



MOVING TO WORK

ANNUAL REPORT

FY 2012



KING COUNTY HOUSING AUTHORITY

KING COUNTY HOUSING AUTHORITY

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KCHA: AT-A-GLANCE

	FY 2003	FY 2012
Units in Inventory:ⁱ	10,415	11,552
Transitional and Supportive Housing Units	1,956	3,160
HCV Units Available in High Opportunity Neighborhoods	11.7%	20.6%

	FY 2003	FY 2012
Households Served:	11,260	13,803
Sponsor-based "Housing First" households assisted	0	133
Low income households - Income below 50% of Median	97%	97.7%
HCV households paying more than 30% of income toward rent	40.2%	41.3%

22.6 percent increase in number of households served

49 percent of families entering KCHA's HUD subsidized programs have previously been homeless

	FY 2003	FY 2012
Maintaining Operational Excellence:		
<i>Shopping Success Rate: Section 8 HCV households</i>	82.4%	93%
<i>Utilization: Section 8 HCV program</i>	98.8%	101%
<i>Occupancy Rate: Public Housing program</i>	98.9%	98.7%
<i>REAC Inspection Scoring: Public Housing program</i>	93.3%	94.4%

Savings through MTW Streamlining:	0	14,028 hours/7.5 FTEs
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More than 25,000 accumulated hours saved to date through implementation of MTW-modified policies and procedures

\$9.5 million saved through completion of interior rehab of Public Housing units using "in-house" crews under KCHA's MTW-supported Unit Upgrade program

50 percent reduction in Housing Quality Standards re-inspections required due to minor unit deficiency protocol that allows landlords to self-certify corrections

40 percent reduction in water consumption at KCHA-owned housing

4,200 households added to HCV administrative and inspection caseloads without a significant increase in FTEs

ⁱDoes not include 2,393 HCV port-ins administered by KCHA or 5,370 affordable housing units owned or controlled by KCHA that do not receive HUD subsidies.

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SECTION I. INTRODUCTION

This report marks the completion of KCHA's ninth year of participation in HUD's Moving to Work initiative. Developed by Congress and signed into law as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Moving to Work enables a limited number of high-performing Housing Authorities to combine Public Housing Operating, Capital and Section 8 program resources into a single MTW block grant and to flexibly use those funds to support locally designed housing solutions that respond to the needs of local jurisdictions. One of just 39 industry leaders selected for the program, KCHA's MTW designation allows significant relief from HUD's overly prescriptive program regulations while challenging the agency to design and test new approaches to delivering housing assistance in ways that accomplish the three statutory objectives established by Congress:

- ❑ Increase housing choices for low income families;
- ❑ Help program participants become increasingly self-sufficient;
- ❑ Reduce program costs and achieve greater operational efficiencies.

In granting participating agencies this programmatic latitude, the MTW demonstration hopes to identify program and policy changes that can be implemented more broadly – empowering local solutions while continuing to address national goals in ensuring safe, secure housing for low income households.

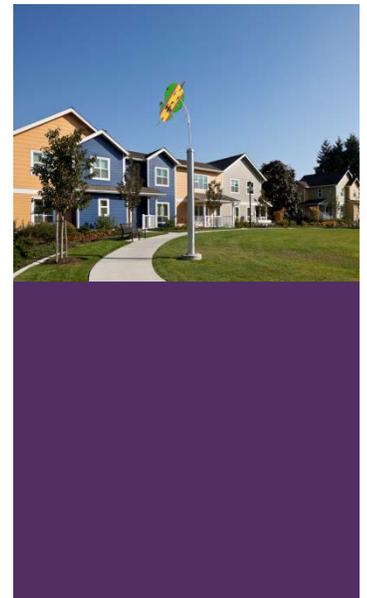
Under the terms of its MTW Agreement, KCHA is required to submit an Annual Report to HUD documenting progress towards meeting the program's overarching objectives and the goals identified in the agency's MTW Annual Plan. This is KCHA's FY 2012 MTW Annual Report, covering the fiscal year that began January 1, 2012 and ended December 31, 2012. Presented in HUD's prescribed format, the report provides an update on the status of on-going

MTW activities – including an assessment of their impact upon KCHA operations, program participants and housing communities. This information is intended to enable HUD to evaluate the extent to which the Authority has accomplished the goals of the Demonstration Program and of KCHA’s Annual Plan, and to help identify MTW innovations that can be successfully replicated across the country.

In the nine years since entering the program, KCHA has built a strong reputation as a leading innovator in the delivery of housing programs that effectively address the diverse housing needs of our region’s most at-risk households while ensuring efficient use of limited resources. Participation in the MTW program has enabled development of a strategic vision that moves beyond property maintenance and program compliance to long-term outcomes for low income households and for the region at large. These goals are outlined in Section IV of the Report.

KCHA’s regional aspirations align closely with national priorities and underscore the degree to which Housing Authorities and the programs they administer are crucial elements in the achievement of broader domestic policy goals. Affordable housing is a pre-requisite for classroom stability and academic success for our nation’s most at-risk youth as well as a critical element in containing health care costs for an aging population. Housing Authorities play an important role in national efforts to house chronically homeless populations and to end homelessness among veterans. And the “greening” of Public Housing is reducing energy consumption and utility costs across the grid.

It has become clear that “cross-silo” collaborations are critical to the ultimate success of the nation’s domestic policy agenda. The impact that investments in one system have on outcomes in another – such as stable housing on school performance – must be mapped and measured. KCHA started this journey in 2012, with data sharing





agreements now in place with school districts, local utilities and Washington State's Department of Health and Human Services. It is with data sharing agreements such as these that the MTW program truly comes into its own – providing a laboratory for the development of new approaches and new partnerships in solving our nation's poverty issues.

Examples of how MTW program participation has assisted KCHA in effectively responding to these challenges are noted throughout this report. It is KCHA's belief that the new approaches developed by MTW agencies across the country establish the framework for regulatory changes and program innovations that will benefit the Public Housing industry nationally and the millions of clients we collectively serve.

Notable elements of KCHA's MTW program activities in 2012 include:

- ❑ **An increased number of families served:** KCHA's HUD subsidized programs increased the number of families served from 13,592 at the beginning of the year to 13,803 at year's end. This is the most households we have ever served in our HUD programs and a full 22.6 percent higher than the number of households served upon entrance into the MTW program in 2003. A significant portion of this growth is attributable to the use of MTW flexibility to increase the number of Section 8 participants served – supporting up to 275 households above KCHA's HUD Section 8 baseline - and the addition of 142 subsidies to support homeless households through non-traditional KCHA rental assistance programs.
- ❑ **Continued operational excellence:** KCHA's core operating metrics continue to be among the finest in the industry. Public Housing occupancy rates averaged 98.7 percent and the portfolio's physical inspection score under HUD's third party inspection protocol was 94.4 percent. At the same time, Section 8 voucher shopping success rates stood at 93 percent for the year and Section 8 voucher utilization rate was 101 percent of HUD baseline. Changes in policies and

business practices made possible through the MTW program saved KCHA an estimated 14,000 hours (the equivalent of 7.5 FTEs) in unnecessary administrative tasks over the course of the year.

- ❑ **Strengthened housing viability:** The repositioning of our affordable housing inventory from Public Housing to Project-based Section 8 Housing Choice Vouchers continued with the disposition of 509 scattered-site units in 2012. This repositioning has significantly improved the cash-flow to these properties - providing the financial support needed to ensure these units continue to serve as a viable housing resource for extremely low income households over the long term and enabling KCHA to leverage substantial outside funding for critically needed capital repairs.
- ❑ **Continued repairs and renovations:** KCHA invested \$52.4 million in the redevelopment and rehabilitation of our HUD subsidized housing inventory in 2012. Significant projects included the start of construction on 87 units of replacement Public Housing at Seola Gardens, the substantial rehabilitation of the 60 unit Green River Homes community, 134 apartment upgrades by our force account crews and completion of KCHA's handicapped accessibility initiative. As of the end of 2012, with more than 5 percent of its Public Housing inventory modified to meet uniform federal accessibility standards, KCHA is fully compliant with the requirements of Section 504 of the Rehabilitation Act. In addition, all funding received under the American Reinvestment and Recovery Act was committed and spent on schedule.
- ❑ **Development of a long-term investment framework for KCHA's MTW working capital:** Using the flexibility provided under its MTW contract KCHA has committed funding for a number of multi-year initiatives including the conversion of the Authority's core software platform, pre-development and equity financing for the



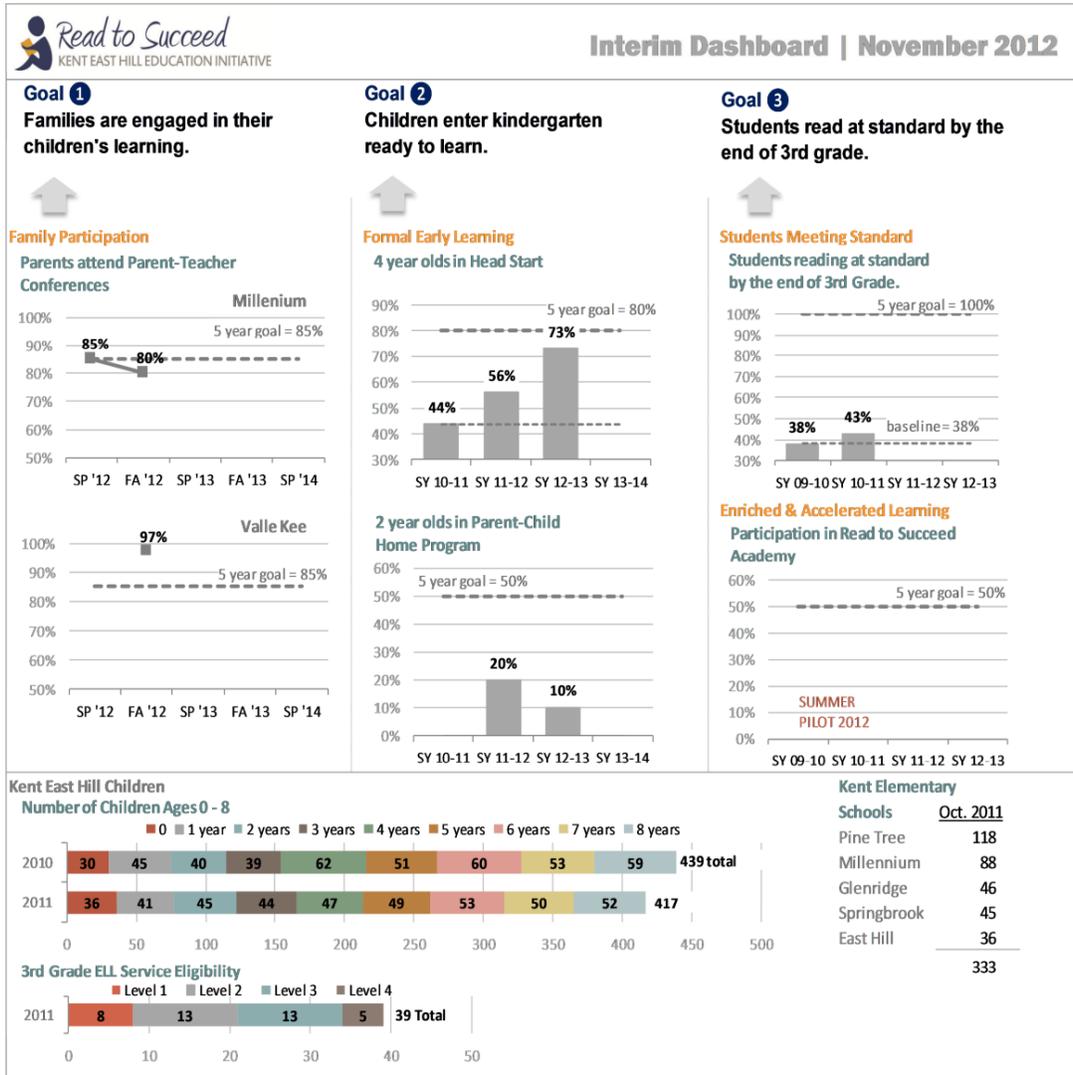


development of new senior housing projects, the Public Housing portfolio's capital upgrade pipeline, and long-term contracts with homeless service providers which leverage multi-year service funding commitments from the behavioral health care system.

- **Increased housing choices for low income households:** In FY 2012, KCHA continued to support assignment of project-based subsidy to units in targeted low-poverty neighborhoods and a tiered payment standard – decoupled from HUD established Fair Market Rents – that allows the agency to respond to King County's varied rental sub-markets. This year the Board formalized the mapping of high opportunity zones in King County. At year's end, 20.6 percent of KCHA's Housing Choice Voucher households resided in these areas, a significant increase from 11.7 percent in 2003. This measure is one we will pay close attention to in future years as we develop strategies to facilitate further movement into high opportunity neighborhoods. In 2012 KCHA selected a number of community partners and is currently engaged in jointly designing an enhanced mobility counseling program as one approach to accomplishing this goal.

- **Significant progress on educational initiatives:** With more than 14,000 children benefiting from its housing subsidy programs, KCHA is uniquely positioned to promote family and classroom stability and directly impact the likelihood of school and life success for some of the region's poorest, most at-risk youth. KCHA executed data sharing agreements with two additional school districts in 2012, laying the groundwork for place-based efforts in White Center and Bellevue in addition to work already underway on Kent's East Hill. During 2012, five community facilities intended to support education and family self-sufficiency programs in KCHA communities completed construction and two more broke ground. KCHA now sponsors a network of 21 early learning and after-school program sites around the

region. The development of systems and tools to track student progress and assess the effectiveness of collaborative efforts is a critical component of these programs. KCHA's place-based *Read to Succeed* initiative's "dashboard" provides a prime example of how a focused collaboration between partners – in this case KCHA, the school district, parents and after-school and Head Start providers – can be driven by data that provides a detailed foundation for measuring program success.



While the evaluative model will evolve as capacity among partner agencies increases, KCHA's partnership with school systems and service providers - and the ability to share data on child and family participation – is proving a key component in designing and implementing effective

collective impact approaches. Working with the Gates Foundation and two partner MTW Housing Authorities, KCHA is placing an overall evaluative frame around these initiatives.

