded from SHA’s 2008 capital list. Expenditures totaling \$10.7 million represents capital projects

funded from 2008 and previous years’ MTW capital funds.

Capital Equipment and Non-Routine: Information Technology capital projects were under-expended due mainly to a change in approach to a document imaging project. However, casualty losses, principally from fires, and unanticipated expenses for other unforeseen non-routine projects exceeded the favorable spending variance associated with document imaging.

Planned vs. actual expenditures – other programs

Expenses	Budget	Actual
Administration and General	\$19,220,000	\$18,990,000
Housing Assistance Payments	9,095,000	7,820,000
Utilities	1,883,000	1,989,000
Maintenance and Contracts	6,652,000	6,528,000
Community Service Grants	814,000	946,000
Capital Works Projects	37,156,000	5,583,000
HOPE VI	50,170,000	59,213,000
homeWorks	28,171,000	22,260,000
Total Expenses	\$153,161,000	\$123,329,000

Administration and General: This cost category was approximately one percent below budget. Most of the variance can be attributed to salary savings from vacant positions.

Housing Assistance Payments: The budget figure assumed 100 percent voucher utilization of SHA’s available 572 non-MTW housing choice vouchers. Actual HCV funding came in below what SHA had anticipated in the 2008 budget and the program was revised to maintain utilization of leased vouchers at 97 percent. Additionally, policy changes increasing the cost per voucher were implemented more slowly than anticipated.

Utilities: Sewer and surface water Management account for most of the Utilities deficits. For sewer, the actual rate increase of 15 percent was higher than the budgeted 10 percent increase. The utilities expense for

Seattle Senior Housing Program was less than budget which partially offset over-expenditures in Development projects and the Local Housing portfolio.

Maintenance and Contracts: At year end, Maintenance and Contracts costs were slightly under budget. Costs associated with the homes for sale program, such as marketing, legal, architectural and engineering costs, were under budget due to the severe downturn in the real estate market. The Seattle Senior Housing Program experienced higher than expected maintenance costs despite a decline in the number of vacates. This is because the average cost per vacate increased.

Community Service Grants: Four additional operating grants were received after the budget was developed, the implementation of which increased expenditures. These grants include funding for Sound Families

Initiatives, a Neighborhood Networks grant, the Seattle Asset Building Initiative, and case management for the Disaster Housing Assistance Payments.

Capital Works Projects: Expenditures are less than planned because spending on scattered sites repositioning was \$20 million less than budget due to slow market conditions; South Shore Apartments spending started later and was \$5 million lower than originally predicted; and Seattle Senior Housing Program asset preservation work and several pipeline projects did not get fully underway in 2008.

HOPE VI: High Point expenditures are greater than expected due to higher construction costs than initially planned; the project remains within the revised budget. The mixed-finance close for Rainier Vista was delayed, however progress continued on infrastructure and actual expenditures approximate the 2008 projections.

homeWorks: The second Phase of homeWorks was ahead of schedule in 2007 leaving less to expend in 2008. Phase 3 spending is as anticipated in the projection.

Block grant flexibility

SHA has created block grant budgets every year under MTW. In FY 2002 and FY 2003 SHA used this flexibility to acquire property, obtain better financing terms and preserve housing affordability in newly-acquired units. In FY 2004 the MTW block grant, along with reserves, enabled SHA to sustain voucher program participation despite high average cost per voucher, which exceeded the funding formula. In FY 2005 due to the MTW block grant, SHA was able to meet commitments to the City of Seattle for storm water management and to Sound Transit for SHA-requested infrastructure improvements at Othello Station and Rainier Vista. In FY 2006 SHA continued to utilize our ability to block

grant funds and reserves under the MTW agreement to provide bridge financing for HOPE VI and other affordable housing development activities, pending the receipt of permanent financing in the form of bond proceeds, grant, and other equity funds. SHA has also been able to leverage more favorable financing terms for its bonds and lines of credit by utilizing its flexible MTW reserves.

In FY 2007 this flexibility enabled SHA to: provide interim or bridge financing for property acquisitions that expanded replacement housing options for the HOPE VI redevelopments; acquire properties adjacent to SHA redevelopments that were a blight in the neighborhood by virtue of condition or uses; initiate rehabilitation work in many of our high rise buildings in homeWorks while permanent mixed financings were put in place; and maintain the timing continuity of redevelopment activities while permanent funding for redevelopment was put into place. The ability to use MTW block grant resources in combination with short term credit instruments has been pivotal to SHA's ability to achieve the most favorable long-term financing terms and to our ability to take advantage of key development opportunities to maximize our strategic objective to increase the number of low income housing units.

In 2008 the MTW Block Grant has enabled SHA to balance funding for operating programs, both MTW and non-MTW. This ability has allowed SHA to provide a complement to the affordable housing provided by local private non-profit providers and address community needs with local partners and the City to ensure a coordinated system that optimizes service to different low income populations and the homeless.

The MTW Block Grant also continued to provide interim financing and support for development activities; augmented resources to maintain an appropriate service level in our

public housing communities; supported management improvements through technology systems development; and

provided resources for capital repairs related to water intrusion and window replacement in SHA local portfolio sites.

Level and Adequacy of Cash and Investment Reserves

Cash and Investment Reserves	Year End FY 2008	
	Projected Budget	Actual
Total Consolidated MTW Reserves	\$26,700,000	\$22,800,000
Other Program Reserves	\$7,600,000	\$14,400,000

Total consolidated MTW reserves represent resources available to cover public housing and Housing Choice Voucher operating expenses. Reserves will also be used for the replacement and reconfiguration of Scattered Sites properties and urgent capital work. Additionally, these resources are needed to cover changes in local conditions that affect the utilization and payments associated with the Housing Choice Voucher program. A small portion of this funding source serves as an *insurance reserve* that is required by SHA policies and the Housing Authority Risk Retention Group (HARRG), SHA's insurance carrier, for general liability.

In 2008 SHA reviewed reserve policies and practices and drafted a policy and implementation plan to conform to best practices and guidance. The revised reserve policy will be presented to SHA's Board for approval in 2009.

During the review process, SHA determined that it is more prudent to report on cash and investment reserves in place of the previous net current assets method. This is because it better reflects our ability to cover expenses with liquid assets. Therefore, SHA's 2008 year-end actuals are based on this approach. SHA used the net current assets approach in developing the projections provided in the 2008 Annual Plan. If the net current asset approach were used for year-end actuals, MTW Consolidated reserves would have exceeded projections. Other Program reserves are higher mainly because of a reclassification

of debt service reserves from restricted to non-restricted cash.

Status of 2008 Plan activities

Community revitalization

Rainier Vista

Phase I of Rainier Vista is nearly complete. In 2008, for-sale homebuilders completed 123 homes at Rainier Vista Phase I, including seven set aside for buyers with incomes below 80 percent of area median.

Land for 23 additional homes was sold on two sites in Phase I that were needed for storm water detention while the light rail line was under construction. These sites were sold to Habitat for Humanity and the City of Seattle for use by Habitat for Humanity.



The new Rainier Vista Boys and Girls Club

Phase II infrastructure continued during 2008. SHA proceeded with planning and design for about 200 rental units for households with a mix of incomes. Construction of 83 of these units (51 public housing and 32 tax credit) will begin in 2009 and come on line in 2010.

SHA will continue to meet its replacement housing obligations.

Following its release in 2008 from use as a Sound Transit construction staging area, a site in Phase I at the corner of MLK and S. Alaska was offered for a mixed-use development with ground floor retail and affordable condominiums above. A portion of the units in this development will be sold to buyers with incomes less than 80 percent of area median. SHA has experienced difficulty in closing the deal on this site and the mixed-use site across the street in Phase II due to the conditions in the financial markets in late 2008.

Construction of the new Boys and Girls Club was completed in late 2008, offering more than 40,000 square feet of community space serving youth and teens.

Land for homes-for-sale at Rainier Vista Phase II will be marketed beginning in 2010.

High Point

In 2008 SHA completed the construction of 140 affordable rental housing units in Phase II. Upon completion of the remaining 116 rental units in April 2009, SHA-built rental housing at High Point will comprise 600 affordable rental units. Of these, 350 units will serve public housing-level residents. These units include 60 *Breathe Easy* homes (35 in Phase I and 25 in Phase II)—homes specially designed to minimize the incidence of asthma in low-income families. The remaining 250 units will be rented to households earning 50 or 60 percent of area median income.

Construction of Commons Park was completed in June 2008 and opened to the public with a community barbeque on July 4. The park, more than four acres at the heart of High Point, includes an amphitheater, and accommodates a variety of outdoor activities for children and adults alike.

Construction on the High Point Neighborhood Center began in Fall 2008 and is on target to open in September 2009. The program for this 18,000-square foot energy-efficient, LEED Gold-certified building centers on youth enrichment and environmental learning. Neighborhood House will own and manage the building. An outdoor community sports court will also be built.

Due to market conditions, land sales to private builders in High Point Phase II have been delayed. SHA is currently working creatively with private builders on lot sales. Build out is now projected to occur in 2012. Habitat for Humanity has started on twelve units in Phase II. It is possible some private builders may have a small number of construction starts in late 2009.

SHA has a purchase and sale agreement with Lowe Enterprises, a private developer, for the mixed-use site at 35th Avenue SW and SW Graham Street. Lowe is currently preparing a schematic plan that includes about 240 market-rate residential units and around 10,000 square feet of commercial space. Construction is projected to start in 2011.

In July 2008 Holiday Retirement Corporation's 160-unit market-rate senior building was finished. Residents began to move in soon after.

The natural drainage system at High Point Phase II was completed in 2008. The Phase II system is expected to be connected to Phase I



Community members enjoy High Point's new Commons Park

in Spring 2009, once plantings in Phase II swales have matured.

Three governance associations have been established at High Point: homeowners, open space, and neighborhood. No elections were held for the High Point Neighborhood Association in 2008 because the requisite number of new residents in Phase II was not reached. Elections are expected to take place in summer of 2009. Two homeowners were appointed by SHA to serve on the homeowners' association in an advisory capacity in 2008. SHA expects to appoint two homeowners to the open space association in an advisory capacity in 2009.

NewHolly

The rental housing portion of the NewHolly redevelopment was concluded in 2005. SHA currently manages 400 public housing units and 220 other rental units at NewHolly, serving households with a range of incomes. In addition, SHA's nonprofit partners—Retirement Housing Foundation and Providence Health Systems—operate the 315-unit elder village. These buildings provide rental housing for seniors with a range of incomes and ability to live independently.

A few homeownership units are still in development in the second and third phases of NewHolly. By the end of 2009, all but about 30 of the planned 476 for-sale homes were complete. More than 100 homeownership units affordable to households with incomes below 80 percent of area median income were sold, including thirty-one homes developed by Habitat for Humanity.

As the HOPE VI revitalization moved into on-going management, SHA's focus shifted to revitalization of the underdeveloped commercial area adjacent to NewHolly. In prior years, SHA purchased several properties on the corner of Martin Luther King Jr. Way S. and S. Othello Street to complete the

northeast corner of Othello Station.⁷ During 2008 SHA marketed the sites. At year end, SHA was negotiating with a potential development partner for one of the sites.

In 2008 SHA partnered with KaBOOM!, Bank of America and the NewHolly community to build a 2,500 square foot playground. This much-needed feature provides a safe place to play for the 400 children who live in NewHolly.



Volunteers construct the KaBOOM! playground in NewHolly's Central Park

Off-site replacement housing

SHA's HOPE VI commitment to the community is one-for-one replacement of all low-income units. In 2007 SHA's replacement housing commitments for Holly Park were fulfilled. For Rainier Vista, SHA and the City have entered into formal Memoranda of Agreement, approved by the City Council, that outline SHA's replacement housing obligations. The SHA Board of Commissioners has adopted a replacement housing plan for High Point. SHA continues to deliver on its commitments.

Rainier Vista: In FY 2007, SHA committed to 14 units in Inter*Im Community Development Association's project in the area south of NewHolly. Construction began in 2008 and is expected to be completed in 2009.

⁶ No HOPE VI funds were used for these purchases.

High Point: Construction of Kenyon Housing, located south of NewHolly on South Bozeman, was completed in 2008. Building Changes (formerly AIDS Housing of Washington) and Housing Resources Group partnered on these 18 units of housing with supportive services for people with disabilities.

Renovation started on South Shore Apartments in 2008. When completed in late 2009, eight of the project's 44 units will be High Point replacement housing.

Yesler Terrace

The SHA Board of Commissioners has made the redevelopment of Yesler Terrace a priority. The first step began in FY 2006 and concluded in Fall 2007 with the adoption of guiding principles. The purpose of the guiding principles is to engage residents, immediate neighbors and the wider community in creating a vision for the new neighborhood. Important principles guiding the planning include but are not limited to the following:

- Every unit at Yesler Terrace will be replaced, one-for-one, in Seattle, if possible within or near the community.
- SHA expects to build a portion of the replacement units at Yesler Terrace. Until a vision and plan are created, it is impossible to know how many low-income units will be replaced on the existing footprint and how many will be in the surrounding neighborhood. One key variable will be the total amount of development that can be accommodated on the site through zoning changes.
- As part of the planning process, SHA established a Yesler Terrace Citizen Review Committee (CRC) of residents and other stakeholders. The residents have become engaged through a series of community meetings that supplement the formal CRC meetings.

- Once it begins, redevelopment will most likely be accomplished incrementally, which would allow many Yesler residents to stay on site during the process.
- Residents required to move will receive relocation benefits and assistance finding housing.

In 2008 SHA began using these guiding principles to develop a site concept plan that addresses such issues as mixed uses, density, housing types, open space and financing. Step two of this process which will conclude in Winter 2010 will mark the end of the planning process and the beginning of the land use entitlement process. Phase I construction is expected to begin in 2011.

Other community revitalization activities

Accessible Housing: SHA entered into a voluntary compliance agreement with HUD's Office of Fair Housing and Equal Opportunity in 2007 to increase the number of SHA's low-income public housing units that meet Universal Federal Accessibility Standards (UFAS) for people with disabilities to 263 within seven years.