During 2012, collaboration between KCHA and south King County school districts played a role in the region’s success in receiving a \$40 million grant under the Department of Education’s highly competitive Race to the Top initiative. As part of this deepening partnership, KCHA is developing approaches to rapidly rehouse homeless students and increase classroom stability for Section 8 households that will complement place-based initiatives already underway.

- **Expanded implementation of Resource Conservation Measures:** During FY 2012, KCHA entered into agreements with local utility companies to capture, for the first time, whole building energy consumption data. This information is crucial in evaluating the effectiveness of envelope and heating system upgrades currently underway and measuring progress towards accomplishing KCHA’s goals under its five-year Resource Management Plan. Whole building water metering is already in place and KCHA has reduced annual water consumption in our portfolio by 40 percent.

- **Continued focus on economic self-sufficiency:** KCHA’s WIN Rent policies and its Resident Opportunity Plan (ROP) pilot are new tools developed by KCHA to move families up and out of Public Housing or Section 8 into homes of their own. Policy changes such as stepped rents and modified review schedules allow families to grow income without an immediate impact upon rent – providing an opportunity to build savings and facilitate movement into private market housing. At the same time, KCHA’s Resident Opportunity pilot – now in its second year of operation – is helping families acquire skills leading to self-sufficiency. While this program is still very much a work in progress and needs to be evaluated against a backdrop of regional economic challenges and the local job market, some promising data has emerged. Eighty six percent

Impact of the Elimination of PH Flat Rents	
Total Flat Rent Households	213
Flat Rent “Movers” following WIN Rent	53
“Movers” who entered Homeownership	22
Average Income – Flat Rent “Movers”	\$53,106
Average Income – Incoming Households	\$12,967

of current participants are employed and seventy percent of program participants were or are enrolled in job readiness skills training or education programs. We are monitoring these results closely to see how skill and credential acquisition connects to wage progression and equity growth for these households. KCHA has also eliminated flat rents, encouraging families that have become self-sufficient to secure unsubsidized housing, freeing up Public Housing units for households more in need.

- **Increased coordination with regional efforts to house homeless and disabled households:** In 2003, when KCHA entered the Moving to Work program, it had 1,956 units dedicated to homeless and disabled households. By the end of 2012 this number had risen to 3,160, including 142 “housing first” units. Programs include a supportive housing community funded through the Public Housing program with on-site service staff; sponsor-based housing for youth and chronically homeless individuals; and 31 complexes where project-based Section 8 is being utilized in partnership with supportive services to provide short or long term housing for formerly homeless households. A Memorandum of Understanding has been developed with the State Dept. of Social and Health Services (DSHS) to support closer collaboration around our common clients – a collaboration that led to a successful Title IV-E waiver from HHS this year which will enable DSHS to expand the services available to families housed under our Family Unification Program.

Details about specific MTW initiatives can be found in Section VI of this report.

A. HOUSING STOCK INFORMATION

The flexibility provided under the MTW demonstration comes with a requirement that participating housing authorities continue to serve approximately the same number of households as were served prior to entry into the program. However, KCHA believes that given the number of unsheltered or extremely shelter-burdened individuals and families in King County, simply holding numbers steady is not enough. Through program and policy changes KCHA has implemented a wide range of MTW-enabled initiatives that have increased its capacity to serve the region's low and extremely low income households. Since entering the MTW program in 2003, KCHA has successfully directed its resources toward the following:

- ❑ Strategic capital improvements designed to promote the long-term viability of current housing stock - reducing on-going maintenance and utility costs and ensuring that these units retain their usefulness as affordable housing resources;
- ❑ Leveraging financial resources - including federal, state and local funding and private equity and financing - and combining these funding sources to increase the number of units available to the region's low and extremely low income households through acquisition and new construction;
- ❑ Developing partnerships with behavioral health social service systems in order to expand access to affordable housing for the region's most at-risk households – including historically under-served individuals and families who would not typically access KCHA's programs.

As shown in TABLE II.A on page 10, by the end of FY 2012 KCHA's subsidized affordable housing inventory had grown to include 11,552 units through a combination of "hard units" subsidized under KCHA's federal, state and local programs and "soft-units" funded through KCHA's tenant and Sponsor-based rental subsidy programs.

SECTION II. GENERAL HOUSING AUTHORITY OPERATING INFORMATION

TABLE II.A: INVENTORY BREAKDOWN for FY 2012
(Public Housing, HCV, Other-HUD and Local programs)

Program	Inventory at MTW Program Entry: 2003	Inventory at Fiscal Year Begin: Jan. 1, 2012	Inventory at Fiscal Year End: Dec. 31, 2012
Public Housing: MTW	3292	2488	1966
Total PH Inventory	3292	2488	1966
HCV: General MTW	6024	5858	5263 ¹
HCV: Project-based MTW	0	1423	1998
HCV: Local MTW-funded	0	43	275 ²
Total MTW Vouchers	6024	7324	7536
Other MTW: Sponsor-based	0	142	142
Total Other-MTW	0	142	142
VASH, non-MTW	0	213	270
Mainstream, non-MTW	350	350	350
Designated, non-MTW	0	100	100
Certain Development, non-MTW	0	100	100
FUP-2009/2010, non-MTW	0	132	139
Enhanced / Relocation, non-MTW	0	157	563
Total non-MTW Vouchers	350	1052	1522
Other HUD: Sec 8 New Const/236	174	196	196
Other HUD: Preservation	271	41	41
Other, non-HUD: LOCAL	303	149	149
Total OTHER programs	748	386	386
TOTAL	10,414	11,392	11,552³

¹Does not include 2,393 HCV port-ins administered by KCHA at the end of FY 2012.

²Represents HCV units funded above HUD's baseline through the use of MTW block grant resources. During FY 2012, KCHA reversed its temporary hold on this activity and began ramping up the number of HCV units assisted above HUD's baseline.

³In addition, KCHA's inventory includes 5,370 "Workforce" units that are affordable to households with incomes below 60% to 80% of AMI.

□ Description of Significant Capital Expenditures:

Since 2003, the flexibility to combine Public Housing Operating and Capital funds and Section 8 resources into a single MTW block grant has played a vital role in KCHA's efforts to improve the quality of its aging Public Housing inventory. Public Housing Capital and RHF funds, accumulated MTW working capital, formulaic and competitive grants awarded under the American Reinvestment and Recovery Act (ARRA) and the leveraging of private capital through debt and tax credit equity contributions have all played a part in KCHA's strategy to ensure the long-term viability of its existing Public Housing inventory. Funds received under ARRA were not included in KCHA's MTW block grant and are subject to separate reporting requirements. As of December 31, 2012, the \$23.5 million in HUD ARRA funds received by KCHA had been fully expended.

During 2012, through its combined resources, KCHA expended more than \$52.4 million to complete necessary capital improvements to its subsidized housing communities. With the completion of renovation work at Birch Creek (formerly the Springwood Apartments) and new rental housing construction at Greenbridge in 2011, the primary focus of KCHA's development efforts in 2012 centered upon the HOPE VI reconstruction of Park Lake Homes Site II (renamed Seola Gardens) and the rehabilitation of Green River Homes – two of KCHA's housing developments where major systems were nearing the end of their useful life. Although only Seola Gardens and Green River Homes exceeded HUD's 30 percent reporting threshold – an accounting of KCHA's major rehabilitation activities, together with their 2012 related expenditures, are shown below:

- **Uniform Federal Accessibility Standards (UFAS) Upgrade Project- \$288,106.** Funded through KCHA's MTW single fund budget and an ARRA grant received in late 2009, completion of this project during FY 2012 resulted in the upgrade of 59 units to full handicapped accessibility standards and compliance with Section 504 of the Rehabilitation Act. Unit conversions completed at targeted developments (Northridge I, Casa Juanita, Valli Kee, Cascade Homes, Southridge, Eastridge, Yardley Arms, Wayland Arms, Wellswood, Juanita Court, Ballinger Homes, Brittany Park and Riverton Terrace) now ensure that at least five percent of KCHA's Public Housing inventory is fully accessible to persons with disabilities.



- **Green Communities, Energy Efficiency and Building Envelope Upgrades - \$ 720,349.** Part of KCHA's larger "green" initiative, this project is designed to increase the energy efficiency and environmental sustainability of the Agency's Public Housing properties. Upgrades that reduce energy costs benefit both KCHA and its residents. Targeted developments include Boulevard Manor, Cascade Homes, Eastside Terrace, Kirkwood Terrace, Briarwood, Federal Way Houses, Vista Heights, Forest Glen and Avondale Manor. In addition to ARRA funding received under the Green Communities and Energy Efficiency Upgrades initiative (\$4,678,341), supplemental funding is being supplied through KCHA's MTW block grant and through the Washington State Weatherization program. During FY 2012, work included envelope upgrades and installation of energy efficient heat pumps at Boulevard Manor as well as new roofing and weatherization upgrades (improving insulation and air sealing) and heat pumps at Avondale Manor. These improvements support KCHA's goal of attaining a 10 percent reduction in overall portfolio energy consumption over the next five years.
- **Community Facilities Project - \$5,288,503.** This initiative is building or expanding seven community centers to support youth and family self-sufficiency programs in KCHA's family developments. The first facility, the Bellevue Boys and Girls Club at Eastside Terrace, was completed in FY 2011. During FY 2012, work was completed at Woodridge, Valli Kee, Burndale Homes and Firwood Circle and construction commenced at Spiritwood Manor and Hidden Village. Completion of these final two sites is scheduled for the summer of 2013. Funding is being provided through a mixture of MTW working capital, capital grants and local philanthropic support. When complete, KCHA will be supporting a network of early learning and after-school programs operated out of 21 facilities it has developed across the region.
- **Unit Upgrade Project - \$3,278,368.** During 2012, KCHA continued to dedicate MTW funding to support its highly successful Unit Upgrade program. Using block grant flexibility and internal force-account crews the Agency completes interior upgrades at HUD-subsidized and local program units as they become vacant, rather than using a

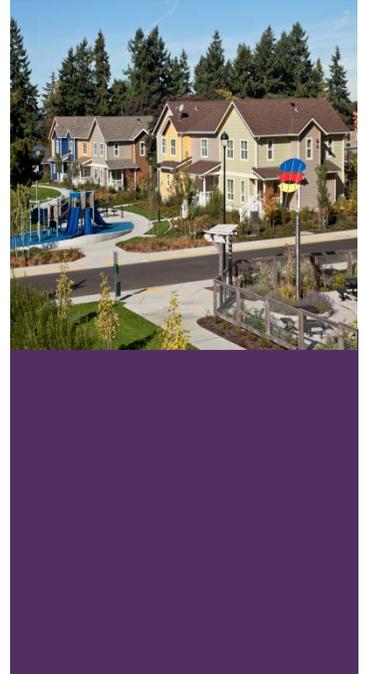
“whole building” and tenant relocation approach. By completing the needed work, including new flooring, cabinets and fixtures, using KCHA’s own in-house skilled labor and careful scheduling, KCHA has realized significant savings in soft costs, contractor’s overhead and profit and tenant relocation that would otherwise have been incurred. KCHA staff completed interior renovations to 134 units in 2012 at an average cost of just over \$24,465 per unit. With estimated savings of over 41 percent compared to the general contractor model, to date, KCHA’s in-house approach to unit upgrades has renovated 655 units and saved the agency more than \$9.5 million.

- **Greenbridge Redevelopment - \$1,625,959.** Formerly the site of Park Lake Homes Site I, once KCHA’s oldest Public Housing development, the Greenbridge site is being transformed into a completely revitalized community. As a mixed-income neighborhood, Greenbridge combines subsidized and workforce rental housing with affordable and market rate for-sale homes. Organized around White Center’s 8th Avenue corridor, Greenbridge includes Public Housing live-work units, retail storefronts and community educational and recreational facilities anchored by a new library, elementary school and Head Start/Educare facility. The master-planned design replaces the original 569 Public Housing units with 324 on-site units affordable to very low income households, and up to 700 affordable and market-rate rentals and for-sale homes. Subsidized units not rebuilt on-site have been located off-site in targeted low-poverty neighborhoods, primarily on King County’s Eastside, with access to high-performing school systems and greater opportunities for employment –serving KCHA’s commitment to both deconcentrate poverty and ensure one-for-one hard unit replacement.

Construction of all rental housing and community facilities is now complete. Activities this year included tenant improvements for the build-out of a 6,000 square foot public health clinic in the 8th Avenue corridor commercial space and sale of the first tranche of seven affordable homeownership units. An additional 57 lots are under contract for development into 49 market rate homes and eight additional affordable homeownership units.

- **Seola Gardens Redevelopment - \$25,526,240.** Located just a few blocks from Park Lake Homes Site I, this HOPE VI project will transform a second aging Public Housing development into a mixed income community. As with Greenbridge, Seola Gardens is part of KCHA’s effort to help revitalize White Center, one of the poorest areas of King County. Built in the early 1960s, this 165-unit Public Housing development required significant investment to address extensive infrastructure needs and replace obsolete housing. Funded in part through a \$20 million HOPE VI grant received in late 2008, redevelopment of the 31-acre parcel will provide 177 new rental and 107 for-sale housing units with small “pocket” parks and on-site community facilities integrated into the housing plan. Infrastructure improvements commenced in FY 2010. In 2012, the site’s second housing phase - Joseph House - opened its doors to serve 65 low-income, elderly and disabled households through a partnership between Providence Health and Services and KCHA. KCHA broke ground on the next phase of construction – Fairwind Apartments – in spring 2012. When completed in 2013, Fairwind will add 87 units of Public Housing to KCHA’s inventory. All 165 Public Housing units are being replaced by federally assisted housing on site. Construction also commenced on the first market rate homes at the end of 2012.

- **Reconstruction of Green River Homes - \$11,200,000.** As one of KCHA’s oldest Public Housing developments, this aging and physically distressed site required significant reinvestment unavailable under HUD’s current capital grant funding levels. Following HUD approval for the disposition of the 60-unit development, KCHA utilized Project-based housing choice vouchers to leverage the capital necessary to complete the planned revitalization through a mixed-finance approach that combined tax credit equity, tax-exempt bonds and KCHA’s MTW working capital. With re-occupancy completed in December 2012, the Green River Homes development has been transformed into a modern, well designed rental community – improving the quality of life for its residents and significantly strengthening the surrounding neighborhood.



- **Surface Water Management Improvements – \$ 194,699.** Deteriorating storm water drainage systems at Kirkwood Terrace (28 units) and Vista Heights (30 units) have resulted in significant drainage failures and flooding at these sites. Moisture conditions led to extensive mold in a number of units – resulting in the partial vacation of Kirkwood Terrace. During 2012, KCHA addressed the most urgent surface water management and drainage issues at both developments. However, construction permitting delays and associated engineering requirements at both sites pushed KCHA’s projected completion schedules into 2013. Scheduled work includes installation of additional catch basins and improved foundation and crawl space drainage in addition to the installation of new tight-lined roof drainage systems.
- **Other Capital Improvement Work - \$5,306,311.** A number of smaller capital improvement projects – including building envelope upgrades, modifications and repairs, domestic water line replacements and common area upgrades - were also completed during 2012. Sites benefiting from this work included: Kirkwood Terrace, Vista Heights, Eastside Terrace, Boulevard Manor, Valli Kee and Lake House. In addition, KCHA completed stream upgrades and repairs at Juanita Court to address flooding and concerns noted by the Department of Fisheries.

□ **New Public Housing units added during the year by development: 0 units**

During FY 2012, although KCHA continued efforts to increase its Public Housing inventory through the acquisition of rental properties in close proximity to KCHA-managed developments, the agency was unable to identify any site that met its screening criteria. In addition, no new construction of Public Housing was completed during the year - although work continued on schedule at Seola Gardens for the completion of 87 new units of Public Housing in 2013.

□ **Number of Public Housing units removed from inventory during the FY: 509 units**

As outlined in its MTW Plan and noted previously, during FY 2012, KCHA moved forward with plans to transition its smallest, most widely scattered Public Housing units to Section 8 Project-based

subsidy. In late 2012, following receipt of HUD disposition approval, receipt of replacement vouchers and significant tenant coordination, KCHA took the steps necessary to remove 509 units – located in 22 separate developments - from its Public Housing inventory. Project-based Section 8 vouchers have substituted for Public Housing subsidies in order to finance necessary capital investments in critical repairs and to ensure the continued viability of this housing for extremely low income households.

□ **Number of Project-based units added during FY 2012: 576 units**

Strategic placement of Project-based Section 8 subsidy in targeted low poverty areas of the County has assisted KCHA efforts to deconcentrate poverty and provide housing opportunities in neighborhoods where the high rental costs would otherwise be prohibitive for the low income families served under KCHA's programs. Increased access to desirable, high opportunity neighborhoods - close to transit centers, good schools and a strong employment base – is a key component of KCHA's MTW efforts to reduce concentrations of poverty and improve the economic self-sufficiency of low income households through increased mobility.

In addition to utilizing project-basing to improve mobility and access to low poverty neighborhoods, KCHA utilizes this tool to (1) increase the supply of transitional and permanent supportive housing - helping the region's most at-risk households find a safe, secure home where they can build skills leading to housing stability; (2) preserve the regional supply of subsidized housing – using project-based subsidy to leverage capital investments and to ensure continued physical viability and affordability to low and extremely low income households; and (3) replace Public Housing units lost through redevelopment.

The projects and units added to KCHA's PBS8 inventory in 2012 are as follows:

- **The 509 Project:** Project-based subsidy assigned to these former Public Housing units (509 units, located in 22 separate communities) will allow KCHA to leverage significant capital investment needed to ensure these units remain a viable affordable housing resource for the County's lowest income residents over the long-term.

- **Joseph House:** Project-based subsidy at this site provides 10 two-bedroom units of permanent supportive housing to seniors and disabled adults, who can access on-site services provided by Providence Health & Services. Joseph House is located in King County Housing Authority's Seola Gardens HOPE VI redevelopment site and includes a total of 65 residential units of which 55 receive rental housing subsidies through the Section 202 PRAC program. KCHA subsidies assigned to the remaining 10 units ensure that the entire building is affordable to extremely low income seniors and disabled adults.
- **Francis Village:** Project-based subsidies assigned provide two units of permanent housing in partnership with Imagine Housing. Located in newly constructed housing in the affluent suburban community of Kirkland, these units will serve extremely low-income, formerly homeless households with children. This contract was awarded through a competitive process administered by ARCH (A Regional Coalition for Housing) and is part of KCHA's Replacement Housing Program which provides rental assistance to properties on King County's eastside, increasing the supply of affordable housing in a low-poverty, high-income part of the county.
- **Alpine Ridge and Heritage Park:** These two properties, both owned by KCHA, have been transferred to the agency's project-based program as their HUD Multi-family subsidy contracts expired. The 19 units placed under contract at Alpine Ridge include a mix of one, two, and three-bedroom units and are a valuable resource to low income families in the city of Kirkland's Finn Hill neighborhood. Heritage Park includes 36 units. Located in the city of Bothell, the new project-based contract includes a mix of one, two and three-bedroom units. The "floating" subsidy assigned at Heritage Park and Alpine Ridge will allow subsidy to shift within the range of unit sizes as determined by demand and turnover. The project-based assistance assigned to these sites will ensure that these units continue to serve low and extremely low income households in high opportunity neighborhoods.

New Project-based Units Added to Inventory: FY 2012						
Property	Studio	1 bdrm	2 bdrm	3 bdrm	4 + bdrm	Contract Units
Permanent Supportive Housing						
Joseph House			10			10
Replacement Housing						
Francis Village			2			2
Local Affordable Housing Preservation						
The 509 Project		43	257	196	13	509
Alpine Ridge		*	*	*		19
Heritage Park		*	*	*		36
TOTALS		*	*	*		576

**Project-based contract allows configuration to float among 1, 2 and 3 bedroom units based on availability.*

Overview of Other Housing Managed by KCHA

HUD required reporting on MTW initiatives to increase the supply of units available to low income households does not paint a full picture of the Authority’s efforts to respond to the County’s critical shortfall of affordable housing. In addition to its Public Housing and Section 8 programs, KCHA provides affordable housing through a number of additional financing tools and community partnerships. In 2012, through the use of federal, state, local government and private investments, KCHA’s affordable housing portfolio provided more than 18,000 households on a daily basis with a safe, secure and affordable place to call home. In addition to the MTW program, KCHA provides the following avenues to affordable housing:

- Section 8 New Construction/Section 236 Programs - 196 units:**
 KCHA’s Section 8 New Construction and Section 236 units deliver deep subsidy affordability to extremely low income elderly and disabled households. Operated under Section 8 HAP contracts through HUD’s Multi-family branch, sites include Burien Park (102 units), The Northwood (34 units) and Westminster Manor, a 60 unit senior development KCHA purchased in FY 2010 to ensure that these affordable units were not lost to private market investment.

- **Preservation Program – 41 units:** The Preservation Program offers subsidized apartments to low income households in the city of Redmond. Acquired by KCHA in the mid-1990's, the Parkway Apartments provides affordable housing opportunities to families with children. Funded through a Section 8 HAP contract administered under HUD's Multi-family branch, subsidized households pay rent calculated at HUD's affordability standard of 30 percent of adjusted monthly income.
- **Home Ownership Program – 430 units:** KCHA's Homeownership program offers qualified low income individuals, families and seniors the opportunity to own a manufactured home located on a leased lot in one of four manufactured housing communities owned by KCHA. Three of the sites, Vantage Glen (164 units), Rainier View (31 units) and Wonderland Estates (109 units) are targeted to elderly households. Tall Cedars, the remaining 126-unit development, provides affordable work-force housing to low income families with children. These sites were acquired with tax-exempt bonds and pad rents are held at levels well below market for similar communities. At Vantage Glen and Rainier View tenants agree to sell their homes back to KCHA when they move so that affordable home ownership opportunities can be offered to the next qualified household on the waiting list.
- **Bond Financed Program – 2,867 units:** Since 1990, at the direction of the Board of Commissioners, KCHA has steadily expanded its inventory of non-Federally subsidized multi-family rental housing. These "work-force" housing units do not receive operating subsidy from the Federal government. KCHA has used this program to support its strategy of deconcentrating poverty through targeted acquisitions in affluent submarkets of the County. By the end of FY 2012, KCHA's Bond Financed inventory totaled 2,867 units, located in 20 separate apartment communities. Typically these units have a broad mix of residents with the majority having incomes below 80% of Area Median Income. Project and tenant-based Section 8 subsidies ensure these properties provide access to highly desirable "opportunity areas" for extremely low income households.
- **Tax Credit Program – 2,163 units:** The tax credit program is one of the few remaining sources of low income housing development equity in the United States today and KCHA anticipates that much of the growth in its affordable housing stock will come from participation in tax credit transactions. Unlike the bond-financed

projects where KCHA is the direct owner, tax credit projects are owned by separate limited partnerships, with KCHA serving as the general partner. At the end of FY 2012, KCHA's Tax Credit inventory (exclusive of former or current Public Housing sites) included a total of 2,163 units on 21 separate sites. While some communities have more deeply targeted affordability requirements, units are typically available to households with incomes below 60 percent of the Area Median Income. Here, as with the bond-financed program, acquisitions are targeted to low poverty markets and Project-based Section 8 subsidies are utilized to provide a broader income mix.

B. LEASING INFORMATION

Table II.A, included on page 10, details the total number of subsidized “hard units” owned by KCHA together with the number of HCV units directly funded by KCHA. In contrast, the information shown below on Table II.B details the total number of **actual households served** at the end of the fiscal year, inclusive of Section 8 “port-ins” administered by KCHA. In addition to reflecting vacancy levels resulting from normal operations, Table II.B illustrates the shift in households from Public Housing to Section 8 Project-based assistance through the end of FY 2012. This shift has resulted, in large part, as a direct result of KCHA actions to deconcentrate poverty and increase geographic choice throughout the region and to ensure the long-term viability of existing affordable housing for the County’s lowest income residents. As discussed throughout this report, KCHA’s flexibility under the MTW program has played an integral role in the success of these efforts.

TABLE II.B: HOUSING UNITS LEASED: FY 2012			
(Public Housing, HCV, Other-HUD and Local programs)			
Program	Households at MTW Program Entry:	Households at Fiscal Year Begin: January 1, 2012	Households at Fiscal Year End: December 31, 2012
Public Housing	3259	2372	1937
Total PH Households	3,259	2,372	1,937
HCV: General MTW	6903	8401	8088 ⁴
HCV: Project-based MTW	0	1008	1628
HCV: Local MTW-funded	0	275	176 ⁵
Total HCV Households	6,903	9,684	9,892
Other-MTW: Sponsor-based	0	130	133
Total MTW Households	10,262	12,186	11,962
VASH	0	125	206
Mainstream	350	350	348
Designated	0	100	100
Certain Develop	0	100	100
FUP-2009-2011	0	108	138
Enhanced / Relocation	0	121	563
Total non-MTW Vouchers	350	904	1,455
Other HUD: Sec 8 New Constr / 236	174	234	196
Other HUD: Preservation	271	119	41
Other, non-HUD : LOCAL	303	149	149
Total Other programs	748	502	386
Total Households Served	11,260	13,592	13,803

⁴Includes 2,393 port-ins administered by KCHA at the end of FY 2012.

⁵Represents HCV units funded above HUD’s baseline through the use of MTW block grant resources.

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

- **Public Housing.** To speed access to affordable housing for low income households, KCHA staff continues to focus on ensuring that the number of days a Public Housing unit remains vacant as a result of normal turnover is held to an absolute minimum. Effective wait list management, unit turn and lease-up protocols all work together to assist KCHA efforts to maintain occupancy above the established benchmark of 98 percent. In 2012, KCHA averaged 13 turn days per unit and its adjusted occupancy rate at the end of the fiscal year was 98.7 percent.
- **Section 8 Housing Vouchers.** In support of its MTW objective to expand the region's supply of affordable housing for the County's poorest households, during FY 2012 KCHA's Section 8 Housing Choice Voucher program continued to maintain a program utilization rate above 100 percent of HUD allocated subsidy. This year, in response to the growing need for affordable housing among extremely low income households, KCHA increased lease-up efforts – raising its commitment to support up to 275 households above the established HUD baseline. It is unclear, based on recent cutbacks in HUD funding, whether this lease-up level can be sustained in 2013.

KCHA has a long-standing commitment to targeting MTW and non-MTW HCV assistance to “hard-to-house” households in order to eliminate barriers to housing access for these individuals and families. Even with rent subsidies, chronically homeless and mentally-ill households face significant challenges in successfully securing housing in the private rental market - and these difficulties can adversely impact program utilization. To address this issue, KCHA continues to allocate savings realized through MTW initiatives to expand both staff resources and contracts with non-profit service providers to help clients successfully lease units. During 2012, KCHA began providing office space for two Veteran's Administration (VA) VASH Case Managers at its new Section 8 program office and began funding security deposits for homeless veterans. Placing VA and other service provider staff directly on-site has helped increase communication and improve customer service and helped KCHA attain an average shopping success rate of 93 percent during FY 2012.