A Barton Place kitchen remodeled to meet UFAS

SHA began meeting these commitments in 2008. SHA crews modernized 80 units in mixed-income communities and 33 units in the four different high-rise buildings to meet UFAS requirements. Plans were developed to

modernize SHA's main administrative offices (Central Office, PorchLight and Operation Service Center) with work scheduled to begin in 2009. Site work was started at all these locations and the work will finish in the first quarter of 2009.

Lake City Village: The 16-unit Lake City Village public housing complex was demolished in 2002. SHA has since acquired several adjacent properties to assemble a parcel large enough to redevelop. In FY 2005 SHA began planning for the development of a mixed-income, mixed-use community.

In 2008, SHA was successful with its second HOPE VI application for redeveloping the Lake City Village site. In September 2008, HUD awarded SHA approximately \$10.5 million to help finance the project. Predevelopment activities started immediately following the grant award. The HOPE VI program calls for 86 low-income and work-force family housing units. Part of the program (but not financed with federal funds) are 17 homeownership units, of which five will be affordable to families earning 80 percent of Area Median Income. Construction is scheduled to commence in the 2010 building season.

Villa Park area revitalization: During FY 2007, SHA purchased two adjacent properties near SHA's Villa Park—The Henderson Apartments (11 units) and The Douglas Apartments (68 units in four buildings). In 2008 SHA assembled the financing for the renovation of three buildings of The Douglas (now known as South Shore Apartments) in need of significant capital improvements. Construction activities will be completed at the end of 2009, bring 44 units on line for leasing in early 2010. The renovated community will be called South Shore Apartments.

The Henderson and one 24-unit building of The Douglas were largely uninhabitable



South Shore Apartments under renovation

owing to structural concerns. Both were demolished in 2008. SHA will look for long-term development opportunities for this land that will complement the community and meet its changing needs as light rail service becomes operational in the neighborhood.

Holly Court: Holly Court, which was poorly constructed to low standards, has aluminum wiring and other flawed building systems that make its rehabilitation impracticable. Moreover, the design of the community detracts from public safety and the overall revitalization of the NewHolly neighborhood. In 2008, continued to explore development approaches for Holly Court and adjacent parcels owned by SHA. This work, including relocation plan, timelines and disposition process, will continue in 2009.

Yesler Terrace area: SHA has assembled several parcels near Yesler Terrace, including the purchases of the Baldwin Apartments and another parcel near the Ritz Apartments in 2007. Environmental remediation was completed on some of the parcels in 2008 with the assistance of a grant from the Environmental Protection Agency. The Baldwin continues to operate as affordable rental housing. Due to the proximity to Yesler Terrace, SHA is considering the long-term

development potential in relation to Yesler Terrace redevelopment plans.

New Market Tax Credits: In FY 2006 Community Investments (SCI), SHA's community development entity, received a \$20 million Qualified Equity Investment from US Bank. When its original plan for a mixed-use development anchored by a grocery store at High Point became moot owing to the expansion of several grocery stores near the proposed location, SCI began to explore other New Market investment opportunities. In 2008 SCI closed on \$20 million of investments to help finance the High Point Community Center, the YWCA Greenbridge Learning Center, and renovations to the downtown YMCA.

Fort Lawton: SHA led the community planning effort to create a reuse plan for the surplus part of this former Army base. The reuse plan provides for a mix of housing including single-family for-sale homes, housing for homeless families and individuals, and self-help homeownership units. The plan has been approved by the city of Seattle and local. It is currently under consideration by HUD and the US Army. If approved, SHA will be the site's master developer.

Qwest Field – North Lot: SHA is the affordable housing developer in a major mixed-use project on the north parking lot of Qwest Field. The project is progressing slowly due to the current financial market. When the project moves forward, SHA will begin design for 75–90 workforce housing units and begin applying for project funding.

Dearborn: In 2007 SHA entered into a preliminary agreement with Dearborn Properties to create 200 units of housing, half for very low-income seniors and half workforce housing. Due to the current financial market, this project has not

progressed to a point of SHA needing to take additional action.

Organizational and administrative improvements

MTW Extension: On December 31, 2008 SHA and HUD successfully executed an Amended and Restated Moving to Work Agreement. The new agreement extends SHA's MTW participation through 2018 and modifies some areas of flexibility and reporting requirements. Over the course of MTW participation, SHA will continue to work with HUD to incorporate provisions in the agreement to best enable SHA to achieve MTW objectives and meet the needs of Seattle's low income residents

Performance measurement: ☉ SHA continues to supplement HUD's performance indicators for public housing and the Housing Choice Voucher program with internal indicators to assess performance against asset management goals.

In 2008 SHA explored the development of its own system for measuring resident satisfaction in lieu of HUD's Resident Assessment Sub-System (RASS) survey. However, in August 2008 HUD issued a proposed Public Housing Assessment System (PHAS) rule that would eliminate its customer service and satisfaction survey.

The Amended and Restated MTW Agreement executed at the end of 2008 allows SHA to propose an alternative evaluation methodology in lieu of the PHAS regulation for approval by HUD. Therefore, SHA took a step back to examine overall evaluation strategies that may include customer satisfaction surveys. This work will continue in 2009.

SHA continues to participate in HUD's resident and unit data reporting systems (50058 and PIC respectively). In 2008 SHA began requesting operating subsidy for all

public housing units, including those used as employee residences and for social service agencies. SHA continues to utilize an exception status of “other” in HUD reporting until HUD creates an exception status for units used to achieve MTW goals.

Asset management: ☉ SHA continues to use HUD’s asset management model as a guide. Where the model is inconsistent with SHA’s MTW block grant, creates unnecessary inefficiencies in SHA’s financial management practices, or fails to recognize unique local conditions, SHA employs local asset management strategies consistent with OMB Circular A-87. Examples of SHA’s local asset management strategies include:

- SHA assigns costs for capital projects to the appropriate property at the completion of a project, as the most prudent way to perform the accounting tasks and manage capital budgets.
- SHA allocates costs among properties where that is a more efficient and reasonable way to distribute labor costs than direct charges.
- SHA employs fees for service where that is consistent with the business structure and practices in SHA for HUD-supported and locally funded housing.
- SHA uses a management fee for central administrative costs, inclusive of costs that are not readily assigned to individual properties or that are unique one time costs.

Total Development Cost limits: ☉ HUD’s current Total Development Cost (TDC) limits continue to be adequate, so SHA did not have to exercise its MTW authority to develop local TDCs.

Streamline HUD approval of mixed-finance deals: ☉ In FY 2004 SHA and HUD worked on a mixed-finance waiver similar to that of the Atlanta Housing Authority. A

formal waiver request was submitted to HUD in FY 2005. SHA anticipates using HUD’s new Streamlined Application Process in Public/Private Partnerships for the Mixed-Finance Development of Public Housing Units. Until such time as HUD publishes final regulations, SHA will continue to use the expedited mixed-finance closing process used in its closings that took place between 2005 and 2007.

Streamline demolition/disposition: ☉ No new disposition or demolition applications were submitted in 2008. SHA anticipates using HUD’s streamlined MTW review process. Until this process is fully available, SHA continues to use the streamlined disposition protocol HUD has been implementing since September 2004.

Resource conservation: ☉ The business practices spelled out in the resource conservation protocol are being implemented.

The most significant resource conservation energy efficiency work was done in cooperation with the Seattle Office of Housing. The improvements included multiple lighting upgrades, window replacements, building envelope upgrades, insulation and ventilation improvements. In total, more than \$1.9 million in reimbursements were leveraged from the Office of Housing.

Additional 2008 activities included:

- Over 8,500 free compact fluorescent light bulbs (CFLs) were distributed in 2008 throughout SHA’s housing programs, including the Seattle Senior Housing Program (SSHP), in conjunction with the Seattle Office of Housing.
- Several studies were conducted in 2008 to analyze the value of changing out over 350 inefficient 3.5 gallons per flush (GPF) toilets to Seattle Public Utilities’ low flow 1.6 GPF Flush Star models. Results indicate that SHA would save about \$170

per year per toilet and that SHA's initial investment would be paid back in less than a year. Further study is being conducted on an even more efficient model. SHA plans to make a decision in 2009.

- SHA explored a passive solar domestic hot water (DHW) demonstration project in cooperation with the SOH, targeting the remodel of South Shore Apartments (formerly known as the Douglas Apartments). If South Shore does not prove to be a feasible location, SHA will look for other opportunities to pilot this feature in the future.
- Enterprise Community Partners funded a study to assess the costs and benefits of green communities, using SHA's High Point and NewHolly developments. The study's results will inform SHA's future resource conservation efforts. Results are expected in early 2009.

Seattle Mayor, Greg Nickels, installs energy efficient light bulbs in an SHA unit



Comprehensive facilities assessment: In FY 2007 SHA hired a consultant to conduct an in-depth assessment of long-term office and maintenance shop facilities needs to identify ways to deploy staff and operate more efficiently, reduce costs and take advantage of real estate equity. Part of this analysis involved determining what it would take to consolidate SHA's administrative and management functions into one location. In

2008 SHA considered opportunities to do this, however, none were in the best interest of the agency at this time. SHA continues to assess additional opportunities.

Enterprise resource planning system: In 2008 SHA implemented a new agency-wide enterprise resource planning software system. This system consolidated a number of stand-alone systems for both financial and operational activities including work orders, service billing, inventory, accounts receivable, warranty tracking and contract management. The new system minimizes multiple data entry and improves data integrity.

Communication strategies: In 2008 SHA continued to look for ways to improve communication with residents and the community. SHA refined a plan to improve access to housing information for current and potential residents and participants with limited English proficiency. SHA also made significant website enhancements that make housing information easier to access and unveiled a new logo.

New fiscal year dates: In FY 2007 SHA changed its fiscal year from October 1 through September 30 to January 1 through December 31. FY 2008 was SHA's first year on its new fiscal calendar. This change was needed because more and more of the housing stock that SHA manages is part of tax credit partnerships, all of which start their fiscal years January 1. Having all of SHA's programs and properties on the same fiscal year has simplified accounting and reporting processes. It has also resulted in reporting being more easily understood since reports now align with the same dates.

Electronic Document Management System (EDMS): This is a multiyear technology initiative to make documents immediately accessible via computer to staff regardless of location and reduce the amount of paper to handle, copy and store. EDMS, when fully

implemented, will be quite comprehensive, including document imaging and management, electronic forms and forms management, electronic reporting and workflow streamlining. In 2008 SHA made significant progress implementing EDMS for processing public housing applications and applicant files. All application forms were imaged for a housing choice voucher (HCV) lottery that was held in the first half of 2008. SHA will focus next on HCV port-out files and forms, accounts payable documents and other administrative paper.

Emergency preparedness: In 2008 SHA continued to increase its ability to function in the face of a crisis or natural disaster. Building on the agency's 2007 emergency

preparedness system upgrades, SHA developed an information technology disaster recovery plan to restore critical business functions as quickly as possible. SHA also conducted "command center" training for key staff in 2008.

Safety: In 2008 Seattle Housing Authority established the appropriate benchmarks for developing a world class safety and health program. This included efforts to energize and include safety committees, analyze past incidents and establish a baseline for training, and communicate the plan to employees and residents alike through public safety fairs and committee retreats. After only one year, SHA realized a 13 percent reduction in incidents and a 69 percent reduction in related costs.

SECTION VI: CAPITAL PLANNING

This section describes capital activities and reports on the status of demolition, disposition and homeownership activities. A list of capital work items by housing program can be found in Appendix D.

Modernization and rehabilitation

Each year, SHA allocates funding for capital projects. These funds are often spent over the course of one to three years. The following represents actual work, expenditures and obligations in 2008.

homeWorks, the public housing high-rise renovation program

For the past four years, SHA has been planning and implementing the rehabilitation of many public housing high-rises by leveraging HUD capital subsidy with private investment, such as low-income housing tax credits. SHA's intent is to rehabilitate major building systems and address deferred maintenance in about 22 high-rises in three Phases over the next several years. To that end, during 2008, SHA:

- Successfully completed renovations in all seven Phase 2 buildings;
- Substantially completed renovations in four Phase 3 buildings; and
- Began construction in the remaining three building in Phase 3.

Public housing capital work items

Public housing capital obligations for 2008 totaled \$81,473,000. This amount includes sources from Mixed-Finance as well as HUD.

Redevelopment: \$59,213,000 supported HOPE VI redevelopment activities as follows:

- \$49 million in infrastructure and construction costs and \$1.9 million in design costs for High Point

- \$2.5 million in design costs plus \$5.8 million in infrastructure costs for Rainier Vista.

Other purposes: \$22,260,000 was obligated for the following purposes:

- \$10.4 million toward the construction of homeWorks Phase 2.
- \$11.8 million toward the design of homeWorks Phase 3.

SSHP capital work items

SSHP capital obligations for 2008 totaled over \$414,000. Following an extensive envelope study in late 2007, SHA prioritized building envelope repairs in three buildings to address critical needs and mitigate further damage from water intrusion. In 2008 further study and design work were conducted. Work on these three buildings, Schwabacher House, Reunion House, and Willis House, will begin in 2009. A list of all SSHP capital work in 2008 can be found in Appendix D.

Other capital projects

SHA completed 90 percent of the first phase of water intrusion repairs at Wedgewood Estates. SHA also nearly completed window replacements in the 100-unit Bayview Tower. A list of all other capital projects is in Appendix D.



Wedgewood Estates before and after new siding

Federal capital funding expenditures

To reflect the actual time needed to plan, design, procure contractors and implement

capital activities, public housing capital fund and HOPE VI grant funds are normally used over several years. The table below shows the funds obligated through 2008 from each allocation.

Program	Fund Source	FY 2008 Budget	Funds Obligated Through FY 2008
Public Housing Modernization	SHA FY 2005/FFY 2004 HUD Capital Fund	\$13,574,458	\$13,574,458
	SHA FY 2006/FFY 2005 HUD Capital Fund	\$12,783,776	\$12,794,383
	SHA FY 2007/FFY 2006 HUD Capital Fund	\$11,974,807	\$ 9,757,407
	SHA FY 2008/FFY 2007 HUD Capital Fund	\$12,628,777	\$ 1,409,302
HOPE VI	Holly Park Revitalization Grant	\$48,116,503	\$48,116,503
	Rainier Vista Revitalization Grant	\$35,000,000	\$29,803,418
	High Point Revitalization Grant	\$35,000,000	\$34,316,275

Disposition and demolition

HUD approval is required before SHA can sell or demolish public housing property, or enter into long-term leases. This section reports on disposition and demolition requests and approvals during the fiscal year.