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

By the end of 2012, KCHA’s project-based program inventory totaled 1,998 units - spanning an array of programs intended to preserve and increase supply, provide transitional and supportive housing for targeted populations, deconcentrate poverty and provide expanded housing choice. Housing Assistance Payment (HAP) contracts currently in place support the following projects:

Project-based Unit Allocations: FY 2012					
Development Name	Number of Units	Description	Development Name	Number of Units	Description
Appian Way	15	Transitional Housing	Nia	42	PH Redevelopment
Avondale Park	43	Transitional Housing	Salmon Creek	9	PH Redevelopment
Chalet	4 / 5	Transitional Housing / Private PH Replacement	Eastbridge	31	PH Redevelopment
City Park	11	Transitional Housing	Alpine Ridge	27	Local Preservation
Enumclaw	4	Transitional Housing	Belle Park	12	Private PH Replacement
Foster Commons	7	Transitional Housing	Eernisse	13	Private PH Replacement
Heritage Park	15	Transitional Housing	Landmark	27	Private PH Replacement
Lauren Heights	5	Transitional Housing	Laurelwood Gardens	8	Private PH Replacement
Linden Highlands	8	Transitional Housing	Newporter	20	Private PH Replacement
Petter Court	4	Transitional Housing	Plum Court	10	Private PH Replacement
Rose Crest	10	Transitional Housing	Rose Crest	8	Private PH Replacement
Valley Park	2	Transitional Housing	Summerfield	13	Private PH Replacement
Valley Park	12	Permanent Supportive	Summerwood	25	Private PH Replacement

Project-based Unit Allocations: FY 2012

Development Name	Number of Units	Description	Development Name	Number of Units	Description
Villa Capri	5	Transitional Housing	Timberwood	21	Private PH Replacement
Villa Esperanza	23	Transitional Housing	Woodland North	5	Private PH Replacement
Willows	15	Transitional Housing	Woodside East	20	Private PH Replacement
Kensington Square	6	Transitional Housing	Johnson Hill	8	Private PH Replacement
Creston Point	25	Permanent Supportive	Northlake Grove	6	Private PH Replacement
Inland	8	Permanent Supportive	Easternwood	4	Private PH Replacement
Overlake Family Village	20	Permanent Supportive	Harrison House	48	Local Preservation
Parkview	4	Permanent Supportive	Valley Park	16	Local Preservation
Burien Heights	15	Permanent Supportive	Spiritwood Manor	128	Local Preservation
Birch Creek	262	PH Redevelopment	Newport Apts	23	Local Preservation
Seola Crossing	106	PH Redevelopment	Compass Center	22	Permanent Supportive
Andrews Glen	10	Private PH Replacement	Francis Village (FOY)	10	Permanent Supportive
Francis Village (VASH)	10	Permanent Supportive	Discovery Heights	10	Permanent Supportive
Woodland North (VASH)	10	Permanent Supportive	Copper Lantern	4 / 7	Permanent Supportive / Private PH Replacement
Family Village	26	Private PH Replacement	Northlake House	38	Local Preservation
Hidden Village	78	Local Preservation	Passage Point	46	Transitional Housing
Unity Village	6	Transitional Housing	Coal Creek	7	Permanent Supportive
Joseph House	10	Permanent Supportive	Heritage Park	36	Local Preservation
509 Project	509	Local Preservation	Francis Village	2	Private PH Replacement

C. WAITING LIST INFORMATION

□ Description of waiting lists

KCHA operates separate waiting lists for its Public Housing, Section 8 and Project-based programs. KCHA did not implement any changes to the waiting list protocols for these programs in 2012. At the end of the year, KCHA's Section 8 Housing Choice Voucher waiting list remained closed, while the Public Housing and Project-based waiting lists remained open to eligible applicants.

For households entering Public Housing or Section 8 programs with supportive services, KCHA has lowered the admission bar to ensure that “hard to house” households are being served.

- **Section 8 Housing Choice Voucher Program.** Generally, applications for the Section 8 Housing Choice Voucher program are accepted during specified periods only. The Section 8 waiting list was last opened for a two-week offering in May 2011 following a closure of nearly four years. Over the short two-week period, nearly 25,000 households completed the application process – either through KCHA's direct internet application portal or through a hard copy application. At the end of the designated time period, the waiting list closed and KCHA selected a limited number of applicants (2,500) for the waiting list through random “lottery” number assignment. From this pool, eligible applicants meeting local preference criteria are selected for program participation according to their assigned lottery number. At the end of FY 2012, a total of 1,093 households remained on the HCV waiting list. KCHA anticipates that the current application list will be sufficient to meet expected voucher turnover through 2013.

In addition to the lottery process for its general voucher pool, KCHA maintains separate waiting lists for vouchers targeted to HUD mandated priority populations. Applicants for these special program vouchers (such as



those available under the VASH and Mainstream programs) may apply year-round.



- **Public Housing Program.** KCHA’s Public Housing program currently operates Site-based, Regional and Set-aside waiting lists as well as a set of local preferences to determine the order of tenant selection. Applicants may choose to apply for up to two Site-based or two Regional waiting lists. Site-based waiting lists allow applicants to choose specific developments in which they wish to reside. The Regional waiting list allows applicants to be considered for tenancy at any development in the selected region(s). Regional lists allow applicants who may have an urgent need for assistance faster entry into KCHA’s housing programs. With the exception of Pacific Court, a supportive housing complex, every third vacancy in KCHA’s Public Housing developments is prioritized for formerly homeless families graduating from the region’s Sound Families transitional housing system. These households are typically participating in an 18-month transitional program and KCHA coordinates with these programs to provide smooth and timely transition into Public Housing.
- **Project-based Section 8 Voucher Program.** Excluding units subsidized through transitional and supportive service programs, the Project-based Section 8 waiting list operates in similar fashion to the Public Housing waiting list and is managed by KCHA’s Central Applications office. However, direct Owner referrals of qualified applicants to a vacant unit are allowed when KCHA is unable to locate a suitable applicant and fill a vacancy in a timely manner.

Where Project-based subsidies are used in conjunction with transitional or supportive housing programs, KCHA defers applicant screening and program eligibility determinations to its non-profit service provider partners. Acting as KCHA’s “agent”, these partner agencies directly refer clients to available units in accordance with KCHA established criteria - significantly reducing barriers to program entry to ensure these special needs populations streamlined access to critical housing and supportive resources. Family referrals to these units are increasingly being received through the region’s new coordinated entry system for homeless families.

Race Characteristics of KCHA Waiting Lists - FY 2012

	White	Black	Indian / Eskimo	SE Asian	Hawaiian / Pac Islander	Hispanic	Unknown	Grand Total
PH: Regional	3056	2215	164	796	206	543	11	6991
PH: Site-based	2315	1592	94	1306	142	432	5	5886
PH: Sound Families	8	7	0	1	0	2	0	18
Project-based Section 8	974	801	59	317	116	232	0	2499
Section 8 HCV	408	472	42	92	17	62	0	1093

Race Characteristics of KCHA Waiting Lists - FY 2012

	White	Black	Indian / Eskimo	SE Asian	Hawaiian / Pac Islander	Hispanic	Unknown	Grand Total
PH: Regional	43.7%	31.7%	2.3%	11.4%	2.9%	7.8%	.2%	6285
PH: Site-based	39.3%	27.1%	1.6%	22.2%	2.4%	7.3%	.1%	5886
PH: Sound Families	44.4%	38.9%	0	5.6%	0	11.1%	0	18
Project-based Section 8	39%	32%	2.4%	12.7%	4.6%	9.3%	0	2499
Section 8 HCV	37.3%	43.2%	3.4%	8.4%	1.6%	5.7%	0	1093

Bedroom Size Characteristics of KCHA Waiting Lists - FY 2012

Bedroom Size	1 bd	2 bd	3 bd	4 bd	5 bd	6 bd	Grand Total
Public Housing - Regional	2765	2701	1103	355	67	0	6991
Public Housing - Site-based	2824	1973	816	217	56	0	5886
Public Housing - Sound Families	0	11	5	2	0	0	18
Project-based Section 8	12	1407	829	251	0	0	2499
Section 8 HCV	bedroom size breakdown not available						1093

Bedroom Size Characteristics of KCHA Waiting Lists - FY 2012

Bedroom Size	1 bd	2 bd	3 bd	4 bd	5 bd	6 bd	Grand Total
Public Housing - Regional	39.5%	38.6%	15.8%	5.1%	1%	0	6285
Public Housing - Site-based	47.9%	33.5%	13.9%	3.7%	1%	0	5681
Public Housing - Sound Families	0%	61.1%	27.8%	11.1%	0	0	20
Project-based Section 8	.5%	56.3%	33.2%	10%	.0	0	2499
Section 8 HCV	bedroom size breakdown not available						2342

Family Type Characteristics of KCHA Waiting Lists - FY 2012

Family Type	Disabled	Elderly	Family	Grand Total
Public Housing - Regional	2485	542	3964	6991
Public Housing - Site-based	1758	1199	2929	5886
Public Housing - Sound Families	1	0	17	18
Project-based Section 8	287	61	2151	2499
Section 8 HCV	277	84	732	193

Family Type Characteristics of KCHA Waiting Lists - FY 2012

Family Type	Disabled	Elderly	Family	Grand Total
Public Housing - Regional	35.5%	7.8%	56.7%	6991
Public Housing - Site-based	29.9%	20.4%	49.7%	5886
Public Housing - Sound Families	5.6%	0	94.4%	18
Project-based Section 8	11.5%	13.9%	86.1%	2213
Section 8 HCV	25.3%	7.7%	67%	2342

Non-MTW related information has been integrated into other sections of this Report – see in particular the overview of other housing managed by KCHA on pages 18 - 20.

**SECTION III.
NON-MTW
RELATED
HOUSING
AUTHORITY
INFORMATION**

SECTION IV. LONG-TERM MTW PLAN

One of the strengths of the MTW demonstration is that it has enabled the Authority to reshape its subsidized housing programs and focus Federal resources on responding to the diverse needs of our local jurisdictions. Since entry into the program in 2003, KCHA has used its block grant and regulatory flexibility to support the Authority's overarching strategic goals for the Puget Sound region. While approaches have evolved along with changes in regional priorities, demographics and housing markets, the basic strategic priorities for the Authority continue to be as follows:

- ❖ **Strategy 1:** Continue to strengthen the physical, operational, financial and environmental sustainability of the portfolio of over 8,000 affordable housing units that KCHA owns or controls.
- ❖ **Strategy 2:** Expand the number of units in the region affordable to households earning below 30 percent of Area Median Income (AMI) through both development and preservation.
- ❖ **Strategy 3:** Provide expanded geographic choice for low income households, including disabled and elderly households with mobility impairments, providing our clients with the opportunity to live in neighborhoods with high achieving schools, ready access to quality services and mass transit and adjacent to the workplace.
- ❖ **Strategy 4:** Close coordination with the region's public and behavioral healthcare and human services systems to end homelessness through the development of an adequate supply of supportive housing for chronically homeless and special needs populations and of appropriate housing and service interventions for other homeless households.
- ❖ **Strategy 5:** On-going "place-centered" revitalization of King County's poorest neighborhoods, involving a focus both on housing and on the wide array of other physical improvements, services and partnerships that create strong, healthy communities.
- ❖ **Strategy 6:** Working with the County, regional transit agencies and suburban cities, promote the integration of new affordable housing into regional growth centers aligned with

mass transit corridors in support of sustainable regional development.

- ❖ **Strategy 7:** Expand partnerships with parents, Public Health, Head Start programs, school districts, after-school providers, community colleges and the philanthropic community to eliminate the academic achievement gap for the low income households we serve and significantly improve educational and life outcomes for youth.
- ❖ **Strategy 8:** Promote the economic self-sufficiency of our participating households by providing support in addressing barriers to employment and access to training and education programs with the intent of building assets, increasing earned income and reducing length of stay, where appropriate, in subsidized housing.
- ❖ **Strategy 9:** Continue to develop institutional capacity and efficiencies at the Housing Authority to ensure efficient, effective use of Federal resources. Continue to expand KCHA's non-federally subsidized programs to address the need for additional workforce housing and to support and ensure the financial sustainability of Authority initiatives.

**SECTION V.
PROPOSED
FY 2012 MTW
ACTIVITIES –
APPROVED BY
HUD BUT NOT YET
IMPLEMENTED**

This section details proposed FY 2012 MTW Plan activities that were approved by HUD but not yet implemented as of the end of the fiscal year:

As of the end of 2012, all activities proposed for implementation during the fiscal year were underway. The status of each of these activities is discussed in Section VI of this Report.

Please see Appendix C of this Report for a complete listing of MTW activities proposed by KCHA and approved for implementation by HUD since KCHA's entrance into the program in 2003.



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

This section reviews previously approved and implemented MTW activities – together with anticipated and actual outcomes as of the end of FY 2012. Information included in this section assesses KCHA’s progress in meeting the goals of the MTW program and the Agency’s own long-term plan for increasing and preserving affordable housing resources, moving families down a path toward independence and self-sufficiency and ensuring the efficient and effective allocation of limited resources.

To facilitate tracking, MTW activities have been numbered based upon the MTW Plan Year in which the activity was identified. For example, 12-01 identifies the first activity proposed in KCHA’s FY 2012 MTW Plan.

ACTIVITY 08-1: Acquire New Public Housing

Description: As a result of disposition activity at Park Lake Homes and Springwood Apartments, KCHA’s Public Housing Annual Contributions Contract (ACC) is currently some 700 units below the Authority’s Faircloth limit. KCHA intends to use this “banked” PH ACC to turn-on subsidy in units acquired by KCHA under its initiative to expand and preserve affordable housing resources in the region – increasing the number of deep subsidy units available to extremely low income households. During FY 2012, KCHA expanded the scope of this initiative to allow assignment of banked ACC to non-subsidized units currently owned by KCHA in addition to newly acquired sites near or adjacent to current PH developments or situated in high opportunity neighborhoods.

Statutory Objective: Increase Housing Choice

Plan YR: 2008

2012 MTW Plan On-going Activity No: 1

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Units Acquired and Added to PH Inventory	0 Units	KCHA’s goal is to add units as financially feasible up to the maximum of 700 “banked” ACC units over the term of KCHAS MTW Agreement	Through the end of FY 2012, KCHA had added four developments, a total of 94 units –14 percent of the ACC target – through this initiative.

Benchmarks Attained/On Track? Yes. Although no additions occurred in FY 2012, to date, KCHA has acquired and assigned Public Housing ACC to four separate developments: - Pacific Court (32 units), Pepper Tree (30 units), Park Royal (23 units) and Kirkland Place (9 units). Together, these sites have added 94 units to KCHA’s Public Housing program inventory. Two additional sites – Westminster Manor (60 units) and Island Crest (30 units) – have also been acquired by KCHA and are under consideration for PH ACC assignment in future years.

ACTIVITY 04-2: Local Project-based Section 8 Program

Description: The ability to project-base Section 8 subsidy through a streamlined process has provided a unique opportunity to address the distribution of affordable housing in King County and facilitate coordination with local initiatives through: (1) strategic targeting of PBS8 funding to low-poverty areas of the County, in order to increase access to these desirable neighborhoods for low income populations; (2) partnerships with non-profit community service providers to create housing directly targeted to special needs populations – opening new avenues to housing for chronically homeless, mentally ill or disabled individuals and homeless families with children who have not traditionally been served through KCHA mainstream Public Housing and Section 8 programs; and (3) coordination with county government and suburban jurisdictions to underwrite a pipeline of new affordable housing developed by local non-profit housing providers.