SHA listed several potential dispositions and demolitions in the 2008 MTW Plan. Of these, none were actually requested. However, they may be requested in future years. In 2008 SHA completed final disposition of properties that were approved by HUD in prior years including several scattered sites properties and land at High Point and Rainier Vista for for-sale builders.

Resident homeownership

Down Payment Assistance Program: ☉ In 2008 SHA continued to administer the revised Down Payment Assistance (DPA) Program. The program was originally established in 2006 using \$105,000 of MTW block grant funds. The balance of the funds continued to provide eligible participants up to \$15,000 in down payment assistance in 2008. The revised DPA program is a partnership with the Urban League of Metropolitan Seattle, International District Housing Alliance and El Centro de la Raza. These agencies continued to screen residents for eligibility and provide homeownership counseling. Six households

purchased homes in 2008, leaving one available slot for a resident to participate in the program in 2009. The following table provides a snapshot of the residents who became homeowners in 2008 through SHA's Down Payment Assistance Program:

Wage Earners	Household Income	Purchase Price	Down-payment
1*	\$101,328	\$427,480	\$30,000
2*	\$73,939	\$305,300	\$15,000
1	\$31,512	\$229,000	\$105,500
1*	\$30,972	\$246,500	\$119,200
2**	\$64,392	\$331,000	\$15,000
2**	\$31,192	\$214,000	\$47,813

* Also an FSS Participant ** Also a TTA Participant.

Family Self-Sufficiency Homeownership:

The FSS Homeownership Specialist continued to provide the following services:

- Homeownership workshops on topics such as credit, homeownership basics and predatory lending specifically for FSS participants, but any interested SHA residents could attend;
- Pre-qualify participants and help them create homeownership plans; and
- Provide referrals as appropriate and partnered with lenders, realtors, and non-profit homeownership counseling agencies

to support participants in their efforts to become homeowners.

SHA also explored the possibility of developing a pilot Housing Choice Voucher Homeownership Program based on monthly mortgage subsidy instead of down-payment assistance. Based on the findings, SHA staff is developing a proposal that, if approved, will begin a small pilot program in 2009.

The following three FSS participants became homeowners in 2008.

Wage Earners	Household Income	Purchase Price	Down Payment
1*	\$101,328	\$427,480	\$15,000
1*	\$73,939	\$305,300	\$15,000
1*	\$30,972	\$246,500	\$119,200

*Also participant in SHA's Down Payment Assistance Program.

Tenant Trust Account Homeownership:

Four TTA participants purchased homes in 2008.

Wage Earners	Household Income	Purchase Price	Down Payment
1	\$48,889	\$330,000	\$0
3	\$100,200	\$350,000	\$2,000
2*	\$31,192	\$214,000	\$47,813
2*	\$64,392	\$331,000	\$15,000

* Also participant in SHA's Down Payment Assistance Program.

SECTION VII: OWNED AND MANAGED UNITS

This section reports on management performance indicators for 2008.

Vacancy percentage

The average vacancy rate among public housing properties was 2.99 percent. Target and actual vacancy percentages by community can be found in Appendix E.

2008 Target	2008 Actual
2.00%	2.99%

While the target of two percent was not achieved, SHA successfully decreased the vacancy rate by 25 percent from fiscal year 2007 (3.99 percent). The increase in vacancies over target rates is primarily attributable to two challenges experienced in 2008:

- Selected communities remain difficult to lease due to a variety of issues ranging from location to the lack of unit amenities and size of units. If Jefferson Terrace and Scattered Sites are excluded from the overall vacancy calculation, SHA's public housing vacancy rate for 2008 is 2.1 percent.
- The addition of UFAS units in four high-rises created leasing challenges as SHA had not yet built waiting lists for the specific unit features.

Rent collection

SHA collected 99.1 percent of public housing rents assessed and other tenant charges in 2008, up considerably from 97.8 percent collected in FY 2007.

2008 Target	2008 Actual
97.4%	99.1%

Work orders

SHA set very high targets for 2008 – 100 percent of emergency work orders within 24

hours and 100 percent of regular maintenance work orders within 30 days.

Work Order Type	Target	Actual
Emergency	100%	98.7%
Regular	100%	97.5%

In 2008 SHA implemented a new work order tracking system. The initial phases of learning the new software took a great deal of staff time. To further complicate SHA's efforts to respond to 100 percent of work orders within HUD's timelines, SHA received 28 percent more emergency work orders and 35 percent more regular work orders than received in the prior twelve months. SHA crews run lean within the tight public housing budget constraints and are not easily able to flex to this type of rapid growth in need without a commensurate growth in revenue.

Inspections

SHA conducted 100 percent of inspections in public housing during 2008 in accordance with its public housing inspection protocol.

2008 Target	2008 Actual
100%	100%

Under the MTW protocol each public housing unit received either a critical item inspection or a comprehensive inspection. About 4,200 comprehensive inspections were conducted (including 718 in HOPE VI communities). All critical item inspections were completed on schedule.

Security

During 2008 18 households were evicted for cause as a result of lease violations other than non-payment of rent, while another 26 left SHA housing under threat of eviction for cause. Overall, this totaled 44 vacates related

to cause, up from 37 in FY 2007 (a 15 month period).

Security in public housing

Community policing: SHA continued to successfully partner with the Seattle Police Department (SPD) on the Community Police Team (CPT) program, with four officers assigned to the SHA public housing high-rise buildings, scattered sites and Yesler Terrace. Residents appreciate the presence of the officers in their communities and the officers continue to be an invaluable liaison between SHA communities and other SPD resources (e.g., anti-crime units). SHA and the SPD will enter into a new contract in 2009 which will provide more flexibility for the four CPT officers to be assigned quickly to the SHA communities with the greatest need at any particular moment.

Crime prevention organizing and education: SHA partners with several community-based crime prevention organizations that also have strong working relationships with Seattle Police. SHA continued to work through these organizations to coordinate activities with neighbors and businesses to minimize crime in Yesler Terrace, NewHolly, Rainier Vista and High Point.

Emphasis patrols: SHA supplements the Seattle Police presence at Yesler Terrace by funding additional emphasis patrols during the spring and summer months, when the likelihood of nuisance and illegal activities is highest. In addition to providing security,

these officers actively support investigations and work with residents to help them contribute to the safety and security of their communities.

Off-duty police officers: SHA employs off-duty, uniformed police officers for security services in several high-rise buildings. These officers, who impart an effective, authoritative and professional presence, maintain safety and security in communities affected by criminal activity or at high risk of renewed activity. In addition to providing security, these officers actively support investigations and work with residents to help them contribute to the safety and security of their communities.

Private security: SHA has contracted with a private security firm to patrol selected communities. These regular patrols help keep out unauthorized persons and enhance resident safety. The firm is on call for immediate response to a variety of emergency situations, and undertakes fire-watch and lockout patrols, in all SHA communities.

At NewHolly, Rainier Vista and High Point, private security officers patrol residential blocks and open spaces. The security firm provides homeowners and builders, renters and agencies a contact point for parking lot surveillance and enforcement, for reporting parking violators and disturbances and graffiti, deters youthful mischief and loitering in the parks, and provides lockout and door-check services on request.

SECTION VIII: ADMINISTRATION OF LEASED HOUSING

This section compares performance targets for the Housing Choice Voucher Program for 2008 with actual performance.

LEASING INFORMATION

Housing Choice Voucher utilization

SHA's percent utilization of voucher authority in 2008 was as follows:

Plan Target	Revised Target	Year End Actual
100%	97.0%	96.1%

SHA's original, budgeted target was to reach 100 percent utilization. However, quickly after the budget and plan were adopted it became apparent that SHA would not receive the level of funding anticipated. Additionally, SHA determined that there were needs to raise payment standards and relax occupancy standards (Section II). Therefore, the 2008 utilization target was revised to 97 percent. During the year, SHA also received 52 Veterans Affairs Supportive Housing (VASH) vouchers. Due to slow start up in referrals from the Veteran's Administration, SHA was not able to lease these vouchers up by year end. If VASH vouchers were not factored in to the utilization rate, it would have been 96.7 percent at year end – very close to the target.

MTW voucher budget authority: ☉ In FY 2007 SHA developed a pilot "Provider-based program" to support the King County 10-Year Plan to End Homelessness. The pilot is described in Section II. At year end SHA was contracting with Downtown Emergency Service Center for 25 units under this program, Seattle Mental Health for 40 units, and a couple of Sound Families contracts for 24 units.

Waiting list activity

The Housing Choice Voucher (HCV) waiting list was closed at the end of 2008. In March

2008, for the second time since 2003, SHA opened the Housing Choice Voucher waiting list for a brief period in order to establish a new waiting list of 4,000 applicants through a lottery-based system. SHA estimates that a waiting list of this size will last approximately three years.

Ensuring rent reasonableness

In 2008 the HCV program continued to follow the rent reasonable process outlined in the Housing Choice Voucher Administrative Plan.

Since 1988, Dupre + Scott, a professional real estate consulting service, has completed annual rent reasonableness surveys for SHA. Before approving a unit for subsidy, a trained Housing Inspector inspects the unit and rates its condition as average, above average, or below average relative to other units in the neighborhood. The determination of rent reasonableness is made by a trained Owner Liaison using the inspection report and condition rating and refined market survey data for similar units in the area. The rent reasonableness evaluation addresses market comparability for unit size, location, quality, type, age, amenities and utilities paid by the owner.

Units where the proposed rent is higher than the Dupre + Scott average rents for comparable units are investigated further to ensure that the higher rent is justified by unit characteristics. The investigation includes documenting market comparables using current publicly advertised rents gathered from newspapers, the Web, phone calls to landlords leasing units and "for rent" signs observed in the area. The contract rent is then negotiated with the owner. A detailed

questionnaire and certification of rent rolls completed by the owner provides supporting documentation of comparable rents self-reported by owners.

SHA ensures that the contract rent is reasonable at all times the unit receives Housing Choice Voucher assistance by conducting a rent reasonableness assessment whenever an owner requests a rent increase.

Expanding housing opportunities and deconcentration of low-income families

In 2008 SHA continued efforts to deconcentrate Housing Choice Voucher families. These efforts include marketing SHA-owned or -managed tax credit and bond financed units on its website. These units are dispersed all over town, and typically structure rents to be affordable to households at 50-60 percent of area median income, which is generally consistent with payment standards. Families who use their vouchers in tax credit properties are more likely to find affordable units in non-poverty and non-minority neighborhoods, and less likely to experience rent burden over time if the rental market heats up with no corresponding increase in HUD fair market rents or funding.

In addition SHA maintained the following services and resources for owners in an effort to expand housing opportunities and deconcentrate low-income families:

- a quarterly newsletter mailed with Housing Assistance Payment (HAP) checks that gives owners an overview of what is happening in the program along with detailed explanations of policies and procedures that affect them;
- a monthly training or orientation meeting for owners; and
- a section of *seattlehousing.org* devoted to program information for landlords, including an option of listing rental units

online for inclusion in the weekly Housing Choice Voucher rental listings;

SHA currently works with approximately 2,300 landlords, a seven percent decrease from last year. This is due primarily to tenants choosing to rent from several large landlords, including SHA's mixed-income communities and project-based Housing Choice Voucher partners. Approximately 75 landlords list available units with SHA each week. In 2008, the rate of new landlords expressing interest in the program each month has increased. In the first quarter, attendance at the monthly workshops was below monthly averages for the past three years. However, for the remainder of the year, attendance exceeded the historical average. SHA continues to attend professional association meetings and work in the community to expand the number of Housing Choice Voucher landlords.

Due to the tight rental market, it was becoming increasingly difficult for participants to secure and maintain housing; causing many families to become rent burdened. Market rents increased seven and a half percent in 2008. A total of 2,054 rent increases were requested by landlords of Voucher holders. The average size of the increase in rent requested was eight and a half percent. In 2008 the Voucher Payment Standard was increased to reduce the number of rent burdened families and expand housing opportunities for program participants.

Inspection Strategies ☉

SHA currently inspects units to ensure that HUD's Housing Quality Standards (HQS) are met prior to executing a contract with a property owner. Inspections are repeated when the initial inspection reveals items to repair prior to leasing. Thereafter, the unit is inspected annually to ensure that HQS have been maintained. As part of MTW, SHA continues to evaluate this system and explore other inspection methods and protocols.

SHA continued in 2008 to explore ways to streamline and automate inspections. This includes exploring handheld computers to allow inspectors to conduct paperless inspections and upload the results directly into the work order system.

HQS enforcement ☉

SHA continues to follow the Housing Quality Standards (HQS) inspection procedures outlined in the Administrative Plan, which involves working with owners to correct any items that fail inspection. When a unit fails an inspection the owner is sent a written notice. If failed items are not corrected within 30 days of the inspection SHA gives the owner and the tenant notice that the HAP contract will be terminated (giving the family at least 30 days notice that they must move).

To encourage timely compliance with program rules among landlords and participants, Resolution 4784 (June 2005) permits SHA to impose fines for failing to be present at inspections or re-inspections. In 2007 it was decided to delay this pilot program due to the focus on increasing voucher utilization. Instead SHA implemented an alternate system to address the issue of inspection no-shows –combining annual inspections of all HCV subsidized units within a building at the same time (“bundling”). This system has, for the most part, included the management/ owner issuing a 48 hour notice of entry to the units. Re-inspections can be completed within a scheduled block of time. This strategy has proven very efficient for SHA inspectors, reducing the number of times inspectors visit a property and reducing time spent inspecting a property’s exterior and common areas, wasted at no-shows, and scheduling and rescheduling inspections. Feedback from owners/managers has been very positive.

Performance indicators

In 2008 SHA met all HQS inspection targets.

Annual HQS inspections

2008 Target	2008 Actual
100%	100%

Pre-contract HQS inspections

2008 Target	2008 Actual
100%	100%

Quality control inspections

SHA’s administrative plan adopts HUD’s SEMAP standards to determine the targeted number of quality control inspections.

2008 Target	2008 Actual
5%	5%

Housing Choice Voucher MTW policy changes

Tenant-based Housing Choice Voucher Program

Significant changes to the tenant-based voucher occupancy and rent policies are described in Section II. SHA continued to market The Job Connection employment service to Housing Choice Voucher participants to foster family self-sufficiency (outcomes are reported in Section IX).

Project-based Housing Choice Voucher Program

SHA continues to meet its commitments for project-basing Housing Choice Vouchers in HOPE VI replacement housing, Sound Families transitional housing for homeless families, and Seattle Housing Levy-funded projects. In 2008, 252 project-based units came on line.

SECTION IX: RESIDENT SERVICES

This section describes community and supportive services outcomes for residents of SHA communities and Housing Choice Voucher participants.

Financial sustainability of supportive services

Launched by the SHA Community Services Division in 2006, *Outcomes for Independence - Promoting pathways to economic advancement* (OFI) is a multi-dimensional effort to identify and sustain the most effective economic self-sufficiency strategies. OFI is further described in SHA's 2007 MTW Annual Report

Seattle Asset Building Collaborative

(ABC): The ABC is facilitated by the City of Seattle and includes participation from 38 public, non-profit and for-profit agencies. To move people up the economic security continuum, one ABC strategy is to develop a comprehensive, coordinated system of services which all Seattle and King County residents can access. By increasing assets as opposed to simply increasing income, long-term stability can be obtained.

A pilot project, entitled the Seattle Asset Building Initiative (SABI), is testing various asset building strategies and service delivery models with two distinct subsidized housing populations – (Level 1) recently homeless families participating in the Sound Families Initiative, a program to develop new housing with support services for homeless families, or families in danger of becoming homeless, and (Level 2) residents whose incomes are nearing levels that would eliminate their need for housing subsidy. All SHA Sound Families are required to participate in SABI, enroll at least one adult family member in The Job Connection, and each family also receives a slot in the FSS Program where they can establish an escrow account for training, education, business development or homeownership. SABI is currently

expanding to serve 15 Sound Families in King County. All Level 2 SABI participants are either SHA public housing residents or have SHA Housing Choice Vouchers.

In October 2008, a part-time Asset Building Specialist responsible for managing the SABI project was hired by SHA. The Specialist is working with case managers from six ABC agencies to perform outreach and provide services to SABI participants. There are 25 participants enrolled in the project, which has received funding from various public and private sources.

The ABC is also working on initiatives to facilitate usage of public benefits through employers, access to financial services, and changes in public policy related to asset limits, predatory lending, and other identified barriers to economic security for low-income residents.

Data tracking and evaluation: SABI is being evaluated by a professor at the University of Washington School of Social Work. SHA is utilizing the Pangea Foundation tracking software that is used by the American Association of Service Coordinators for the SABI project; and plans



Rainier Vista Boys & Girls Club grand opening volunteer, SHA employee Vernida Jackson-Jones, and her family

to expand usage in 2009 to include The Job Connection and Tenant Trust Account Programs.

Grant funding: SHA and its service partners received \$517,394 in grants during 2008:

Grant	Population Served	Award
FSS Housing Choice Voucher Program Coordinators & Homeownership	Housing Choice Voucher participants	\$293,447
FSS Public Housing Program Coordinators	Public housing residents	58,947
Sound Families/Gates Foundation	SABI participants and evaluation	40,000
Washington State Dept. of Community, Trade and Economic Development	SABI participants and other low-income residents	85,000
Silberman Fund Faculty Grant Program	SABI evaluation	40,000
Total		\$517,394

Employment Services

SHA's The Job Connection offers employment services at five offices: Yesler Terrace, Lake City, High Point, Rainier Vista and NewHolly.

Employment outcomes

The Job Connection's placement goal for 2008 was 180 placements. Employment outcomes for the year include the following:

Outcome	Number
Job Connection Enrollment	269
Enrolled TANF recipients	50
Enrolled Section 8	15
Total placements	205
Total regular placements	192
Total AWE placements*	9
AWE to permanent placement	8
Total Section 8 placements	40
Unduplicated placements	185
Average hourly wage	\$13.82
Benefits after probationary period	84%
Full time jobs as of hire date	76%
Six-month retention rate	76%
Raises or career advancement	8
Percent increase in wages	13%

**In the Adult Work Experience program (AWE), employment is for training purposes to advance employability while earning at least minimum wage.*

Career advancement

Once placed into a job of choice, SHA residents are encouraged to take

advancement opportunities as they arise. Career advancements may include raises, new positions within the company, promotions, or obtaining a new job at a higher wage. In 2008 there were eight documented wage/career advancements among The Job Connection participants, with an average hourly wage increase from \$11.35 to \$13.15.

Adult Work Experience

SHA residents with limited English language skills, no work history and no documented education often come to The Job Connection. To help these clients make their way into long term, permanent employment, an "Adult Work Experience" (AWE) is offered. In 2008, nine new job seekers had the opportunity to obtain short-term training for a maximum period of 24 months. As experience is gained, opportunities for permanent employment are pursued with the support of The Job Connection.

In 2008 nine AWE participants moved on to permanent employment. The AWE program expanded to include those employers who were seeking permanent employees, but want a trial period to determine whether the resident had or could acquire the skills necessary for the position. The demand for seasonal and intermittent workers is a good

fit for people who are just learning about the demands of the workforce in the United States.

Section 3 employment opportunities

“Section 3” is a federal requirement that work created by HUD-funded projects go, as much as possible, to residents and businesses in the project area. SHA employs a Section 3 coordinator to make the connections between contractors and Section 3 eligible individuals and businesses. SHA’s 2008 goals were to:

- increase the number of SHA residents hired and Section 3 businesses awarded contracts, and
- foster collaboration with other housing authorities and government agencies to generate a regional commitment to work with Section 3 businesses and hire Section 3 qualifying job candidates whenever possible.

In 2008 SHA’s Section 3 program continued progress on both fronts, building on prior year strategies and successes. Employment and business development outcomes included:

- Forty Section 3 eligible individuals were placed either in construction jobs at High Point or in-house positions offered by SHA. An additional 53 Section 3 eligible individuals were hired in these positions.
- 42 percent (253) of SHA’s 603 employees were Section 3 residents at the time SHA hired them.
- Eighty Section 3 qualified businesses were on to the Small Works Roster, up from 44 the prior year.
- Three new businesses were Section 3 certified.

Leveraged funds

Partner agency financial resources that complement employment services enable participants to maintain their jobs or housing.

Leverage Type	2008 Amount
Childcare	\$44,067
Education	32,484
Job Training	14,430
Transportation	3,354
Clothing	1,745
Food	12,940
Utilities	10,260
AWE	2,640
Miscellaneous*	2,773
Total:	\$124,694

* Includes rent assistance, immigration fee waivers, legal assistance

Family Self-Sufficiency

The Family Self-Sufficiency (FSS) Program had 207 Housing Choice Voucher and 51 public housing participants as of the end of 2008, for a total of 258 FSS participants.

SHA successfully competed for a renewal of its FSS case manager grants in 2008. In order to increase the success of the FSS Program and participants, FSS staff continued to:

- Strengthen the Program Coordinating Committee and its sub-committees;
- Provide comprehensive case management through contact with participants and coordination of services with local providers;
- Study the feasibility of policy changes outlined in the 2007 MTW Annual Report;
- Improve tracking and reporting tools and processes to streamline access to participant outcomes; and



Attendees at High Point's Judith Fay Park grand opening

- Provide homeownership counseling and home buyer workshops such as credit repair, budgeting, financial literacy, and homeownership basics.

Family Self-Sufficiency homeownership activities are described above in Section VI.

FSS outcomes

Active participants: At the end of 2008, 178 FSS participants were either employed or in school or training.

Current FSS participant status	Number
Employed Full-Time	80
Employed Part-Time	57
Small Business	9
School/Training Full-Time	27
School/Training Part-Time	15

FSS Graduates: Of the 25 FSS graduates in 2008:

- 11 entered FSS without income from wages, but had employment income when they graduated;
- 14 participants with initial earned income increased their salary by the time they graduated; and
- All of the graduates became independent of TANF and obtained employment.

As shown in the tables below, many graduates were well on their way toward economic self-sufficiency.

FSS Graduates		
Income	On entry	On exit
Average annual earned income	\$17,726	\$34,918
Average full-time hourly earned income	\$11.40	\$18.52

FSS household income as a percent of area median		
Income Group	On entry	On exit
< 30%	19	3
30%-50%	5	10
50%-80%	1	8
80%-100%	0	4

Tenant Trust Account Program

In FY 2005 SHA redesigned its Tenant Trust Account (TTA) Program to enhance public housing resident economic self-sufficiency by helping them save for homeownership, education or to start a small business. SHA's Tenant Trust Account (TTA) Specialist continued to enroll participants into the program, while utilizing a variety of new outreach techniques, in order to increase the participation rate and effectiveness of the program. Through the efforts of the TTA Specialist, property management staff and service providers, the following TTA Program outcomes were achieved during 2008:

- 16 new participants were enrolled;
- 301 participants were enrolled in the program at year end, essentially steady with 304 at the end of 2007;
- 170 were receiving deposits, with an average deposit amount of \$47.00;
- Average TTA balance was \$1,112, up from \$971 at the end of 2007; and

-
-
- Four TTA participants purchased homes (TTA homeownership activities are described in Section VI).

Bridging the digital divide

In 2008 SHA continued to partner with various community agencies to support technology centers in or near SHA communities. SHA had three HUD Neighborhood Networks grants that support computer labs at Rainier Vista, Yesler Terrace and a special lab designed for people with disabilities at Center Park. Together, the labs served about 900 clients during 2008. They were operated in partnership with public and nonprofit agencies: Neighborhood House (Rainier Vista), Seattle Parks and Recreation/Associated Recreation Council (Yesler Terrace), and Digital Promise (Center Park).

The labs focus on access to the Internet and technology education via structured programs for people of all ages. The Rainier Vista lab provided ESL classes in collaboration with South Seattle Community College. The classes focused on learning English and basic computer skills. Courses are also provided in Cambodian and Vietnamese, with goals such as obtaining a GED and applying for citizenship.

SHA also funds a computer lab at Westwood Heights, operated by Digital Promise, which focuses on structured programs and free Internet access for seniors.

In addition to SHA's traditional support of computer labs, the residents of the public housing high-rise Jefferson Terrace have created their own lab, run by volunteers. In 2008 the Jefferson Terrace Computer Lab received a Bill Wright Technology Grant from City of Seattle in the amount of \$8,300. The funding will be used for

computer classes, interpreters and drop-in lab time.

Community Building

SHA relies on community building to increase resident self-sufficiency and connection to the greater Seattle community and sustain quality of life in SHA housing. SHA's six Community Builders promote collaborative relationships among service providers and neighbors who work together around common interests.

In 2008, Community Builders partnered with community members, neighborhood organizations and service providers to promote engagement of individuals in their communities across economic, ethnic and age lines.

Social networking: Community building staff supported neighbor-to-neighbor social networking such as Tea Time at Rainier Vista and Beacon Tower, coffee hours and community celebrations, collaborations with Seattle Neighborhood Group to provide crime prevention education, pedestrian safety groups at NewHolly and High Point, multicultural communication committees at NewHolly and Rainier Vista, and walking groups at several high-rises and revitalized communities. Community Builders also coordinated with Seattle King County Public Health staff to provide "Come Taste" cooking and nutrition classes in various high-rise public housing communities.

Multi-cultural competence: Community building staff worked with community leaders in the traditional public housing communities to strengthen multi-cultural competence and inclusiveness in community councils and other leadership groups to address racism and other barriers to collaboration. A resident-created translation and interpretation outreach tool in ten languages was provided to Duly Elected Resident Councils to support outreach

efforts to non-English speaking residents. Ongoing interpretation services necessary to community participation in several communities resulted in a 59% increase in interpretation service utilization. The services provided made it possible for community members to participate meaningfully in redevelopment efforts at Yesler Terrace and in the creation of Duly Elected Resident Councils in several SHA communities. SHA and the resident councils used Resident Participation Funding to support all of these efforts.



Youth perform at the NewHolly Family Fun Fest

Mixed-income community governance:

The High Point Neighborhood Association (HPNA) serves as an example of a governance body designed to facilitate resident leadership and increase community involvement and ownership. In 2007 renters and homeowners elected the first HPNA trustees. During 2008 the trustees continued to work together to develop the vision and operations of the association and increase neighborhood participation. Trustees have reached out to new residents in Phase II via a welcome committee. The trustees hold quarterly public community meetings and quarterly trustee meetings. They formed five neighborhood committees and developed a block watch program in 2008.

NewHolly community members have a different form of community governance than a traditional neighborhood association.

In 2008 NewHolly neighbors strengthened their system of topic-based volunteer action committees, quarterly Neighborhood Nights, summer block parties, annual community festivals, electing representatives to local and regional councils, and using a democratic budget system for their limited neighborhood activity funds.

Resident participation funds

SHA signed a Memorandum of Understanding with the public housing duly-elected councils for the use of \$126,000 in Resident Participation Funds (RPF) and met with this group quarterly to plan and monitor activities. Funding was used for items similar to those in previous years (e.g., computers, office supplies, training, etc). Among the trainings that resident leaders participated in were: 50 resident leaders received training on eviction procedures; six resident leaders went to the Community Strategic Training Initiatives conference in Portland, Oregon; three residents participated in “Undoing Racism” training; and, one attended the Regional Equity Conference in New Orleans.

Also related to training, the duly-elected resident council representatives voted to use some of the RPF funding as a match to secure funding from the City of Seattle. As a result, a group of residents from duly-elected councils received \$12,000 from a City of Seattle Department of Neighborhoods Small and Simple Grant in the Fall of 2008 for their SHARP (Seattle Housing Authority Residents Preparing) Project. The residents are learning to teach others about disaster preparedness and forming response teams with their neighbors with the help of several partner agencies. The residents recruited 42 people to take Seattle Office of Emergency Management training classes.