To date, MTW has enabled KCHA’s Project-based program to:

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

Plan YR: 2004

2012 MTW Plan On-going Activity No: 2

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

- Allow project sponsors to manage project waiting lists as determined by KCHA (FY 2004)
 - Use KCHA's standard HCV process for determining Rent Reasonableness for units in lieu of requiring third party appraisals (FY2004)
 - Prioritize assignment of PBS8 assistance to units located in high opportunity census tracts – including those with poverty rates below 20 percent (FY 2004)
 - Allow participants in “wrong-sized” units to remain in place and pay the higher rent if needed (FY 2004)
 - Assign PBS8 subsidy to a limited number of demonstration projects not qualifying under standard policy in order to serve important public purposes (FY 2004)
 - Waive the 25 percent cap on the number of units that can be project-based on a single site for transitional, supportive or elderly housing and for sites with fewer than 20 units (FY 2004)
 - Allocate PBS8 subsidy non-competitively to KCHA controlled sites and transitional units or to use an existing local government procurement process for project-basing Section 8 assistance (FY 2004)
 - Allow owners / agents to conduct their own construction / rehab inspections and the Management entity to complete the initial inspection rather than KCHA – with inspection sampling at annual review (FY 2004)
 - Modify eligible unit / housing types to include shared housing, cooperative housing, transitional housing and high-rise buildings (FY 2004)
- Assign standard HCV payment standards to PBS8 units – allowing modification with approval of the Executive Director where deemed appropriate (FY 2004)
- Offer moves to Public Housing in lieu of a Section 8 HCV exit voucher. (FY 2004) Exception: Tenant-based HCV could be provided for a limited period as determined by KCHA in conjunction with internal PH disposition activity. (FY 2012) Allow KCHA to modify the HAP contract to ensure consistency with MTW changes (FY 2004)
 - Allow PBS8 rules to defer to PH rules when used in conjunction with a mixed finance approach to housing preservation or when assigned to a redeveloped former PH property (FY 2008)
 - Use Public Housing preferences for PBS8 units in place of HCV preferences (FY 2008)
 - Modify the definition of Homeless to include overcrowded households entering transitional housing to align with entry criteria for non-profit operated transitional housing (FY 2004)
 - Allow KCHA to inspect units at contract execution rather than contract proposal (FY 2009)
 - Modify the definition of Existing Housing to include housing that could meet HQS within 180 days (FY 2009)
 - Allow direct owner referral to a PBS8 vacancy when the unit has remained vacant for more than 30 days (FY 2010)
 - Waive the 20% cap on the amount of HCV budget authority that can be project-based – allowing KCHA to determine the size of its PBS8 program (FY 2010)

Metric	Baseline	Benchmark	FY 2012 Results
Staff Hours to Complete RFP Process	60 Hours per contract	75% Reduction	Average savings: 40-45 Hours per contract
# of non-Traditional PBS8 Units in inventory	0	FY 2012: 374 FY 2018: 404	384 Transitional and Permanent Supportive Housing units under contract
Increase in PBS8 units to meet KCHA priorities	0 units	FY 2012: 1,423 FY 2018: 2,202	1,998 units contracted, with an added 262 in the pipeline
Reduction in Initial Inspections completed by KCHA Staff at Transitional units	100% completed by KCHA staff	50% completed by KCHA staff	67% of initial inspections completed by KCHA staff - 33% by partner agency staff

Benchmarks Attained/On Track? As of the end of FY 2012, KCHA had allocated 95 percent of the established program target for non-traditional units. With a Project-based program that has grown to include 1,998 units under contract, KCHA appears well on the way to meeting program size benchmarks over the term of its MTW Agreement.

At the same time, KCHA has continued to see efficiencies through streamlined contract processing and program administration. During FY 2012, KCHA awarded four new project-based subsidy contracts – saving an estimated 160 staff hours by waiving competitive processes where KCHA owned or controlled properties were involved. In addition, KCHA and its partner providers continue to benefit from the efficiencies of HQS inspections by on-site management staff as new residents move into an apartment. Placing this function in the hands of trained site staff saves KCHA staff time and the family does not incur the average three day wait for a KCHA Inspector to complete the task – speeding housing entry for homeless families. During FY 2012, as a result of staff turnover among agency partners, KCHA staff was called upon to complete a higher than anticipated number of move-in inspections at project-based transitional housing sites. With 33 percent of move-in inspections completed by site staff (65 of 195 inspections required), KCHA fell shy of the 50 percent target projected during FY 2012 but adhered to necessary quality assurance protocols. KCHA will increase efforts to engage site staff effectively – providing the training and tools needed to increase partner capacity under this indicator during FY 2013. To date, KCHA estimates that accumulated savings total more than 2,580 staff hours as a result of these combined efforts.

ACTIVITY 04-3: Develop Site-based Waiting Lists

Description: Under this initiative KCHA has implemented a streamlined waiting list system for its Public Housing program that provides applicants with increased options for choosing the location where they would reside. While offering individual Site-based waiting lists, KCHA also maintains Regional waiting lists and has established a waiting list to accommodate the needs of graduates from the region’s network of transitional housing facilities for homeless families. In general, applicants are selected for occupancy using a rotation between the Site-based, Regional and Sound Families applicant pool following a ratio of 1:1:1, however units are not held vacant if a particular waiting list does not have an eligible applicant waiting for assistance. In such instances, a qualified applicant is pulled from the next waiting list in the rotation.

Statutory Objective: Increase Housing Choice

Plan YR: 2004

2012 MTW Plan On-going Activity No: 3

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Applicants accessing PH units from a Site-based waiting list	0 Applicants	33% of Applicants housed from Site-based waiting lists	47% of Applicants housed from Site-based waiting lists in FY 2012

Benchmarks Attained/On Track? Yes. Following a significant amount of set-up and organizational work, KCHA’s site-based waiting lists are successfully up and running, providing applicants the opportunity to choose where they would prefer to live. While the general intent of the program is to allow selection from each waiting list equally, in reality KCHA has seen a higher number of Site-based applicants successfully lease a Public Housing unit than those from the Regional or Sound Families waiting lists. In FY2012, among the 283 applicants housed from KCHA’s Public Housing waiting lists, a total of 133 (47 percent) accessed housing through a Site-based waiting list. Regional applicants accounted for slightly more than 40 percent of units housed. Approximately 13 percent

of new Public Housing move-ins were referred from the Sound Families waiting list. These referrals are limited by the number of households successfully graduating from these 12-18 month transitional housing programs. KCHA believes the larger percentage of households entering the Public Housing program as Site-based applicants can be attributed in part to applicant desire to select their specific location and building.

ACTIVITY 05-4: Payment Standard Changes

Description: In FY 2005, KCHA implemented minor changes to Payment Standard regulations – modifying regulations to apply new Payment Standard amounts at the time of the resident’s next annual review. In FY 2007, KCHA expanded this initiative, modifying policies to allow KCHA approval of Payment Standards up to 120% of the FMR without HUD approval. In early FY 2008, in order to allow KCHA to respond to rent diversity in the Puget Sound region’s sub-markets, KCHA decoupled the Payment Standards from HUD’s FMR entirely. The approach assists KCHA efforts to provide subsidy levels that enable families to afford the rents in low-poverty, high-opportunity areas of the County, while ensuring that allowable rents in lower priced communities are not above market. KCHA’s MTW Payment Standards are established through an annual analysis of local sub-market conditions, trends and projections. The ability to flexibly respond to changing market conditions helps ensure that residents leasing units in low-poverty neighborhoods are not adversely impacted in a tight rental market and to increase, over time, the number of households living in high opportunity neighborhoods.

Statutory Objective: Increase Housing Choice

Plan YR: 2005

2012 MTW Plan On-going Activity No: 4

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of HCV Units in exception rent "high opportunity" neighborhoods	992 Units (11.7% of HCV Units)	FY 2011: 1, 043 Units	2,303 Units located in "high opportunity" areas - 20.6% of participating households

Benchmarks Attained/On Track? Yes. At the end of October 2012, a total of 2,303 households – 20.6 percent of all tenant and project-based voucher holders – had secured housing in low poverty, high opportunity neighborhoods of King County. KCHA’s use of locally-driven HCV subsidy limits has been a key component of the Agency’s success in increasing access to new markets and deconcentrating poverty in the region - providing a strong foundation of support to KCHA’s initiative to break the cycle of poverty among low income households through increased mobility and housing choice. Adjusting for program growth, the share of HCV households renting in targeted exception rent neighborhoods has increased more than 55 percent since FY 2006.

ACTIVITY 04-5: Modified HQS Inspection Protocols

Description: Through a series of Section 8 program modifications, this initiative is designed to streamline the HQS inspection process in order to simplify program administration, improve stakeholder satisfaction and reduce administration costs. Specific policy changes include: (1) ability to release HAP payments when a unit fails an HQS inspection due to only minor deficiencies – initially implemented (2004) to cover Annual HQS inspections, but modified in 2007 to include inspections completed at initial move-in; (2) allow KCHA to cluster inspections to reduce repeat trips to the same neighborhood or building. Under this FY 2006 modification, annual inspections can be completed as early as eight months after initial set-

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2004-2007

2012 MTW Plan On-going Activity No: 5

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

up or delayed until 20 months after initial occupancy in order to align the inspection with other units in the same location; (3) allow KCHA staff to self-inspect KCHA-owned units rather than require inspection by a 3rd party.

Metric	Baseline	Benchmark	FY 2012 Results
% of Units that fail HQS and require re-inspection	50% of Units re-inspected each month	50% fewer Re-inspections (25% of Inspections qualify as Minor Fails and do not require re-inspection)	11,008 inspections completed: 27% failed for minor reasons – a 41.6% reduction in the number of re-inspections required
# of Annual Inspections reset using clustering model's completion within 8-20 months of Initial HQS inspection	0	50 per month	850 Inspections reset through clustering – an average of slightly more than 70 per month
# of Staff Hours saved through modified HQS procedures and policies	0	700 Hours annually	955 Hours saved in FY 2012

Benchmarks Attained/On Track? Yes. During FY 2012, KCHA’s HCV operations continued to achieve significant savings through the realignment of its inspection processes. Savings generated through modified inspection standards that allow KCHA an 8-20 month window for setting annual inspections and to forego re-inspections relating to minor unit deficiencies saved KCHA more than 955 staff hours this year. Since implementing these changes, KCHA has seen accumulated savings in excess of 4,657 staff hours. Modification of HQS inspection protocols has allowed KCHA to increase HQS Inspector caseloads more than 21 percent in order to absorb additional units into its HCV inventory - while continuing to meet the Agency’s high standards for program performance and quality control.

ACTIVITY 07-6: Develop a Sponsor-based Housing Program

Description: To reduce barriers to housing for chronically mentally ill, homeless individuals, this initiative established a Sponsor-based housing program. Using MTW block grant proceeds, KCHA provides housing funds directly to contracted service provider partners who use these funds to secure private market rentals that are then sub-leased to program participants. Tenant selection and eligibility screening are completed by the service provider using streamlined protocols. Under the South King County “Housing First” pilot program, established in 2007, KCHA provided housing for 25 individuals, with significant matching supportive services funding provided by King County and the United Way. Since 2007, program expansion - both in size and scope – has opened doors to stable housing for some of the County’s most vulnerable and at-risk households including additional chronically homeless, mentally ill individuals and homeless youth living on the street or transitioning out of foster care.

Statutory Objective: Increase Housing Choice

Plan YR: 2007

2012 MTW Plan On-going Activity No: 6

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Households assisted under Sponsor-based model	0	FY 2008: 25 Households FY 2012: 147 Households	At the end of the fiscal year, 142 units were available for occupancy under the program –133 were under lease by a KCHA agency partner.

Benchmarks Attained/On Track? Yes. KCHA’s initial program allotment of 25 units was successfully leased by the end of FY 2008. At the end of FY 2012 KCHA had contracted with service providers to provide 142 units of supportive housing for eligible households. However, budget cuts continue to affect many of KCHA’s partner agencies – adversely impacting their ability to extend services and maintain full occupancy of available units. At the end of FY 2012, KCHA’s Sponsor-based program included 133 master leased units. The program serves as a prime example

of how increased program flexibility assists PHA efforts to successfully house “hard to house” populations under a housing first model, facilitate coordination between housing and services funding and reduce expensive tax-payer supported in-patient, emergency and public safety interventions.

ACTIVITY 04-7: Streamlining PH and S8 Forms/Data processing

Description: Policy modifications under this proposal are designed to simplify program administration by removing non-value added activity from the business process and by eliminating or replacing HUD forms and verification requirements that provide little or no value. Through the use of lean engineering techniques, KCHA reviewed office protocols and identified ways in which tasks could be accomplished more effectively, while requiring less intrusion into the lives of program participants. Under this initiative, KCHA has implemented changes to:

- Exclude payments made to a landlord by a state agency (DSHS) on behalf of a tenant from the income and rent calculation under the Section 8 program
- Allow Section 8 residents to self-certify income of \$50 or less received as a pass-through DSHS childcare subsidy
- Modify Section 8 policy to require notice to move prior to the 20th of the month in order to have paperwork processed during the month
- Allow applicant households to self-certify membership in the family at the time of admission
- Extend the term over which verifications are considered valid to 180 days
- Allow Section 8 applicant households to self-certify preference eligibility when income is below 75 percent of 30 percent of AMI

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2004-2010

2012 MTW Plan On-going Activity No: 7

Modified Benchmarks/Metrics/Data/ Authorizations? Yes, benchmark reset to FY 2013 as a result of decision to delay completion of time study analysis

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

- Modify the definition of Income to exclude (1) income from assets whose value is less than \$50,000; and (2) income from Resident Service Stipends less than \$500 per month
- Modify HQS inspection requirements for units converted to PB subsidy from another KCHA subsidy - allow the most recent inspections completed with the prior 12 months to substitute for the initial HQS inspection required before entering the HAP contract (FY 2012)
- Modify standard PBS8 requirements to allow use of the most recent recertification (within last 12 months) to substitute for the full recertification required when tenant's unit is converted to PBS8 subsidy (FY 2012)
- Allow Public Housing Applicant households to qualify for a preference when household income is below 30 percent of AMI
- Eliminate verification of SSNs for all household members under age 18 (action was reversed due to EIV/PIC reporting requirements)
- Apply any decrease in Payment Standard at the time of the next annual review or update – rather than using HUD's 2-year phase-in approach
- Modify the HQS inspection process to allow streamlined processing of inspection data
- Allow Section 8 residents who are at \$0 HAP to self-certify income at the time of review
- Streamline procedures for processing interim rent changes resulting from wholesale reductions in State entitlement program

Metric	Baseline	Benchmark	FY 2012 Results
Average # of HCV Units managed per FTE	157 Units per FTE	165 Units per FTE	211 HCV Units per FTE
# of forms / processes modified or eliminated using MTW flexibility	0	FY 2012: 15	As detailed above, 15 forms / processes modified by the end of FY 2012
# of Staff Hours saved through streamlining	0	FY 2013: 2,000 hours	N/A – FY 2013 survey will determine outcome

Benchmarks Attained/On Track? Yes. KCHA's Section 8 program, which continued to assist more than 10,000 households in FY 2012, has benefited substantially from efforts to remove non-value added tasks from staff workloads. Streamlining of essential Section 8 program protocols has been the key to KCHA's success in increasing HCV program size without a substantial increase in personnel. In FY 2012, KCHA's HCV staff caseloads* grew to 211 units per employee -

nearly 28 percent above the target of 165 - increasing the cost effectiveness of KCHA operations. In addition, KCHA has identified and implemented policies that reduce program administration in the 15 separate areas indicated above, successfully meeting the FY 2012 goal. KCHA had planned to survey HCV and PH staff this year to more fully assess the impact of simplification and streamlining measures on program operations. Completion of this study has been postponed until FY 2013 as a result of delays in full implementation of rent reform policies. Completion in 2013 will allow a more accurate analysis of savings attained and allow the data retrieved to support KCHA's FY 2013 initiative to optimize caseloads between Section 8 program staff.