Targeted services

Sound Families: In late 2006 SHA received an \$800,000 Sound Families grant for case management (\$400K) and capital funding (\$400K) needed to help construct twenty new units at High Point. Five families moved into the units in High Point in 2008. There are also ten units at Wisteria Court that have been designated for this program which serves recently homeless households. In partnership with the non-profit Family Services, SHA leased and served Sound Families clients in all ten units at Wisteria Court in 2008. The Family Services case manager provided wraparound services to help the families stabilize and begin to develop an array of economic assets. One adult at High Point and three adults at Wisteria Court enrolled in The Job Connection. Additionally, four families at Wisteria Court have established self-sufficiency plans and one family has established an active FSS escrow account.

Case Management Services: During 2008 14 case managers from the City of Seattle Aging and Disability Services provided over 1,600 residents with case management services and referrals and spent over 11,000 hours in the buildings to meet the supportive service needs of the residents. Eviction prevention continues to be a major focus of the Case Management Program in the form of intervention and additional services to help residents stay in independent housing or move to more appropriate settings. In 2008, the Case Management Program received a high number of referrals from SHA property managers and successfully prevented 95 percent of evictions. Approximately 31 percent of clients spoke limited English.

Complementing the traditional Case Management Program, mental health case managers continue to provide extensive services to residents in SHA public housing

high-rises. Community Psychiatric Clinic (CPC) provided services to elderly and non-elderly disabled residents in mental crisis. CPC spent almost 2,000 hours in 2008 in outreach and engagement, enrolled 155 new clients, and responded to incidents typically within 24 hours. One hundred percent of evictions referred to CPC were prevented.



Youth Tutoring Program participants

Youth Programs: SHA continued to support partner agencies for traditional youth programs: tutoring, after-school arts and youth leadership. In response to a growing community need to have youth participate in structured summer activities, SHA created a 2008 summer youth employment program. The program was designed to offer youth a \$1,000 stipend for their work during the summer. The program ran for six weeks, during which time youth worked 20 hours per week. Approximately 25 youth living in SHA communities participated in the program.

The program had many successes. Youth gained valuable work experiences through projects ranging from Teacher's Aides to mentoring and leadership projects to landscaping projects. Agencies also benefited from the experience and most have requested to participate again in 2009.

SECTION X: OTHER INFORMATION REQUIRED BY HUD

This section documents SHA Board of Commissioners approval of this MTW Annual Report in Board Resolution No. 4923 (attached).

The appendices following this report include some materials required by HUD and some to further explain or illustrate SHA's activities during the year. They are:

Appendix A: Audited Comprehensive Annual Financial Report for FY 2007, ending December 31, 2007.

Appendix B: Household and Applicant Demographics

Appendix C: Consolidated Financial Statements

Appendix D: Capital Activities

Appendix E: Public Housing Vacancy Rates by Community

Appendix F: Public Housing Rent Policy Evaluation

RESOLUTION NO. 4923

RESOLUTION APPROVING THE
2008 MOVING TO WORK (MTW) ANNUAL REPORT

WHEREAS, on January 13, 1999, the Seattle Housing Authority (SHA) executed a Moving To Work Agreement with the U.S. Department of Housing and Urban Development (HUD) that provides SHA with the authority to investigate and adopt new policies and to use HUD funding flexibly to maximize the effectiveness of SHA's programs and resources; and

WHEREAS, on December 31, 2008, SHA and HUD executed an Amended and Restated Moving To Work Agreement extending SHA's participation through 2018 and modifying reporting requirements and authorizations; and

WHEREAS, to better describe the scope of this Moving To Work opportunity, Seattle Housing Authority refers to the demonstration as Moving To new Ways (MTW); and

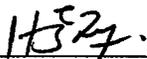
WHEREAS, the MTW Agreement requires that SHA develop an Annual MTW Report for each fiscal year that provides information on SHA's performance during the previous fiscal year; and

WHEREAS, the MTW Annual Report for Fiscal Year 2008 must be submitted to HUD by March 31, 2009; and

WHEREAS, a Board Resolution approving this MTW Annual Report must be included in the MTW Annual Report submission provided to HUD.

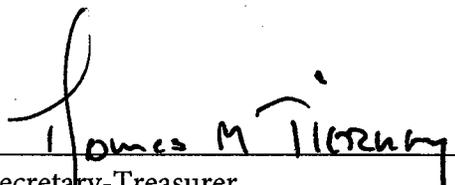
NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Seattle Housing Authority approves the 2008 Moving To Work Annual Report, substantially in the form attached.

ADOPTED by a majority of members of the Board of Commissioners and signed by me in open session in authentication of its passage this 16th day of March, 2009.



Vice-Chair

CERTIFIED BY:



Secretary-Treasurer

APPENDIX A: AUDITED COMPREHENSIVE FINANCIAL REPORT FOR FY 2007

The audit is available at http://www.seattlehousing.org/news/pdf/CAFR_2007.pdf or at Seattle Housing Authority's Central Office, 120 Sixth Avenue North, Seattle, WA 98109.

APPENDIX B: HOUSEHOLD AND APPLICANT DEMOGRAPHICS

This Appendix provides specific data on changes in the number and characteristics of housed households or applicants over the past fiscal year. Slight variations in totals from table to table indicate that some detailed data is missing for a few households.

Existing Households

Race of head of household

Low-Income Public Housing Residents as of 12/31/2008

Community type	White	African/ American	Native American	Asian/ Asian American	Native Hawaiian & Pacific Islander	Total
Garden Communities	121	542	21	504	5	1,193
High-Rises ¹	1,640	704	70	473	0	2,887
Mixed Income	19	25	1	1	0	46
Partnership Units	13	30	0	5	0	48
Scattered Sites ²	179	340	19	114	0	652
Townhouses	12	30	2	11	0	55
LIPH Total	1,984	1,671	113	1,108	5	4,881
Percent: Actual	40.7%	34.2%	2.3%	22.7%	0.1%	
FY 2008 Plan Projection	1,980	1,560	115	1,094	3	4,752
Percent: Projected	41.7%	32.8%	2.4%	23.0%	0.1%	
% Change from	0.2%	7.1%	-1.7%	1.3%	66.7%	2.7%
Difference in Ratios	-1.0%	1.4%	-0.1%	-0.3%	0.0%	

¹ Excludes 22 households whose race is unknown. ² Excludes 2 households whose race is unknown.

Section 8 Program Participants as of 12/31/2008

Program	White	African/ American ³	Native American	Asian/ Asian American	Native Hawaiian & Pacific Islander	Total
HCV Tenant-based ⁴	1,733	2,138	92	572	27	4,562
HCV Project-based	985	642	38	170	24	1,859
S8 Mod Rehab	399	156	28	146	4	733
S8 New Construction	60	23	3	3	0	89
Section 8 Total	3,177	2,959	161	891	55	7,243
Percent: Actual	43.9%	40.9%	2.2%	12.3%	0.8%	
FY 2008 Plan Projection	3,157	2,817	156	890	47	7,067
Percent of Total:	44.7%	39.9%	2.2%	12.6%	0.7%	
% Change from	0.6%	5.0%	3.2%	0.1%	17.0%	2.5%
Difference in Ratios	-0.8%	1.0%	0.0%	-0.3%	0.1%	

³ Excludes 1 uncategorized African/African American household. ⁴ Excludes households that have left SHA's jurisdiction (1,678 households, a.k.a. port-outs) and those who live in SSHP and are counted in those tables (170 households), and includes households that have entered SHA's jurisdiction (328 households, a.k.a. port-ins).

SSHP Residents as of 12/31/2008

Program	White	African/ African American	Native American	Asian & Pacific Islander	Total
SSHP Total ⁵	690	93	14	147	944
Percent: Actual	73.1%	9.9%	1.5%	15.6%	
FY 2007 Plan Projection	692	96	13	149	950
Percent: Projected	72.8%	10.1%	1.4%	15.7%	
% Change from Projections	-0.3%	-3.1%	7.7%	-1.3%	-0.6%
Difference in Ratios	0.3%	-0.3%	0.1%	-0.1%	

⁵ Excludes 3 households whose race is unknown.

Ethnicity of head of household

Hispanic/Non-Hispanic as of 12/31/2008

Program	Hispanic	Non-Hispanic ⁶	Total
Low Income Public Housing ⁷	211	4,670	4,881
HCV Tenant-Based	195	4,367	4,562
HCV Project-Based	87	1,779	1,866
Section 8 Mod Rehab	40	693	733
Section 8 New Construction	6	83	89
Seattle Senior Housing Program	22	922	944
Total Households	561	12,514	13,075
Percent: Actual	4.3%	95.7%	
FY 2008 Projected Total	548	12,311	12,859
Percent: Projected	4.3%	95.7%	
% Change from Projections	2.4%	1.7%	1.7%
Difference in Ratios	0.0%	0.0%	

⁶ Excludes 1 uncategorized Non-Hispanic household. ⁷ Excludes 24 households whose race is unknown.

Income distribution as a percent of median income

2008 Median Incomes Levels for the Seattle-Bellevue-Everett Area

Family Size	30% Median	50% Median	80% Median
Single Individual	\$17,100	\$28,500	\$43,050
Family of Two	\$19,500	\$32,500	\$49,200
Family of Three	\$21,950	\$36,650	\$55,350
Family of Four	\$24,400	\$40,700	\$61,500
Family of Five	\$26,350	\$43,950	\$66,400
Family of Six	\$28,300	\$47,200	\$71,350
Family of Seven	\$30,250	\$50,450	\$76,250
Family of Eight	\$32,200	\$53,700	\$81,200

Distribution of Households' Annual Income as of 12/31/2008

Program	Below 30% Median Income	30% - 50% Median Income ⁸	50% - 80% Median Income	Over 80% Median Income	Total
Low Income Public	4,199	528	154	21	4,902
HCV Tenant-Based ⁹	3,788	652	115	6	4,561
HCV Project-Based	1,771	89	4	2	1,866
Section 8 Mod Rehab	703	25	4	1	733
Section 8 New	82	8	0	0	90
Seattle Senior	770	140	39	4	953
Total Households	11,313	1,442	316	34	13,105
Percent: Actual	86.3%	11.0%	2.4%	0.3%	
FY 2008 Projected	10,943	1,477	320	40	12,780
Percent: Projected	85.6%	11.6%	2.5%	0.3%	
% Change from	3.4%	-2.4%	-1.3%	-15.0%	2.5%
Difference in Ratios	0.7%	-0.6%	-0.1%	-0.1%	

⁸ Excludes 1 uncategorized 30%-50% Median Income household. ⁹ Excludes port-outs and SSHP voucher holders.

Total population by age group (minors, adults and elderly)

Low-Income Public Housing Residents as of 12/31/2008

Development	Minors	Non-elderly Adults	Elderly Adults	Total Individuals	Elderly >70
Garden Communities	1,503	1,615	400	3,518	216
High-Rises	37	1,929	1,163	3,129	634
Mixed Income	31	47	6	84	1
Partnership Units	99	84	6	189	3
Scattered Sites	984	953	102	2,039	45
Townhouses	160	102	8	270	1
LIPH Total	2,814	4,730	1,685	9,229	900
Percent: Actual	30.5%	51.3%	18.3%		9.8%
FY 2008 Plan Projection	2,587	4,598	1,727	8,912	941
Percent: Projected	29.0%	51.6%	19.4%		10.6%
% Change from	8.8%	2.9%	-2.4%	3.6%	-4.4%
Difference in Ratios	1.5%	-0.3%	-1.1%		-0.8%

Section 8 Participants as of 12/31/2008

Program	Minors ¹⁰	Non-elderly Adults ¹¹	Elderly Adults	Total Individuals	Elderly >70
HCV Tenant-based ¹⁰	4,268	5,166	1,318	10,752	689
HCV Project-based	911	1,755	430	3,096	240
Section 8 Mod Rehab	79	628	195	902	67
Section 8 New	0	67	27	94	10
Section 8 Total	5,258	7,616	1,970	14,844	1,006
Percent: Actual	35.4%	51.3%	13.3%		6.8%
FY 2008 Plan	5,311	7,426	1,801	14,538	948
Percent: Projected	36.5%	51.1%	12.4%		6.5%
% Change from	-1.0%	2.6%	9.4%	2.1%	6.1%
Difference in Ratios	-1.1%	0.2%	0.9%	0.0%	0.3%

¹⁰ Excludes 2 uncategorized minors. ¹¹ Excludes 1 uncategorized non-elderly adult. ¹² Excludes port-outs and SSHP voucher holders.

SSHP Residents as of 12/31/2008

	Minors	Non-elderly Adults	Elderly Adults	Total Individuals	Elderly >70
SSHP Total	0	103	960	1,063	761
Percent: Actual	0.0%	9.7%	90.3%		71.6%
FY 2008 Plan Projection	0	113	966	1,079	764
Percent: Projected	0.0%	10.5%	89.5%		70.8%
% Change from					
Projections	0.0%	-8.9%	-0.6%	-1.5%	-0.39%
Difference in Ratios	0.0%	-0.8%	0.8%	0.0%	0.8%

People with disabilities

Low-Income Public Housing Residents as of 12/31/2008

Development	Disabled Minor	Non-Elderly Disabled	Elderly Disabled	Total Disabled	Total Individuals
Garden Community	5	201	211	417	3,518
Highrise	1	1,360	614	1,975	3,129
Mixed Income	0	17	0	19	84
Partnership Units	0	3	0	3	189
Scattered Sites	13	153	45	211	2,039
Townhouse	1	5	1	7	270
LIPH Totals	20	1,739	873	2,632	9,229
Percent: Actual	0.2%	18.8%	9.5%	28.5%	
FY 2008 Projected	20	1,709	830	2,559	8,912
Percent: Projected	0.2%	19.2%	9.3%	28.7%	
% Change from	0.0%	1.8%	5.2%	2.9%	3.6%
Difference in Ratios	0.0%	-0.3%	0.2%	-0.2%	

Section 8 Participants as of 12/31/2008

Program	Disabled Minor ¹³	Non-Elderly Disabled ¹⁴	Elderly Disabled	Total Disabled	Total Individuals
HCV Tenant-based ¹⁵	178	1791	859	2,828	10,752
HCV Project-based	27	873	234	1,134	3,096
Section 8 Mod Rehab	3	328	124	455	902
Section 8 New	0	52	15	67	112
Section 8 Total	208	3,044	1,232	4,484	14,862
Percent: Actual	1.4%	20.5%	8.3%	30.2%	
FY 2008 Projected	207	2,863	1,053	4,123	14,560
Percent: Projected	1.4%	19.7%	7.2%	28.3%	
% Change from Difference in Ratios	0.5%	6.3%	17.0%	8.8%	2.1%
	0.0%	0.8%	1.1%	1.9%	

¹³ Excludes 2 uncategorized minors. ¹⁴ Excludes 1 uncategorized non-elderly adult. ¹⁵ Excludes port outs and SSHP voucher.

SSHP Residents as of 12/31/2008

	Disabled Minor	Non-Elderly Disabled	Elderly Disabled	Total Disabled	Total Individuals
SSHP Totals	0	78	153	231	1,063
Percent: Actual	0.0%	7.3%	14.4%	21.7%	
FY 2007 Projected	0	84	147	231	1,063
Percent: Projected	0.0%	7.9%	13.8%	21.7%	
% Change from Difference in Ratios	0.0%	-7.1%	4.1%	0.0%	0.0%
	0.0%	-0.6%	0.6%	0.0%	

Households served by unit size at year end – comparing SHA’s first year of MTW (FY 1999), the prior year (FY 2007), and the current year (FY 2008)

Program	Year	0-Br	1-Br	2-Br	3-Br	4-Br	5+-Br	Total
Low-income Public Housing	FY 1999	257	3,158	1,470	935	231	36	6,087
	FY 2007	772	2,293	864	630	175	31	4,765
	FY 2008	808	2,363	906	624	169	35	4,905
Housing Choice Tenant- and Project-based Assistance	FY 1999	250	1,117	1,079	872	279	82	3,679
	FY 2007	1,311	1,834	1,698	1,088	363	130	6,424
	FY 2008 ¹⁶	1,311	1,834	1,698	1,088	363	130	6,424
Section 8 New Construction	FY 1999	10	141	0	0	0	0	151
	FY 2007	0	91	0	0	0	0	91
	FY 2008	0	90	0	0	0	0	90
Seattle Senior Housing Program	FY 1999	161	913	85	0	0	0	1,159
	FY 2007	0	863	90	0	0	0	953
	FY 2008	0	859	88	0	0	0	947
Total	FY 1999	678	5,329	2,634	1,807	510	118	11,076
	FY 2007	2,083	5,081	2,652	1,718	538	161	12,233
	FY 2008	2,119	5,146	2,692	1,712	532	165	12,366
Distribution of unit sizes	FY 1999	6.1%	48.1%	23.8%	16.3%	4.6%	1.1%	
	FY 2007	17.0%	41.5%	21.7%	14.0%	4.4%	1.3%	
	FY 2008	17.1%	41.6%	21.8%	13.8%	4.3%	1.3%	

Notes: The Morrison is excluded from SSHP after FY 2001. Housing Choice Vouchers excludes Mod Rehab units, port outs and SSHP voucher holders. After FY 2002 Section 8 New Construction excludes Argonaut and Admiral House. Market House was sold in FY 2005 and is no longer included.¹⁶ Excludes 4 Tenant-based units uncategorized with regard to number of bedrooms, and 1 2-Br unit uncategorized with regard to Agency-based, Project-based, or Tenant-based.

Applicant demographics

Race of head of household by bedroom size

Low-Income Public Housing Applicants as of 12/31/2008 ¹⁷

Unit Size	White	African/ African American	Native American	Asian & Pacific Islander	Total
0/1 bedroom	964	852	66	424	2,306
2 bedroom	206	452	22	141	821
3 bedroom	50	88	9	30	177
4 bedroom	8	36	1	5	50
5 bedroom	0	11	0	0	11
LIPH Total	1,228	1,439	98	600	3,365
Percent: Actual	36.5%	42.8%	2.9%	17.8%	
FY 2008 Plan Projection	1,309	1,339	95	605	3,348
Percent: Projected	39.1%	40.0%	2.8%	18.1%	
% Change from Projections	-6.2%	7.5%	3.2%	-0.8%	0.5%
Difference in Ratios	-2.6%	2.8%	0.1%	-0.2%	

¹⁷Applicants to HOPE VI communities are not included in this analysis.

Housing Choice Voucher Applicants as of 12/31/2008

Unit Size	White	African/ African American	Native American	Asian & Pacific Islander	Total ¹⁸
All bedroom sizes ¹⁹	1,160	1,732	109	374	3,375
Percent: Actual	34.4%	51.3%	3.2%	11.1%	
FY 2007 Plan Projection	449	693	47	146	1,335
Percent: Projected	33.6%	51.9%	3.5%	10.9%	
% Change from Projections	158.4%	149.9%	131.9%	156.2%	152.8%
Difference in Ratios	0.7%	-0.6%	-0.3%	0.2%	

¹⁸ An additional 183 households did not specify race on initial application.

¹⁹ SHA no longer tracks Housing Choice Voucher applicants by bedroom size.

Section 8 New Construction Applicants as of 12/31/2008

Unit Size	White	African/ African American	Native American	Asian & Pacific Islander	Total
0/1 bedroom	45	20	2	4	71
Section 8 New Construction Total	45	20	2	4	71
Percent: Actual	63.4%	28.2%	2.8%	5.6%	
FY 2008 Plan Projection	23	6	2	2	33
Percent: Projected	69.7%	18.2%	6.1%	6.1%	
% Change from Projections	95.7%	233.3%	0.0%	100.0%	115.2%
Difference in Ratios	-6.3%	10.0%	-3.3%	-0.4%	

SSHP Applicants as of 12/31/2008

Unit Size	White	African/ African American	Native American	Asian & Pacific Islander	Total
0/1 bedroom	323	114	11	70	518
2 bedroom	7	2	2	5	16
SSHP Total	330	116	13	98	793
Percent: Actual	61.8%	21.7%	2.4%	14.0%	
FY 2008 Plan Projection	506	167	22	98	793
Percent: Projected	63.8%	21.1%	2.8%	12.4%	
% Change from Projections	-34.8%	-30.5%	-40.9%	-23.5%	-32.7%
Difference in Ratios	-2.0%	0.7%	-0.3%	1.7%	

Income distribution as a percent of median income

Applicant Household Annual Incomes as of 12/31/2008

Program	Below 30% Median Income	30% - 50% Median Income	50% - 80% Median Income	Over 80% Median Income	Total
Low Income Public Housing	3,100	206	44	10	3,360
Housing Choice Voucher- tenant based ²⁰	967	115	29	2	3,558
Section 8 New Construction	67	3	1	0	71
Seattle Senior Housing	468	42	14	8	532
Unique Households ²¹	4,174	334	85	17	6,879
Percent: Actual	90.5%	7.3%	1.8%	0.4%	
FY 2008 Projected Totals ²²	3,430	777	57	21	3,850
Percent: Projected	89.0%	9.0%	1.5%	0.6%	
% Change from Projections	22.7%	-2.3%	49.1%	-19.1%	79.9%
Difference in Ratios	1.5%	-1.7%	0.4%	-0.2%	

²⁰ 2,445 Housing Choice Voucher Tenant-Based Applicants did not report an income. ²¹ Since applicant households may appear on more than one wait list, the Unique Households row will not equal the total of the program rows. ²² Housing Choice Voucher Tenant-Based Applicant income information was not available for the 2007 report, therefore are not accounted for in the four Median Income columns.

APPENDIX C: CONSOLIDATED FINANCIAL STATEMENTS

Following are the Seattle Housing Authority's Consolidated Financial Statements for Fiscal Year 2008. These figures represent unaudited fiscal year end financial data. The audited Financial Statements will be available in May 2009.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statement of Net Assets

December 31, 2008

Assets	Primary Government total
Current assets:	
Cash and cash equivalents	\$ 7,105,084
Restricted cash	4,655,023
Investments	30,046,228
Accounts receivable:	
Tenant rentals and service charges	287,222
Other	1,278,602
Due from:	
Other governments	2,380,487
Primary government	—
Component units	8,442,729
Inventory and prepaid items	921,701
Restricted investments	2,750,055
Deferred charges	1,839,376
Notes receivable	300,431
Notes receivable from component units	834,235
Other	13,949
Total current assets	60,855,122
Noncurrent assets:	
Investments	3,154,024
Restricted investments	21,133,032
Due from component units	15,981,135
Other	1,351,998
Capital assets:	
Land	71,612,735
Land improvements	6,765,086
Leasehold improvements	791,472
Structures	331,972,142
Equipment	16,948,392
Construction in progress	94,744,384
Less accumulated depreciation	(185,723,794)
Capital assets, net	337,110,417
Notes receivable	21,622,769
Notes receivable from component units	172,687,856
Total noncurrent assets	573,041,231
Total assets	\$ 633,896,353

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statement of Net Assets

December 31, 2008

Liabilities and Net Assets	Primary Government total
Current liabilities:	
Accounts payable:	
Vendors and contractors	\$ 11,179,908
Other	4,856,214
Accrued liabilities	3,994,417
Due to component units	677,003
Short-term borrowings	48,603,302
Current portion of long-term debt	15,010,913
Deferred revenue	767,611
	<hr/>
Total current liabilities	85,089,368
Noncurrent liabilities:	
Due to primary government	
Security deposits	1,250,973
Deferred revenue	29,056,415
Long-term debt, less current portion:	
Notes payable to primary government	
Notes payable	31,948,958
Bonds payable	108,984,722
Accrued compensated absences	3,126,855
Net OPEB liability	225,430
	<hr/>
Total noncurrent liabilities	174,593,353
	<hr/>
Total liabilities	259,682,721
Net assets:	
Invested in capital assets, net of related debt	224,992,093
Restricted for debt service	5,052,989
Unrestricted (deficit)	144,168,550
	<hr/>
Total net assets	374,213,632
	<hr/>
Total liabilities and net assets	\$ 633,896,353

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Year ended December 31, 2008

		Primary Government total
Operating revenues:		
Tenant rentals and sales	\$	18,548,105
Housing assistance payment subsidies		84,273,802
Other		23,111,812
Total operating revenues		125,933,719
Operating expenses:		
Administration		41,577,700
Tenant services		1,307,592
Utility services		4,092,002
Maintenance		17,673,202
Housing assistance payments		64,270,568
Other		1,297,976
Depreciation and amortization		10,299,572
Total operating expense		140,518,612
Operating loss		(14,584,893)
Nonoperating revenues (expenses):		
Intergovernmental		17,513,179
Interest expense		(7,781,071)
Interest income		6,440,203
Change in fair value of investments		
Disposition of assets		(1,735,402)
Total nonoperating revenues (expenses)		14,436,909
Change in net assets before capital contributions		(147,984)
Contributions:		
Capital contributions		20,108,524
Partners' contribution		
Total contributions		20,108,524
Change in net assets		19,960,540
Total net assets at beginning of year		354,253,092
Total net assets at end of year	\$	374,213,632

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statement of Cash Flows

For the Year Ended December 31, 2008

		Primary Government total
Cash flows from operating activities:		
Receipts from residents	\$	18,624,716
Receipts from other sources		120,466,601
Advances to affiliates		(4,795,993)
Payments to vendors		(39,613,832)
Housing assistance payments		(64,270,567)
Payments to employees		(15,004,502)
Net cash provided by operating activities		<u>15,406,423</u>
Cash flows from noncapital financing activity:		
Operating grants received		<u>17,494,985</u>
Net cash provided by noncapital financing activity		<u>17,494,985</u>
Cash flows from capital and related financing activities:		
Capital contributions		21,324,672
Acquisition and construction of capital assets		(28,529,727)
Proceeds from dispositions of property and equipment		6,262,013
Proceeds from short-term borrowings		12,472,692
Proceeds from long-term borrowings		5,700,000
Payments on notes and bonds		(22,720,646)
Interest payments		(7,264,008)
Net cash provided by capital and related financing activities		<u>(12,755,004)</u>
Cash flows from investing activities:		
Interest received		5,686,160
Maturity of investment securities		137,242,133
Purchases of investment securities		(147,031,821)
Payment on notes receivable		2,186,071
Issuance of notes receivable		(12,680,113)
Net cash used in investing activities		<u>(14,597,570)</u>
Increase in cash and cash equivalents		5,548,834
Cash and cash equivalents at beginning of year		<u>6,211,273</u>
Cash and cash equivalents at end of year	\$	<u><u>11,760,107</u></u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$	(14,584,893)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization		10,299,856
Gain on sale of property		2,319,175
Changes in assets and liabilities:		
Accounts receivable and other assets		(1,837,718)
Inventory and prepaid items		(155,544)
Accounts payable and other liabilities		6,539,342
Accrued compensated absences		356,474
Other		12,469,731
Total adjustments		<u>29,991,316</u>
Net cash provided by operating activities	\$	<u><u>15,406,423</u></u>
Noncash investing, capital, and financing activities:		
Decrease in fair value of investments	\$	(318,178)

See accompanying notes to basic financial statements.

APPENDIX D: 2008 CAPITAL ACTIVITIES

Each year, SHA allocates funding for capital projects. These funds are often spent over the course of one to three years. This Appendix contains planned capital activities (those funded in 2008 and those funded in prior years that were not completed at the beginning of 2008) and 2008 actual expenditures for SHA-owned properties by housing program.

*Cumulative Budget represents funds allocated in 2008 plus funds remaining from prior years.