**Does not include savings attributed to HQS Inspection staff as savings from this work group are tabulated separately*

ACTIVITY 07-8: Remove cap on Voucher Utilization

Description: This initiative was implemented using MTW block grant funding. The initiative allows use of KCHA’s MTW block grant to award HCV assistance to more households than allowed under the annual HUD established baseline. Savings from a two-tiered payment standard, operational efficiencies and other policy changes are critical in enabling this response to the growing housing needs of extremely low income households in the region. KCHA’s initial FY 2007 commitment allowed for up to 350 additional households to enter the HCV program. However, reductions in federal funding support of the HCV program and lagging adjustments through the AAF have limited funding available to support this initiative and resulted in a temporary reduction in KCHA’s commitment to assist households above the established baseline in FY 2011. During FY 2012, following careful review of projected financial resources and in response to continued high demand for affordable housing, KCHA directed resources necessary to fund up to 275 HCV units above baseline by the end of the fiscal year.

Statutory Objective: Increase Housing Choice

Plan YR: 2007

2012 MTW Plan On-going Activity No: 8

Modified

Benchmarks/Metrics/Data/ Authorizations? Yes, benchmark reinstated to 275 HCV units near the end of FY 2012 following temporary reduction in FY 2011 as described.

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Households assisted above KCHA's HUD established baseline	0	FY 2012: up to 98 Households (amount set at beginning of FY 2012 – adjusted to 275 in the 4 th quarter of the FY	At the end of FY 2012, KCHA was assisting 176 households above the HUD baseline

Benchmarks Attained/On Track? Yes. KCHA continues to utilize MTW program flexibility to support housing voucher distribution above HUD’s established baseline. During FY 2012, despite on-going uncertainty regarding levels of federal funding, KCHA took steps to ramp up efforts

in order to assist up to 275 units over baseline. By year's end this number had reached 176 households.

ACTIVITY 04-9: Rent Reasonableness Modifications

Description: Under HUD regulations, completion of a Rent Reasonableness review is required annually, in conjunction with each recertification completed under the program. KCHA's review of this policy found that if an owner had not requested a rent increase, it was unlikely that a RR review would find that the current rent did not fall within established guidelines and that the time expended to complete annual RR reviews under those circumstances was of little value. In response to this analysis, KCHA streamlined the Rent Reasonableness process by allowing KCHA to complete RR determinations only when the Landlord requests a rent increase— rather than annually. In addition, regulations were changed to allow KCHA to perform Rent Reasonableness inspections at its own properties – rather than contracting with a 3rd party. These modifications have enabled considerable savings in staff time and expenses without compromising program integrity.

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2004

2012 MTW Plan On-going Activity No: 9

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Recertifications requiring RR reviews	9,268 Recertifications that required RR review	75% reduction in the # of RR reviews required	2,181 RR reviews completed – 76.6% fewer than those required under pre-MTW protocols
Staff Hours to complete RR Reviews	1,545 Hours (@ 10min/RR)	75% reduction in Staff Hours associated with RR reviews	363.5 Hours to complete RR reviews – 76.6% fewer than those required under pre-MTW protocols

Benchmarks Attained/On Track? Yes. Although the level of KCHA gains from this initiative will vary with the number of owners who request a rent increase each year, KCHA has continued to generate significant savings since implementing the described changes. In FY 2012, a total of 9,321 Recertifications were completed. However, a rent increase request triggered the need for a RR review in just 2,181 (23.4%) of contract renewals. As a result, FY 2012 savings totaled 1,190 staff hours – a 76.6 percent reduction in RR reviews completed compared to those required following standard pre-MTW protocols. Accumulated savings over the last five years have reached 6,491 hours.

ACTIVITY 08-10: EASY Rent Policy

Description: Implemented in FY 2008, KCHA’s EASY Rent policy included PH, HCV and PBS8 program and policy changes for Elderly and Disabled households living on fixed incomes. The initiative is designed to streamline KCHA operations through the implementation of triennial reviews and modified income and deduction calculations. To be eligible for EASY Rent, clients must derive 90 percent of their income from a fixed source such as Social Security, SSI, GAU, or pension benefits. In exchange for elimination of the standard \$400 Elderly Family deduction and limited Medical/Handicapped Assistance deductions, rents are set at 28.3 percent of adjusted gross income. Recertification reviews are performed on a three year cycle, with annual adjustments to rent based upon COLA increases in Social Security and SSI payments completed in the intervening years. In FY 2010, in conjunction with WIN Rent program changes discussed below, KCHA further modified the EASY Rent program guidelines – reducing the percent of income charged for rent to 28 percent and establishing deductions for Medical/Handicapped expenses in \$2,500 bands, with a cap on deductions at \$10,000. Per KCHA’s MTW Program Agreement, a Hardship Policy is incorporated into the EASY and WIN Rent policies. The

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2008

2012 MTW Plan Activity No: 10

Modified Benchmarks/Metrics/Data/Authorizations? None

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

policy is designed to allow KCHA to respond to unique household circumstances and documented cases of financial hardship.

Metric	Baseline	Benchmark	FY 2012 Results
# of Recertifications completed	FY 2011: PH = 2,120 Section 8 = 10,219	FY 2012: 20% reduction in Full Recertifications	Public Housing: 515 Full Recertifications Section 8: 9,657 Full Recertifications
Staff Hours to complete Full Recertifications	PH: 3.8 Hours each Section 8: 4.9 Hours each	FY 2012: 20% reduction in Staff Hours to complete Full Recertifications	KCHA staff completed 3,232 fewer reviews – reducing time spent on this task more than 17%

Benchmarks Attained/On Track? Yes. Revised policies were implemented in late FY 2008. File audits completed in FY 2010 indicated the need for further staff training and follow-up regarding policy changes and implementation of program requirements. In FY 2012, in tandem with the roll-out of WIN Rent policy changes for work-able households, KCHA developed an extensive in-house training program in order to ensure clear understanding of new rent policies. As a result of modifications to HUD’s standard recertification schedules, KCHA staff completed 3,232 fewer reviews during the recently completed fiscal year – producing a reduction in staff hours dedicated to reviews by more than 17 percent and allowing the time saved to be allocated toward more urgent and mission critical needs. During FY 2012, hardship relief was sought by just 66 EASY and WIN Rent households. Of those requesting a Hardship Rent, 31 households were granted modifications to their rent calculation following review of the household’s circumstances. Among these, 13 WIN Rent households were granted an exception to the \$25 minimum rent and 12 EASY Rent households received approval for an extension of their current Energy Assistance Supplement in lieu of being placed at the \$0 minimum rent. A total of 27 households were determined to have experienced no hardship as a result of KCHA’s modified policies - including 5 households who requested but were not approved for a waiver of the minimum rent or extension of the EAS credit. These households were determined to be ineligible for a hardship rent adjustment. The remaining eight requests were returned to staff following determination that the request did not fall under the purview of KCHA’s established Hardship Policy.

ACTIVITY 08-11: WIN Rent Policy

Description: In FY 2010, KCHA completed a multi-year process that resulted in adoption of revised rent policies for working and work-able households. As a complement to the EASY Rent policy adopted in FY 2008, KCHA developed the WIN Rent program in order to eliminate income progression disincentives and establish a rent policy that would encourage economic self-sufficiency for non-elderly, non-disabled households. Under revised WIN Rent rules, deductions (other than childcare for eligible households), flat rents and income disregards are eliminated. Employment income of household members under age 21 is excluded from the rent calculation. Household rent is based upon a series of income bands and tenant paid rents do not change until household income increases to the next band level. Rent for each income band is set at 28.3 percent of the low end of each income grouping. Deductions are phased out entirely for households with income above \$75,000. Flat rents and HUD's 48-month income disregards were eliminated. For households with little or no income, a true minimum rent of \$25 applies following a 6-month window at a lower (or credit) rent, during which time the family is expected to seek assistance and/or income restoration. Annual Recertification of WIN Rent households is replaced with Recertification every two years. Integrated into these changes are revised interim review policies designed to streamline processing and limit the number of interim reviews required. As adopted, tenant requested interims to reduce rent are limited to two in a 2-year period. These policies are designed to encourage families to increase positive graduation rates to private market housing among HCV and PH households. Per KCHA's MTW Program Agreement, a Hardship Policy is incorporated into the WIN Rent policies adopted in July 2010. The policy is designed to allow KCHA to respond to unique household circumstances and documented cases of hardship.

Statutory Objective: Provide incentives to families with children to increase economic self-sufficiency

Plan YR: 2008

2012 MTW Plan On-going Activity No: 11

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

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Positive Graduations from PH and Section 8	PH: 61 (14 to Homeownership) Section 8: 81(16 to Homeownership; 41 Over-Income)	FY 2012: 10% Increase in Positive Graduations	Total FY 2012 – 176 positive graduations PH: 93 Positive Graduations – 24 to homeownership. Section 8: 83 Positive Graduations (17 to homeownership, 38 Over-income)
Average Income: Public Housing WIN Rent Households	\$21,392	FY 2015: 5% Increase in Household Income (\$22,461)	This income will be included in the FY 2015 MTW Annual Report.
Average Income: Section 8 WIN Rent Households	\$11,924	FY 2015: 5% Increase in Household Income (\$12,250)	This income will be included in the FY 2015 MTW Annual Report.

Benchmarks Attained/On Track? Yes, on track. Staff training continued throughout FY 2012 as changes moved forward toward full implementation. Initial changes in WIN Rent policies appear to have been effective in providing incentives for economically sufficient households to transition out of Public Housing. Among the 290 households who moved out of a KCHA Public Housing unit during the year, a total of 93 households (32.6 percent) moved under positive circumstances – 24 to homeownership and 69 to a private market rental of their choosing. A slight increase (2 percent) in positive graduations from the Section 8 program was reported for the year. Among those who successfully ended their Section 8 participation, 17 households reported a home purchase – an additional 38 were recorded as over-income. The number of positive graduates from KCHA’s Public Housing program was largely influenced by WIN Rent changes that eliminated two HUD policies: use of HUD’s 48-month income disregards and flat rents. Information regarding the outcome of requests for hardship relief among WIN Rent households is included under Activity 08-10 (EASY Rent Policy) shown above.

ACTIVITY 05 - 18: Modified Rent Cap for Section 8 HCV Set-ups

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

Statutory Objective: Increase Housing Choice

Plan YR: 2005

2012 MTW Plan On-going Activity No: 18

Modified Benchmarks/Metrics/Data/ Authorizations? None

Authorization(s): Attachment C, item D.2 as described.

Metric	Baseline	Benchmark	FY 2012 Results
# Households allowed to pay up to 40% of Gross Income toward rent at lease-up	0	100% of new participants allowed to pay up to 40% of Gross Income toward rent	All Households provided opportunity to pay up to 40% of Gross Income toward rent

Benchmarks Attained/On Track? Yes. This item was implemented in FY 2005. All new lease-ups to the Section 8 program are allowed to pay up to 40 percent of gross income toward rent at initial occupancy. The Section 8 shopping success rate for FY 2012 was 93 percent, up from 82.4 percent in FY 2003 and tenant-based voucher usage in high opportunity neighborhoods increased.

ACTIVITY 08-15: Combined Program Management

Description: This initiative streamlines program administration for units operated in a mixed finance setting – including former PH developments that have undergone substantial revitalization supported with PBS8 funding rather than through the standard mixed finance scenario. In general, where KCHA has substituted PBS8 assistance for some or all of the units in order to finance revitalization of a PH development, management practices are modified to mirror Public Housing program rules in order to limit the impact of the change in subsidy programs upon existing tenants. However, in some cases, leveraged funding received is linked to unit occupancy and use restrictions that differ from HUD and/or KCHA requirements. In such cases, this initiative allows KCHA to modify PH, Section 8 and PBS8 program rules as necessary to conform to covenants or restrictions required by other funding sources such as the LIHTC program or other Federal, State or local programs. Conforming program rules in this manner allows KCHA to operate mixed finance developments under a single set of policies, resulting in more streamlined alternatives to the layered management model, while ensuring to the greatest extent possible that all residents are treated equally – regardless of the program under which any particular apartment is supported. Standard HUD protocols have been modified as follows to allow a single set of consistent policies between overlapping programs:

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

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2008

2012 MTW Plan On-going Activity No: 15

Modified Benchmarks/Metrics/Data/ Authorizations? None

Authorization(s): Attachment C, item B.2 provides the flexibility described.