2008 Capital Projects for Low Income Public Housing

Community	Planned activities	Cumulative Budget*	2008 Actuals	Comments
015 Bell Tower	Abatement and floor replacements.	30,099	7,130	
F26 Cedarvale Village	Add attic and bathroom ventilation; repair crawlspace; seal and weatherproof attic penetrations and repair associated damage.	87,000	45,629	
010 Center Park	Replace damaged community center siding.	25,000	13,710	
S71 Denice Hunt Townhomes	Repair/replace siding and window flashings in public housing units.	220,000	97,659	Additional work completed in 2008, but not paid by year end.
017 Denny Terrace	Roof repairs; abatement and floor replacements; replace booster pump system.	192,808	32,391	
Holly Court	Redevelopment planning.	700,000	15,498	
F24 Jackson Park Village	Add attic and bathroom ventilation; reconfigure crawlspace and sump pumps; seal and weatherproof attic penetrations and repair associated damage.	158,000	8,773	
009 Jefferson Terrace	Boiler room compressor repair/replacement; roof repairs; abatement and floor replacements.	172,403	78,356	
009 Jefferson Terrace	Redevelopment planning and administration.	85,720	0	
013 Olive Ridge	Site repairs; residential building repairs.	334,390	140,565	Site repairs completed through homeWorks.
050-059 Scattered Sites	Roof replacements or repairs; landscaping improvements; exterior painting; electrical work; floor abatement and replacement; paving improvements; common area finishes.	406,336	250,908	

Community	Planned activities	Cumulative Budget*	2008 Actuals	Comments	
050-059	Scattered Sites	Window replacements.	855,901	855,901	
031	Tri Court	Roof repairs; abatement and floor replacements.	37,461	30,613	
023	Westwood Heights	Repair and re-seal damaged exterior caused by water intrusion.	82,500	61,951	
228	Wisteria Court	Replace wooden fence along Holden St; replace mailboxes.	2,943	2,943	Public housing share of costs.
001	Yesler Terrace	Parking area improvements; seal water leaks; abatement and floor replacements.	108,903	52,617	
001	Yesler Terrace	Redevelopment planning and administration	1,618,066	1,201,260	
	PHA Wide	Floor abatement and replacement in vacated units.	340,385	403,069	
	PHA Wide	Debt service for homeWorks.	3,100,000	2,887,172	
	PHA Wide	Salaries and benefits and administrative sundry expenses for the hazardous material program management and construction divisions.	1,004,786	1,000,421	
	PHA Wide	Capital program administration.	1,126,633	1,126,633	
	PHA Wide	Uniform Federal Accessibility Standards work.	1,396,858	566,815	
	PHA Wide	Contingency	21,080	0	
	PHA Wide	Update physical needs assessment.	190,736	190,000	
	PHA Wide	Architectural planning.	15,408	15,408	
	PHA Wide	Hazardous material program management and construction salaries; benefits and administrative sundry expenses	103,499	103,499	
	PHA Wide	SHA facility building rent.	56,300	56,300	
Total 2008 Capital Projects for Public Housing			\$12,473,215	\$9,245,220	

2008 Capital Projects for the Seattle Senior Housing Program (SSHP)

Community	Planned activities	Cumulative Budget*	2008 Actuals	Comments	
321	Carroll Terrace	Selected window replacement; retaining wall repair.	13,130	13,130	
323	Gideon-Matthews Gardens	Repair/replace damaged balcony railings.	33,000	0	Reprogrammed to Sunrise Manor.
325	Keystone	Exterior painting.	25,000	19,111	
326	Leschi House	Common area flooring replacement; retaining wall repair planning.	27,792	27,792	
317	Phinney Terrace	Selected window replacement; siding and deck replacement	72,694	33,815	Balance of funds reprogrammed to Sunrise Manor.
312	Reunion House	Replace cladding and windows; repair water damage; common area carpet; elevator floor.	262,280	2,280	Design work completed in 2008; out to bid in 2009.
316	Schwabacher House	Replace windows, cladding sliding glass doors; upgrade crawlspace drainage; replace / repair damaged framing and sheathing.	1,100,000	48,112	Design work completed in 2008; out to bid in 2009.
302	South Park Manor	Common area carpet replacement.	1,974	1,973	
320	Sunrise Manor	Repairs due to water intrusion in stack of four units, including decks, reclad, and interior repairs.	0	82,926	
306	Willis House	Replace cladding and windows; repair water damage.	357,000	0	Design work completed in 2008; out to bid in 2009.
	SSHP-wide	Planning for water intrusion remediation; elevator study; architecture, engineer services; project management; permits and other owner soft costs for capital projects.	616,892	176,075	
	SSHP-wide	Portfolio-wide elevator inspections	8,897	8,898	
Total SSHP Capital Projects			\$2,518,659	\$414,112	

2008 Other Capital Projects

Local Housing	Planned activities	Cumulative Budget*	2008 Actuals	Comments
127 Bayview Tower	Window replacements and generator replacement.	910,719	907,246	
226 Lam Bow	Repair siding.	3,200	3,208	
Special Portfolio project-based HCV	Landscaping.	17,266	1,618	
216 Wedgewood Estates	Repair to prevent water intrusion.	1,219,000	946,124	
228 Wisteria Court	Replace wooden fence along Holden St; replace mailboxes.	9,319	9,319	Non-public housing share of costs.
228 Wisteria Court	Repair to prevent water intrusion.	300,000	0	
Total 2008 Other Capital Projects		\$2,459,504	\$1,867,515	
SHA Facilities	Planned activities	Cumulative Budget*	2008 Actuals	Comments
South Operations Facility	Replace roof and repair wall	\$184,700	\$4,137	
Total 2008 Facilities Projects		\$184,700	\$4,137	
Non-Facilities Capital Items	Planned activities	Cumulative Budget*	2008 Actuals	Comments
Information Technology	Various equipment and repairs	\$628,004	\$97,054	
Impact Property Services	Fleet and other capital equipment	294,111	50,512	
Total 2008 Non-Facilities Capital Items		\$922,115	\$147,566	
TOTAL ALL CAPITAL PROJECTS		\$18,558,193	\$11,678,550	

APPENDIX E: PUBLIC HOUSING VACANCY RATES BY COMMUNITY

Public Housing	Units	FY 2007 Vacancy Rates % – Actuals	FY 2008 Vacancy Rates % – Targets	FY 2008 Vacancy Rates % – Actuals
Ballard House	79	2.2%	2.0%	4.0%
Barton Place	90	5.0%	2.0%	3.3%
Beacon Tower	108	1.3%	2.0%	0.4%
Bell Tower	119	6.0%	2.0%	4.4%
Cal-Mor Circle	75	4.7%	2.0%	2.4%
Capitol Park	125	2.7%	2.0%	0.9%
Cedarvale House	118	4.0%	2.0%	1.6%
Cedarvale Village	24	8.1%	2.0%	4.2%
Center Park	137	2.7%	2.0%	3.6%
Center West	91	1.6%	2.0%	1.9%
Denny Terrace	220	4.6%	2.0%	2.8%
Green Lake Plaza	130	2.2%	2.0%	0.8%
Harvard Court	81	9.6%	2.0%	2.0%
Holly Court	97	3.7%	2.0%	4.6%
International Terrace	100	1.5%	2.0%	0.7%
Jackson Park House	71	1.8%	2.0%	2.5%
Jackson Park Village	41	6.1%	2.0%	2.8%
Jefferson Terrace	299	9.2%	2.0%	9.1%
Lake City House	115	1.8%	2.0%	2.7%
Lictonwood	81	2.1%	2.0%	1.2%
Olive Ridge	105	4.3%	2.0%	3.0%
Olympic West	75	3.9%	2.0%	1.8%
Queen Anne Heights	53	3.0%	2.0%	1.6%
Ross Manor	100	5.9%	2.0%	1.2%
Stewart Manor	74	6.1%	2.0%	1.4%
Tri-Court	87	4.5%	2.0%	1.5%
University House	101	2.8%	2.0%	1.7%
University West	113	3.3%	2.0%	2.5%
West Town View	59	1.3%	2.0%	0.8%
Westwood Heights	130	3.4%	2.0%	2.4%
Yesler Terrace	561	3.1%	2.0%	1.5%
Scattered Sites A	61	<i>[under reconfiguration]</i>	2.0%	5.0%
Scattered Sites A-5+	121	<i>[under reconfiguration]</i>	2.0%	1.9%
Scattered Sites B	67	<i>[under reconfiguration]</i>	2.0%	3.1%
Scattered Sites B-5+	112	<i>[under reconfiguration]</i>	2.0%	3.5%
Scattered Sites C	84	<i>[under reconfiguration]</i>	2.0%	3.5%
Scattered Sites C-5+	128	<i>[under reconfiguration]</i>	2.0%	7.5%
Scattered Sites D	99	<i>[under reconfiguration]</i>	2.0%	5.4%
Scattered Sites D-5+	73	<i>[under reconfiguration]</i>	2.0%	6.4%

*During the reconfiguration of the Scattered Sites portfolio its vacancy percentages, omitted here, are skewed by the extra vacancy days needed to hold units for households relocating because their units were being sold.

NewHolly, Rainier Vista, and High Point have been excluded from this table. Vacancy in these communities is now measured using the private-sector practice of calculating vacancy loss.

APPENDIX F: PUBLIC HOUSING RENT POLICY EVALUATION

Introduction

Using Moving to Work flexibility, SHA has explored a variety of rent policy strategies to give incentives to public housing residents to achieve greater economic self-sufficiency and to increase efficiencies in rent policy implementation. SHA's current rent policy was implemented beginning with annual reviews and new residents in October 2006. This made 2008 the second year in which all residents were under the rent policy for the entire year. In February 2008, SHA conducted an evaluation of the policy, which informed rent policy activities during the year.

Background - 2000 rent policy

In 2000, SHA adopted a unique policy for calculating public housing rents using its Moving to Work authority. Under this policy, residents were assigned to one of three methods of calculating their rent based on the sources of income:

Households with employment income: Rather than having rent rise with their incomes, working residents' progressed through three 2-year rent ceilings that limited the size and frequency of rent increases. The rent ceilings were complemented by a "Tenant Trust Account," (TTA) into which SHA deposits a portion of working residents' rents. Residents can use the TTA for self-sufficiency expenses or emergencies.

Households on Temporary Assistance for Needy Families (TANF): Rent was based on 25 percent of gross income, which is usually more than the household would pay under standard HUD rules.

Households on fixed incomes (e.g., Social Security): Rent was based on 30 percent of

adjusted income, but the frequency of income recertification was reduced to once every three years; in between, rents were increased in proportion with the Social Security cost of living adjustment.

Minimum rent: All residents paid a minimum rent of \$50 per month unless they had a hardship in making such a payment.

Summary of current policy

General policy: For most residents, rent is 30 percent of adjusted income.

Rent ceiling: If 30 percent of a household's income is greater than market rent, the household is eligible for a rent cap at market rent for 24-months.

Minimum rent: All residents pay a minimum rent of \$50 per month unless they have a hardship.

Households on fixed incomes living in non-tax credit units: Rent is 30 percent of adjusted income, but income recertification is only once every three years; in between, rents are increased in proportion with the Social Security cost of living adjustment.

Tenant Trust Accounts: SHA deposits 30 percent of qualified tenants' rent above a certain amount into an account the resident can use for self-sufficiency purposes and emergencies.

Current policy - 2005 changes

After several years of monitoring and evaluating the 2000 rent policy and extensive public review, in FY 2005, SHA adopted major amendments to the policy to build on the successful elements of the original policy and eliminate confusing and administratively burdensome provisions.

Revised rent policy goals included most of those established in the 2000 rent policy:

- Remove disincentives and provide rewards for resident employment, job retention and wage progression;
- Preserve an economic safety net;
- Generate sufficient rent revenue to supplement federal subsidies; and
- Reduce unnecessary administrative procedures.

Several new goals were added in 2005:

- If people have good prospects for economic self-sufficiency, the policy should help them prepare for the conventional housing market;
- Create revenue for self-sufficiency support services and budget skill training;
- Remove incentives for manipulation and fraud; and
- Implement a policy that is equitable that staff and service providers can support in order to educate and motivate residents.

The Board of Commissioners adopted a revised rent policy in June 2005 (*Resolution 4785*). Major changes included:

- Expanding the Tenant Trust Account so that more working households are eligible, households can accumulate savings faster for clearly-defined self-sufficiency purposes;
- Eliminating the first two rent steps because the 2004 survey results show that residents do not see the steps as an incentive to get or keep a job;
- Eliminating the punitive rent formula for households whose only income is TANF;
- Requiring residents to report all increases in income above \$100 per month, between annual reviews, so that SHA may increase rent accordingly;

- For households reporting zero income who appear to be eligible for TANF or unemployment benefits, imputing income from these sources until ineligibility is documented; and
- Allowing property managers to differentiate rents in studios and one-bedroom apartments to maintain high occupancy of studio units.

Under the revised policy, almost all residents see their rent calculated at 30 percent of their adjusted income. A few still benefit from a two-year rent step when 30 percent of their adjusted income reaches the market rent for their unit.

The Tenant Trust Account enables residents earning more than \$15,000 per year and paying at least \$494¹ in rent, to enroll in an automatic savings program. SHA saves a portion of participating residents' rent in a savings account at no additional cost to the resident. Participants can save up to \$10,000 depending on how much they earn and how long they participate. Tenant Trust Accounts can be used for specific things such as to pay for school or start a business, or toward a down payment on a home.

Highlights of evaluation results

This year's evaluation reports on rent policy status as shown in SHA's tenant databases, and selected findings of a telephone survey conducted by Hebert Research in 2008 (and a similar survey conducted in 2004).

The surveys asked respondents about their understanding of the employment incentives in the rent policy, and about how important the incentives were in their decisions to improve their employment situation or to stay in public housing.

¹ The policy calls for the threshold rent to be SHA's average operating cost per unit plus \$50. When the threshold rent was last updated in March 2006, SHA's average operating cost was \$444.

The results of the 2008 survey are detailed in SHA's 2007 MTW Annual Report.

General income characteristics of households under the rent policy

In the last ten years, there has been little change in the distribution of households by primary source of income, regardless of SHA's rent policy.

Primary source of income	1998	2004	2008
Wages	17%	22%	22%
Social Security/SSI	65%	63%	63%
TANF	12%	9%	9%
Other	4%	4%	4%
None	1%	1%	2%

The shift from TANF to wages between 1998 and 2004 is most likely attributable to implementation of Work First.

Working households

SHA data shows that 25 percent of all households under the rent policy have at least some income from employment (compared to 26 percent the prior year); while 22 percent have employment as their primary source of income (compared to 21 percent the prior year). The average income among those with employment as their primary income source was \$21,957. During 2008 142 households subject to the rent policy went from \$0 wages at the beginning of the year to an average wage of \$13,218 annually.