Metric	Baseline	Benchmark	FY 2012 Results
# Units under the Combined Program Management model	0	100% of KCHA's Mixed-Finance Units managed under the model	1,767 units at FYE 2012 – 100% of KCHA's mixed-finance and revitalized PH inventory

Benchmarks Attained/On Track? Yes. KCHA has transitioned all mixed-finance and former PH units to this approach. At the end of FY 2012 a total of 1,767 units - with a mix of Public Housing, Project-based Section 8, Tenant-based Section 8 and LIHTC funding sources - operated under the combined program management model. The ability to combine program management as described above has been integral to KCHA's success in transitioning 509 former Public Housing units to Project-based subsidy this year and supported its ability to meet LIHTC program commitments for full re-occupancy of the Green River Homes development by the end of FY 2012.

ACTIVITY 08-16: Section 8 Occupancy Requirements

Description: This initiative allows households to remain in occupancy in their current unit when their family size exceeds standard occupancy requirements by one member. For example, under standard guidelines, a seven person household living in a 3-bedroom unit would be considered overcrowded and required to move to a larger unit. Under KCHA's MTW-modified policy, the household would not be required to move. Instead, the policy allows the family to voluntarily remain in the current unit, avoiding the costs and disruption of moving and possible changes in school assignments. The family would retain subsidy at the current level. This initiative increases choice for these households, while reducing KCHA expenses relating to

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

Plan YR: 2004

2012 MTW Plan On-going Activity No: 16

Modified Benchmarks/Metrics/Data/ Authorizations? None

Authorization(s): Attachment C, item D.3 and D.4 as described.

program administration through a reduction in the number of household moves processed annually.

Metric	Baseline	Benchmark	FY 2012 Results
# of Households allowed to exceed Occupancy Standards (2 per bedroom + 1)	0	100% of households allowed to exceed standards by 1	86 Households occupied units with a family size that exceeded the 2 per bedroom standard by 1
Time to Process HCV moves	3 Hours per File	0 Hours - 100% Reduction in need to process moves due to 2+1 over-crowding	0 Hours to process moves in this category

Benchmarks Attained/On Track? Yes. Modified policies were implemented in 2004 and remain in place for all Section 8 program participants. At the end of FY 2012, a total of 86 households retained units although their family size exceeded standard occupancy requirements by a single household member. During FY 2012, allowing these program participants to exercise choice and remain in their current unit allowed KCHA to re-allocate 258 hours of staff time to more urgent needs.

ACTIVITY 08-17: Single Person Eligibility

Description: This initiative seeks to reduce wait list administrative costs and clarify KCHA admission policies by restricting Public Housing and Section 8 wait list eligibility of single individuals to elderly, near-elderly, disabled or displaced households. Under HUD program rules, applications are taken from all interested parties and then ranked on the waiting list according to locally established priorities. While previously single individuals who were not elderly, near-elderly, disabled or displaced could apply for housing, they would receive the lowest ranking on the waiting list and subsequently “bumped” down the waiting list by new applicants who qualified under KCHA’s housing priorities. The cost of administration involved in maintaining applications for individuals who would rarely, if ever, be selected for tenancy detracted from KCHA’s ability to effectively manage its waiting lists and misled applicants into thinking they would eventually get to the top of the waiting list.

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2008

2012 MTW Plan On-going Activity No: 17

Modified Benchmarks/Metrics/Data/Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Single-person Applicants who are not otherwise eligible	694	0	0 – No Applications accepted
Hours to administer Ineligible Applications from Single-persons	4,164	0	0 – No Hours to administer Ineligible Applications from this group

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

ACTIVITY 07-18: Resident Opportunity Plan (ROP)

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

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

Plan YR: 2007

2012 MTW Plan On-going Activity No: 18

Modified Benchmarks/Metrics/Data/ Authorizations? None

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

Metric	Baseline	Benchmark	FY 2012 Results
# of Households Enrolled	0	May 2011: 50 Households	50 Households were enrolled prior to May 2011
# of ROP Graduates	0	May 2014: 70 Graduates	6 Households Graduated by the end of FY 2012

Benchmarks Attained/On Track? Yes. By May 2011, the ROP program had enrolled a total of 50 households – the initial benchmark established at program implementation. After successfully graduating four households from the program in 2011, two additional families completed program

goals and successfully transitioned to non- subsidized housing during 2012. Among successful program graduates, a total of five have transitioned off of the program following the purchase of their own home. While the true impact of the program remains to be tested, initial results are promising. Among current ROP participants, 86 percent are employed and 69 percent have retained their current job for a year or more.

ACTIVITY 07- 21: Utility Allowances – PH and Section 8

Description: In conjunction with KCHA’s Rent Policy initiative, KCHA investigated methods of streamlining HUD rules relating to Utility Allowances provided under Public Housing and Section 8 program regulations. KCHA wanted to produce administrative savings through simplified methodologies that could be universally applied to Section 8 and Public Housing units and which would ensure equal treatment of participants in both programs. Working with data available through a Seattle City Light study (completed in late 2009) KCHA was able to identify key factors relating to household energy use and project average consumption levels for differing units in the Puget Sound region. Factors considered in these calculations included: type of unit (single vs. multi-family apartments), size of unit and utility provider. A supplement modifies allowances for units where the resident is required to pay water or sewer charges. Implementation of revised allowances, re-labeled Energy Assistance Supplements, was rolled out beginning in November 2010. In addition to simplifying utility schedules, KCHA modified HUD rules regarding how allowances are updated (annually rather than with each cumulative 10% increase for PH units). Modified allowances are applied to tenant accounts at the next recertification. KCHA’s Hardship Policy adopted in July 2010 applies to changes resulting from implementation of this initiative. The policy is designed to allow KCHA to respond to unique household or property circumstances and documented cases of financial hardship. Information regarding the

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2007

2012 MTW Plan On-going Activity No: 21

Modified Benchmarks/Metrics/Data/ Authorizations? None

Authorization(s): Amended Agreement, Section III; Attachment C, Items C.11 and D.2 allow KCHA to develop a local system for establishing Utility Allowances.

outcome of requests for hardship relief as a result of this initiative is included under Activity 08-10 (EASY Rent Policy) above.

Metric	Baseline	Benchmark	FY 2012 Results
Staff Hours to Update Allowance Tables	PH: 364 Hours Section 8: 24 Hours	FY 2012: 75% Reduction	FY 2012: 80 hours – a 79% reduction
Cost to Update Tables	PH: \$10,060 Section 8: \$960	FY 2012: 75% Reduction	FY 2012: \$4,000 – 64% savings
Costs to determine Individual Client UAs	PH: \$9,883 @ 10 min per file Section 8: \$98,248 @ 22 min per file	FY 2012: 50% Reduction	Staff implementation continued throughout FY 2012

Benchmarks Attained/On Track? Full implementation of new EAS amounts proceeded during FY 2012 in tandem with WIN and EASY Rent program and policy modifications. Under revised policies, in FY 2012, KCHA’s EAS tables were updated in line with the Consumer Price Index (CPI index) associated with household energy use. Following its revised protocols, approximately 80 hours were expended to review the CPI process, calculate the impact upon current energy assistance allowances and update published tables. Comparatively, this activity resulted in a 79 percent reduction in staff hours dedicated to the task and saved the Agency more than \$7,020 during FY 2012. While exceeding the “staff hours” benchmark noted above, KCHA’s cost to update the EAS tables (a reduction of 64 percent) was slightly higher than anticipated and fell below the targeted 75 percent benchmark. However, it is likely that FY 2012 results were somewhat skewed by the need for staff to gain the experience and understanding needed to effectively utilize CPI index data. As a result, KCHA anticipates savings in future years will increase as proficiency in this area is increased.

ACTIVITY 11- 1: Transfer of 509 Public Housing Units to Project-based Subsidy

Description: As outlined in its FY 2011 MTW Plan, KCHA proposed to dispose of 509 of its smallest and most scattered Public Housing complexes and replace the Public Housing subsidies with Section 8 Project-based assistance. These units have a combined backlog of approximately \$ 33 million in critical capital repairs and incur annual operating losses due to their size and widely disbursed locations. In conjunction with the disposition, mobility vouchers were to be provided to all current households. Following disposition of the properties to a KCHA-controlled non-profit, project-based vouchers were anticipated to be provided for all units. The model was intended to provide continued assistance for eligible households and to allow KCHA to leverage significant private capital in order to finance necessary repairs and to ensure that these units remained a viable affordable housing resource for the County’s lowest income residents over the long-term.

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

Plan YR: 2011

2012 MTW Plan On-going Activity No: 11-1

Modified Benchmarks/Metrics/Data/ Authorizations? None

Authorization(s): Single-fund Budget; Attachment C, item D.7, and item D.1.e and Attachment D, item E.1 allow KCHA to develop a local program for project-basing Section 8 vouchers.

Metric	Baseline	Benchmark	FY 2012 Results
# of Units to be Preserved	509	Year 3: 100% of Identified Units Preserved	FY 2012: 509 Units (100 %) transferred to PBS8 subsidy as planned.
# of Households provided opportunity to move using HCV	0	Year 2: 100% of Households provided opportunity to move using HCV	FY 2012: 100% of households provided opportunity to move using HCV subsidy
Total \$ in Capital Repair needs at selected sites	\$30 million	Year 5: 40% Reduction in identified Capital Repair needs	Will be included in Year 5 results

Benchmarks Attained/On Track? Yes. During FY 2012, KCHA continued to work with HUD to gain approval of the disposition application submitted in January 2011. On February 22nd, 2012 KCHA received notification from

HUD that approval had been granted. As a result, the Agency moved forward with disposition during FY 2012, offering all affected tenants a choice of using a mobility voucher to relocate to a private market rental – or to remain in the current unit with Section 8 subsidy. At the end of the FY, KCHA reports indicated that 287 residents had indicated that they were interested in moving – with 100 successfully locating a new unit by year’s end. A total of 216 households indicated a preference for remaining in their current apartments utilizing Section 8 subsidy. Significant new repair work was in design or underway by the end of FY 2012.

ACTIVITY 12 - 1: Inter-Agency Domestic Violence Transfer Program

Description: In collaboration with other MTW-authorized PHAs and designated local Domestic Violence agency partners (DV Agencies), KCHA proposed to implement an inter-jurisdictional transfer program to assist residents and program participants who are victims of domestic violence. The program will ensure continued access to stable and safe housing for households for whom a move to another jurisdiction is deemed necessary. This initiative assists both clients who need to move out of KCHA’s jurisdiction as well as those moving into the local area from the jurisdictions of other participating PHAs. KCHA will allocate up to \$2,000 per household from its MTW budget to assist households relocate into the jurisdiction of an MTW partner agency. KCHA will also provide a minimum of five Housing Choice Vouchers annually to assist current federally subsidized clients referred into KCHA’s jurisdiction by another participating PHA. Households currently participating in any federally assisted housing program administered by KCHA are eligible to apply for participation. However, all households must be referred through a designated DV Agency responsible for ensuring that the client meets eligibility guidelines and for providing advocacy and assistance in determining relocation venues. All transferring clients will be assigned

Statutory Objective: Increase Housing Choice

Plan YR: 2012

2012 MTW Plan Activity: 12-1

Modified Benchmarks/Metrics/Data/ Authorizations? None

Authorization(s): Single-fund Budget; Attachment C, Item 2 (local preference, ACOP policies and procedures; Attachment D, Item 3 (local transfer policy)

to a local DV Agency in the new jurisdiction who will work with the client in their new home – assisting the family in integrating into their new community and providing local access to services and advocacy programs designed to keep the household safe for the long term.

Metric	Baseline	Benchmark	FY 2012 Results
# of DV victims transferring to KCHA's jurisdiction.	FY 2011: 0 units	FYE 2012: up to 5 Households	FY 2012: 0.
# of DV victims transferring from KCHA's jurisdiction.	FY 2011: 0 units	FYE 2012: up to 5 Households	FY 2012: 0
Funding used to transfer KCHA's DV victims out of KCHA's jurisdiction to a safe location	FY 2011: \$0	FYE 2012: \$ 10,000/year	FY 2012: 0

Benchmarks Attained/On Track? No. During FY 2012, KCHA continued to collaborate with MTW PHAs in the West and Northwest regions of the country to finalize the participation agreement and program protocols. At the end of FY 2012, KCHA entered into a formal agreement with its own DV Agency partner. As a result, while KCHA stands ready to accept transfers under the program, none were processed in FY 2012. During FY 2013, KCHA will continue to work with partner agencies to finalize the agreement and begin referrals as needed.

ACTIVITY 12 - 2: Promoting Mobility: Family Choice Initiative

Description: In an effort to break or prevent multi-generational cycles of poverty among low income households, this initiative is intended to provide mobility counseling to households with children who actively seek to locate in high opportunity areas of the County with access to high achieving schools and robust job markets. Through collaboration with local non-profits, landlords and communities, KCHA is developing a program to educate households regarding the connection between locational choice and educational and life outcomes and to assist households that relocate with integrating into new communities and school systems. During FY 2012 KCHA continued program development and the identification of MTW flexibilities that hold promise for encouraging household success under the program. Changes under consideration include (1) modification of tenant selection, preference and occupancy policies to provide eligible applicants priority selection and admission when choosing to locate in designated high opportunity areas (2) modification of transfer and occupancy policies to encourage residency in high opportunity neighborhoods for current program participants and/or (3) use of MTW single-fund resources and KCHA’s Use of Funds authorizations to provide financial incentives – such as stipends or reimbursement for educational or living expenses – for households moving to high opportunity neighborhoods.

Statutory Objective: Increase Housing Choice

Plan YR: 2012

2012 MTW Plan Activity: 12-2

Modified Benchmarks/Metrics/Data/Authorizations? None

Authorization(s): Single-fund Budget; Use of Funds; Attachment C, Item C.2 (local Preference and Admissions and Occupancy policies); Attachment D, Item C.3 (local; Transfer policy); Attachment D, Items 2a-2c (local Section 8 operational policies)

Metric	Baseline	Benchmark	FY 2012 Results
# of partnerships entered under pilot	0	Year 1: 3	FY 2012: 3

Benchmarks Attained/On Track? Yes. During FY 2012, KCHA continued to move forward with planning for this initiative. Two local non-profit providers have been selected to implement the program. They, KCHA and a national consultant with broad experience in developing and managing mobility programs are collaboratively engaged in the final stages of design. Counseling activities will begin in 2013.