TANF participants

At the end of 2008 nine percent of households were receiving TANF as their primary source of income. The average annual income of participants relying on TANF actually declined between 2004 and 2008 from \$5,589 to \$5,434.

Households on fixed-incomes

Nearly 67 percent of public housing households are on fixed incomes, such as Social Security, Social Security Supplemental Income (SSI), and pensions.

The average annual income for those whose primary income comes from these sources was \$10,018 at the end of 2008. In FY 2004 the average income was \$8,009.

Evaluation results

Remove disincentives and reward employment, job retention and wage progression

Understanding the motivation behind residents' employment decisions remains challenging. The 2004 and 2008 surveys attempted to gauge residents' responses to both current and potential policies and programs. Neither the surveys nor the administrative data analysis address the many additional factors that play into residents' choices and opportunities, such as the economy, health, education, and other barriers to economic stability.

With regard to rent policy incentives and disincentives, the survey results show that:

- Other factors in people's lives were more important than the rent policy in their choices about employment;
- More than 80 percent of 2008 respondents who said they knew about the rent policy stated that it did not have an effect on their employment decisions; and
- The safety net provided by public housing was very important to some residents.

Tenant Trust Accounts

Another employment incentive is the Tenant Trust Account (TTA). Any public housing

household with income from employment whose rent is more than SHA's average operating costs plus \$50 (\$494 during 2008) is eligible for a set aside of 30 percent of any rent over the threshold amount. Any resident whose income is greater than \$15,000 is eligible for a minimum monthly deposit of \$10, regardless of the rent amount they pay. Residents can use these funds to pay for job-related or educational expenses, start a business, pay for rent or medical expenses in an emergency, a down payment on a home or first and last month's rent in the private market. SHA retains interest earnings to help off-set administrative costs. Residents must meet with SHA staff to learn about and obtain the benefit.

Although TTA balances and withdrawals have increased in recent years, understanding of and participation in the

TTA program remains low. Currently, just under half (49 percent) of eligible households are enrolled in the TTA program.

At the end of FY 2004 there were 375 current tenant trust accounts, with an average balance of \$673. At the end of FY 2007 304 residents were enrolled, with an average TTA balance of \$971 and 210 actively making deposits. As of the end of 2008 301 residents were enrolled, with 170 actively making deposits. The average TTA balance in 2008 was \$1,112.

During 2008, 84 households withdrew funds from their TTA. The table below compares withdrawal reasons and shows the amount withdrawn by category during fiscal years 2004, 2007 (a 15-month fiscal year) and 2008.

Reasons for TTA withdrawals in FY 2004, FY 2007 and FY 2008

Reason	FY 2004 totals	Withdrawals FY 2004	FY 2007 totals	Withdrawals FY 2007	FY 2008 totals	Withdrawals FY 2008
Self-Sufficiency	63	\$42,102	70	\$58,492	30	\$24,627
Business training/supplies	0	0	0	0	3	321
Home purchase	3	8,746	2	9,118	1	1,861
Rented locally	25	12,555	15	11,375	4	3,348
Self-sufficiency (unspecified)	8	3,894	41	28,248	0	0
School tuition/supplies	16	8,117	2	3,918	12	15,201
Transportation	10	7,982	7	3,751	9	3,896
Transfer to FSS	1	808	3	2,082	0	0
Safety-Net	57	\$19,008	51	\$19,856	23	\$11,213
Rent	38	12,168	14	6,072	14	6,301
Medical	19	6,840	21	8,137	9	4,912
Safety-Net (unspecified)	0	0	16	5,647	0	0
Revert to SHA*	22	\$6,859	59	\$12,764	31	\$20,907
Grand Total	142	\$67,969	180	\$91,112	84	\$56,747

* Revert to SHA reasons include inactive accounts, vacates, deceased, and evictions.

Preserve the economic safety net

Under the revised policy, almost all residents see their rent calculated at 30 percent of their adjusted income. The policy also permits households who experience a

loss of income to request rent adjustments at any time during the year and there are no limits to the number of times they can request adjustments.

Minimum rent

The policy sets a minimum rent of \$50 for all households but allows hardship exemptions in some cases, for example, those with very high out-of-pocket medical expenses. In 2008 38 households received a hardship exemption, up from 32 in the prior fiscal year which was 3 months longer. For most households, the exemption is temporary. At year end, only four households were paying less than minimum rent. SHA continues to see large numbers of households on the minimum rent, which still stands at \$50. Below is a summary of the number and percent of households paying minimum rent at year end.

	2004	2007	2008
Number of households	258	316	330
Percent of all households	6.0%	7.8%	7.8%

TTA use for emergencies

For some households, the TTA has functioned as part of the safety net as designed. At least fourteen households used portions of their Tenant Trust Account to pay rent or utilities in both 2007 and 2008, amounting to over \$6,000 each year. Another nine withdrawals in 2008, totaling nearly \$5,000, were for medical expenses.

Rent ceilings

As noted in the following section, the 24 month rent ceilings enable higher income residents to maintain their housing safety net while they build financial stability. In some neighborhoods the tax credit rent ceilings are lower than market rents, creating an additional advantage for these households.

Increase community stability**Move outs**

It remains difficult to draw conclusions about the effects of the rent policy on

people's decisions to move. Of the 336 households who moved out during 2008, 44 percent were employed (while this group represents 22 percent of remaining households). Under SHA's prior rent policy, between 2001 and 2004, the percent of employed households moving out and remaining were about the same (ranging from 25 to 29 percent). This implies that the prior rent policy, with its rent steps, may have encouraged employed residents to remain in public housing longer.

When residents move out, SHA attempts to collect and document the reason the tenant gives for moving. Of the 118 employed households who moved out in 2008, 62 percent reported moving to unsubsidized rental housing, 13 percent reported moving to other subsidized housing, six percent were evicted or skipped out, and four percent purchased homes. Reasons were not available for the remaining households.

Rent ceilings

At the end of 2008, 27 households were taking advantage of the two-year rent ceiling, down from 38 at the beginning of the year. For these households, 30 percent of their adjusted income is greater than the ceiling rent (either market rent or maximum tax credit rent depending on the property). The average difference between 30 percent of their adjusted income and the ceiling rent is \$254 per month, ranging from a difference of \$30 to \$820. The ceiling rent allows residents to stay in their communities, preserve their housing safety net, and perhaps save money while working toward long term goals such as home ownership without having to commit to another lease or incur moving costs.

Generate sufficient rent revenue to supplement federal subsidies

Several conditions hinder SHA's ability to off-set declining federal subsidies.

- *Utility allowance:* Increasing utility allowances due to increasing utility costs are a factor that lowers rent revenue.
- *Fixed income households:* More than 65 percent of public housing households are on fixed incomes. Over time, the incomes of this population, and SHA's ability to increase their rents, fall farther and farther behind compared to the expense of providing quality housing. The average annual Social Security cost of living increase has been about 3 percent since 2001. With declining federal subsidy during this same period, the gap between rent revenues and expenses must be filled from some other source.
- *Working households:* This is the only group of tenants SHA houses that has the ability to increase their incomes in order to pay rents that better cover the costs of housing them, and perhaps, help cover the costs of housing other, fixed income or TANF tenants. Currently SHA offers a rent ceiling at market rent or the maximum tax credit rent for the unit. Presumably, the "cost" of this rent step is off-set by the costs SHA would incur if the tenant moved out and was replaced by a new tenant from the waiting list that is likely to be earning considerably less.

Reduce unnecessary administrative procedures

Basing rent policy on income sources

The 2000 rent policy was inherently complex – really three policies in one. From year to year a noticeable percentage of households have changes in their income

sources and therefore their rent calculation method. This shifting of households among rent policies exacerbated the complexity of the policy. In addition, tenants whose incomes had not increased commensurate with their rent step increases were eligible to have their rent calculated at 30 percent of their income until it reached the next rent step. This essentially added a fourth rent step. In 2005, SHA dramatically decreased the complexity, and thereby, the administrative burden, of the rent policy.

Three-year rent reviews for fixed income tenants

The rent policy includes a provision for conducting full income recertifications of tenants on fixed incomes every three years instead of annually except where annual certification is otherwise required (e.g., Low Income Housing Tax Credit financing). In the intervening years, rents are increased proportionately to the social security cost of living adjustment. This "Fixed Auto Review" is intended to reduce the administrative costs of these reviews and SHA's intrusion into residents' privacy.

Tax credit financing requires annual income reviews, reducing the potential impact of this use of MTW flexibility.

The first complete year of avoided rent reviews was FY 2004. During that year 654 households had their rents increased according to the formula. This was only about two-thirds of the anticipated number. In calendar year 2007, after seven high-rises came under tax credit rules, only 553 households had their rent reviews conducted through the "fixed auto review" process. In 2008 this number was further reduced to 294 as more units received tax credit financing. This represents only 7 percent of households, while in the absence of tax credits, SHA estimates that 43 percent of households would have been eligible for fixed auto reviews.

SHA estimates that the average difference in staff time between a complete annual review and a fixed auto review is approximately one hour. Therefore, SHA saved approximately 294 staff hours in the last year.

While this is clearly a benefit, the avoided reviews may not be worth the challenges of having separate procedures for only about 10 percent of residents.

Interim reviews when income increases

The 2005 policy change requires residents to report any income increase over \$100 per month at the time it occurs. Staff report that this has increased SHA's administrative burden. Because many residents have unstable employment or "shift work," their income can fluctuate dramatically from month to month. Initial analysis indicates, however, that the financial impact is very favorable. In 2009 SHA will conduct further cost-benefit analyses of this aspect of the rent policy.

Prepare residents with good prospects for economic self-sufficiency for the conventional housing market

Tenant Trust Account: This is the primary aspect of the rent policy to help residents prepare for the conventional housing market. Residents can use their TTA for homeownership or moving expenses, security deposits, and other costs associated with renting in the conventional market. In 2008, four TTA participants purchased homes and another four used their TTA to move to unsubsidized rentals (down from 15 in the prior year).

Safety net: Survey respondents in 2008 were asked to rate several current or potential policies for their likelihood in encouraging the resident to move out of public housing if the resident was earning enough money to

afford a similar, market rate apartment (i.e., not subsidized or income restricted). Overall, survey respondents indicated they were prone toward incentives rather than penalties. The potential policy which received the highest score was the right to return to public housing if they could not lost their job or otherwise could no longer afford market rents.

Stemming from these results, in 2008 SHA created an admissions preference for households that moved out of public housing because they improved their economic situation, but lost their job or could no longer afford market rate housing.

Utilities: Where metering permits, SHA continues to move toward having residents pay their own utility bills. This is an additional strategy SHA uses to prepare residents for the conventional market.

Remove incentives for manipulation and fraud

The 2008 telephone survey asked respondents whether they had ever quit a job or cut back hours to avoid a rent increase after experiencing a big rent increase from employment income. More than 8 percent admitted to doing so. This is a small decrease from the 10 percent who admitted to doing so in the 2004 survey.

SHA continues to reduce tenant rents when they report decreases in income. In 2006 SHA began requiring, for the first time, residents to report any income increase over \$100 per month. While the majority of residents are complying with this requirement, staff is still discovering income increases at annual reviews that were not reported at the appropriate time. The frequency of this has been declining over time, however, and staff expects compliance to continue to improve as awareness among residents, particularly long-time residents, increases.

In FY 2007 SHA also starting taking advantage of HUD's Enterprise Income Verification (EIV) system and have found other forms of electronic third party income verification extremely beneficial. Staff express that unreported income is being detected at higher than anticipated rates. Electronic third party income verification is believed to be the more effective tool in removing incentives for fraud.

Implement a policy that is equitable that staff and service providers can support in order to educate and motivate residents.

Staff reports that the 2005 policy changes make the rent policy considerably easier to understand and explain to residents. The reduction from three rent ceilings to one and removal of the separate TANF rent policy simplified the policy considerably. The percent of respondents who said they heard about rent policy changes increased from 14 percent in 2004 to 80 percent in 2008. There was, however, no change between 2004 and 2008 in the percent of survey respondents claiming that they understand how SHA calculates their rent (approximately two-thirds).

A few areas should be revisited to improve staff and service provider support. Now that there is a dedicated staff person for the TTA program, management staff is removed from the program. This implementation strategy may be impeding management staff's understanding and marketing of the program. Some staff also report that the administrative burden associated with interim reviews for income increases and imputing Employment Security are challenging.

Create revenue for self-sufficiency support services and budget skill training

The revised rent policy commits interest earned on money deposited to TTA's to be used by the Housing Authority to cover the cost of administering the program. Any excess money is to be used to fund resident self-sufficiency programs. In reality, however, the interest earned in a year is considerably less than the costs of administering the program. Interest earnings in have never totaled more than \$15,000. Direct program staffing costs are nearly four times that, not counting overhead costs, marketing, interpretation, and other costs associated with the program. It is unlikely that the TTA accounts will ever generate excess revenue to support services and budget skills training. However, participants are able to increase access to these services through referrals provided by the TTA Specialist to other SHA programs and services in the community

Recommendations

After three years of experience with the current rent policy, and five or more years experience with some aspects such as the fixed income review and Tenant Trust Accounts, the successes and limitations are becoming increasingly apparent. However, recognizing that successful implementation can take longer than a few years, it is important to further scrutinize the successes and challenges of SHA's rent policy. During 2009 SHA plans to further analyze some aspects of the policy and continue to work on improving implementation and increasing understanding of the policy among residents:

- Conduct a more detailed administrative and fiscal impact analysis of the interim review requirement for income increases. Staff report the administrative

impact is significant, however, initial analysis implies that the economic benefit to SHA is also significant;

- Continue efforts to revamp implementation of the Tenant Trust Account program, including resident and staff education and awareness;
- Closely examine the fiscal and administrative impacts of the three-year rent review cycle for tenants on fixed incomes. As this policy is decreasingly applicable due to mixed-financing, the administrative challenges of maintaining a separate policy for about 10 percent of the population may off-set the administrative gains made by conducting reviews less frequently; and
- Examine the costs and benefits of imputing TANF and unemployment income.