Working with the Puget Sound Regional Planning Council, KCHA has mapped opportunity areas and developed data sharing agreements on the State and local levels to track and evaluate program outcomes. These data sharing agreements will be used to build the foundation for our assessment of the success of the mobility program.

ACTIVITY 12 - 4: Supplemental Support for the Highline Community Healthy Homes Project

Description: The Highline Community Healthy Homes (HCHH) Program was funded through a three-year ARRA grant from the HUD Office of Healthy Homes and Lead Hazard Control (OHHLHC) in 2009. This funding allowed KCHA to partner with the local Public Health Department to conduct a formal research study comparing the benefits of providing households with asthma education alone to a combination of education and physical improvements to the participant's homes that reduced environmental asthma triggers. The Seattle King-County Public Health Department provided education and trigger reducing devices such as allergen impermeable bedding, low emission vacuums, HEPA filters, cleaning kits, and plastic medication boxes. The KCHA Weatherization Program tested indoor air quality and oversaw repairs and improvements intended to address deficiencies. Participating households referred by the Highline School District were low-income and had one or more asthmatic child. Benefits to participating households included improved indoor air quality in the home, a reduction in school days lost through respiratory distress and fewer emergency room visits.

Statutory Objective: Increase Housing Choice

Plan YR: 2012

2012 MTW Plan Activity: 12-4

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

*Authorization(s): Single-fund Budget;
MTW Use of Funds*

Through this initiative, KCHA targeted up to \$180,000 of MTW funds to support the participation of up to 20 additional otherwise eligible low-income households that would have been excluded from the study due to insufficient weatherization funding or because their household income was below 80 percent of median income, but above a 200 percent of the poverty level in the region.

Metric	Baseline	Benchmark	FY 2012 Results
# of individual households assisted	0	20	FY 2012: 4

Benchmarks Attained/On Track? Yes, although demand was lower than anticipated, KCHA was able to assist all households for whom the need for additional funding was identified. During FY 2012, KCHA was able to serve four additional households though supplemental MTW funds provided to this initiative. In total KCHA supplied \$20,306 to help fund energy and weatherization improvements including air sealing, wall, attic, heating duct, hot water pipe and floor insulation, refrigerator replacement and replacing older lighting with efficient lighting – while addressing health and safety measures to improve indoor air quality and in-home safety by ensuring proper ventilation in the home (including bathrooms), repairing furnaces and adding smoke and carbon monoxide detectors. Overall, the study demonstrated a 71.2 percent drop in the number of children whose asthma was either not well-controlled or very poorly controlled in the group where the caregiver received education and improvements were made to the home. In addition, the education/home treatment group showed improvement in all of the following measures: number of urgent clinical care visits; average symptom-free days; average days of limited activity; average days of rescue medicine use; and average nights with symptoms.

SECTION VII. SOURCES AND USES OF MTW FUNDS

A. SOURCES AND USES OF MTW FUNDS

As an MTW Block Grant agency, KCHA combines all Public Housing Operating, Capital and Section 8 program resources into a single fund with full funding flexibility. The tables below, presented in the format required under KCHA's MTW Agreement with HUD, compare anticipated sources and uses of funds shown in KCHA's FY 2012 MTW Annual Plan with actual expenditures during the fiscal year beginning January 1, 2012 and ending December 31, 2012.

Table VII.A.1: SOURCES OF MTW Funds

	Planned Amount	Actual Amount
HCV Block Grant	\$ 87,891,363	\$ 92,216,173
Public Housing Subsidy	\$ 7,300,000	\$ 7,498,323
Public Housing Rental Income	\$ 6,000,000	\$ 5,260,970
Public Housing non-Rental Income	\$ 125,000	\$ 209,818
Public Housing Capital Fund	\$ 5,100,000	\$ 2,172,371
Interest Income	\$ 100,000	\$ 118,686
Total	<u>\$ 106,516,363</u>	<u>\$ 107,476,341</u>

Table VII.A.2: USES OF MTW Funds

	Planned Amount	Actual Amount
HCV Program Operations	\$ 76,165,534	\$ 75,837,915
Sponsor-based Program Operations	\$ 1,600,000	\$ 1,298,298
Public Housing Program Operations	\$ 8,500,000	\$ 8,130,304
Public Housing Rehabilitation	\$ 10,100,000	\$ 12,287,460
Resident Services Activities	\$ 3,200,000	\$ 3,379,282
Site and Facility Utilities	\$ 2,600,000	\$ 2,238,334
Provision/Acquisition of New Affordable Housing	\$ 3,000,000	\$ 0
Debt Repayment	\$ 750,000	\$ 9,273,014
MTW Program Administration	\$ 330,000	\$ 431,632
Misc. Development Costs	\$ 250,000	\$ 0
Total	\$ 106,495,534	\$ 112,876,239

As detailed in KCHA’s FY 2012 MTW Annual Plan, “Planned” Sources and Uses of funds cannot be precisely established at the time of plan submission due to timing differences between the Plan’s required submission date to HUD and final approval of the consolidated Annual Budget by KCHA’s Board of Commissioners. As a result, some variation between “Planned” and “Actual” amounts naturally occurs and is reflected in the tables above. In particular, the following impacted KCHA’s year-end results:

- ❑ HCV block grant was higher than planned as the AAF was greater than forecasted and the loss due to proration was less than anticipated.
- ❑ Public Housing Operating Fund subsidy exceeded planned estimates as the ultimate funding loss due to proration, including reserve offsets, was less than anticipated.

- ❑ Effective November 1, 2012, a total of 509 dwelling units that had been part of the Public Housing portfolio were sold to a non-profit agency. The sale affected both sources and uses of MTW funds – reducing Public Housing rental income (sources) and program operations (uses) below anticipated amounts for the remainder of the fiscal year. In addition, a continued decline in Public Housing tenant incomes continued to impact rental receipts. The elimination of flat rents under KCHA’s rent reform contributed to this – while it resulted in 53 higher income households exiting public housing (with 22 purchasing homes) – the new families housed had significantly lower incomes and as a result lower rents.
- ❑ During 2012, KCHA made a strategic decision to allocate an increased level of MTW working capital to accelerate the rehabilitation of existing Public Housing.
- ❑ Site and facility utility costs for FY 2012 were lower than anticipated due to the combined effect of KCHA’s disposition of 509 Public Housing units and a relatively mild heating season.
- ❑ \$7.6 million of CFFP bonds were defeased and \$683,000 of ESCo debt repaid due to Public Housing unit disposals that were completed in FY 2012.
- ❑ Though anticipated during the fiscal year, site purchase opportunities identified by KCHA during FY 2012 did not meet established acquisition screening criteria. As a result, no expenses relating to acquisition were incurred during FY 2012.

B. SOURCES AND USES OF STATE AND LOCAL FUNDS

VII.B.1: SOURCES OF STATE and LOCAL Funds		
	Planned Amount	Actual Amount
State of Washington (direct and indirect)	\$ 1,302,000	\$ 2,980,971
Puget Sound Energy	\$ 1,151,000	\$ 615,045
Total	\$ 2,453,000	\$ 3,596,016¹

- (1) Unanticipated funding from the State of Washington was awarded mid-year as a result of action by the State Legislature. Not all available utility funds could be spent due to limitations on the types of weatherization measures for which the utility would pay.

VII.B.2: USES OF STATE and LOCAL Funds		
	Planned Amount	Actual Amount
Home Repair & Weatherization	\$ 2,453,000	\$ 3,596,016
Total	\$ 2,453,000	\$ 3,596,016

C. SOURCES AND USES OF CENTRAL OFFICE COST CENTER FUNDS

Table VII.C.1: SOURCES of CENTRAL OFFICE COST CENTER Funds		
	Planned Amount	Actual Amount
Fees Charged for Management of Housing Units	\$ 3,790,000	\$ 3,957,323
Construction Management Fees	\$ 1,010,000	\$ 1,415,682
Fees Charged to Section 8 Program	\$ 2,490,000	\$ 2,518,605
Fees Charged to PH AMPS for Regional Maintenance Support	\$ 2,100,000	\$ 2,274,693
Cash Transfers from Locally-owned Properties and loan payments	\$ 2,300,000	\$ 5,964,006 ⁽¹⁾
Other Sources of Revenue	\$ 470,000	\$ 575,836
Total	\$ 12,160,000	\$ 16,706,145

(1) Cash transfers from locally-owned properties exceeded planned amounts.

Table VII.C.2: USES of CENTRAL OFFICE COST CENTER Funds

	Planned Amount	Actual Amount
Salaries & Benefits	\$ 9,099,676	\$ 9,357,790
Supplies & Equipment	\$ 344,128	\$ 387,645
Professional Services & Admin Contracts	\$ 617,587	\$ 627,058
Transportation	\$ 28,494	\$ 31,985
Travel & Training	\$ 231,637	\$ 222,779
Communications	\$ 194,078	\$ 94,110 ⁽¹⁾
Other Administrative Expenses	\$ 794,171	\$ 755,823
Occupancy Expenses	\$ 411,437	\$ 381,496
Debt Service	\$ 182,540	\$ 113,200 ⁽²⁾
Fixed Assets	\$ 0	\$ 858,605 ⁽³⁾
Total	\$ 11,903,748	\$ 12,830,491

(1) Certain planned communications projects were not undertaken.

(2) Draws on a line of credit were slower than planned.

(3) Unanticipated use toward fixed assets.

D. CHANGES IN COST ALLOCATIONS FROM 1937 ACT REGULATIONS

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

E. USES OF SINGLE FUND FLEXIBILITY

Single fund budget flexibility has been the essential tool in KCHA's efforts to advance the goals of the MTW demonstration. With the ability to blend funding resources, KCHA has developed new approaches to housing program delivery that effectively respond to the local housing needs of the Puget Sound region. Through its MTW efforts, KCHA has become a leaner, financially stronger agency and currently assists more households than would be possible under HUD's traditional funding and program constraints. The following is a listing of major initiatives where single fund budget authority has assisted KCHA in developing and sustaining innovative housing solutions for the region's low income households:

- ❑ KCHA's Sponsor-based (formerly known as Provider-based) program, implemented in 2007, enables the County's most vulnerable households – chronically, mentally-ill individuals who would not likely find success in a traditional subsidized housing environment - to access safe, secure housing with wrap-around supportive services under a “housing first” model that is designed to break the cycle of homelessness.
- ❑ KCHA's Resident Opportunity Plan (ROP), approved for implementation by the Board of Commissioners in 2009, is assisting households gain the tools needed to move up and out of subsidized housing. To date, six households have graduated from the five-year ROP program – five through the purchase of homes of their own.
- ❑ KCHA's Client Assistance Fund provides emergency financial assistance to qualified residents in support of self-sufficiency efforts. Funding is intended to provide residents with emergency financial assistance to cover unexpected costs such as medical or educational needs, utility or car repairs and

eviction prevention when no other resource is available to address urgent needs. Under the program design, funding is disbursed to qualified program participants through a designated KCHA agency partner, responsible for eligibility screening according to established guidelines. During FY 2012, KCHA assisted 81 households and awarded emergency grants totaling \$47,590 through the Client Assistance Fund.

- ❑ Redevelopment of distressed Public Housing. Single-fund flexibility of the MTW program has enabled KCHA to undertake the repairs necessary to preserve more than 1,500 units of Public Housing over the long-term. This includes the continued use of the initial and second five-year increments of Replacement Housing Factor (RHF) funds from the former Springwood and Park Lake I developments, including units not yet removed from IMS/PIC, for the redevelopment of Birch Creek. In late 2012, KCHA completed the disposition of 509 Public Housing units in 22 different communities - successfully transitioning these sites to its Project-based Section 8 program in order to stabilize this housing and leverage the private capital necessary to address significant repair needs.
- ❑ Acquisition and preservation of affordable housing throughout the Puget Sound region. KCHA efforts to acquire additional housing in proximity to existing KCHA properties - using MTW resources to preserve affordable housing at-risk of loss to for-profit commercial development - have resulted in the preservation of more than 184 units, located in six separate communities in the region.

Single-fund flexibility is also being utilized to reduce outstanding financial liabilities and ensure the long-term viability of KCHA's inventory. The Housing Authority has short-term lines of credit at both HOPE VI sites which are scheduled to be retired with the proceeds from land sales. These loans have been outstanding for longer than originally planned due to the slow rebound in the local market for new homes. MTW reserves backstop these liabilities, address risk concerns of lenders and allow KCHA continued access to private capital markets.

F. USES OF MTW WORKING CAPITAL RESERVES

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

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

- ❑ KCHA is utilizing operational savings to accelerate capital repairs to its affordable housing inventory in order to preserve existing housing and address a substantial backlog of critical repairs (Strategy 1). These renovations also improve the energy efficiency of KCHA's housing and reduce long-term operating costs. Finally, conversion of units to UFAS standards as part of KCHA's inventory upgrade initiative has increased housing choice for households with mobility impairments (Strategy 3).
- ❑ In mid-2011, the Authority opened its HCV waiting list, accepting nearly 25,000 applications in two weeks- more than double the previous record. To respond to the escalating need for deep-subsidy housing assistance for the region's extremely low income households, KCHA's Board of Commissioners has continued to authorize issuance of up to 275 vouchers above KCHA's HUD base-line (Strategy 2) . A number of these vouchers have been project-based through multi-year HAP agreements in partnership with local government capital funding awards to assist in underwriting housing production in low poverty areas of the region (Strategy 3).

- ❑ KCHA is utilizing MTW working capital to purchase existing Class B multifamily properties that are adjacent to existing Public Housing complexes or in low poverty neighborhoods. Use of this resource to fund new purchases eliminates the need to finance these acquisitions and enables KCHA to activate replacement Public Housing subsidies, expanding the supply of units available to extremely low income households in the region (Strategy 2). MTW funds are also being used to purchase existing expiring use federally subsidized properties, preserving these valuable “hard unit” resources for those most in need.
- ❑ KCHA has designed a local “sponsor-based” leased housing program to enable service providers to successfully lease housing for hard-to-house populations such as chronically homeless mentally ill individuals and homeless youth (Strategy 4). These “housing first” programs leverage significant local service funding to provide wrap-around services. In order to secure long term commitments of service dollars, it was necessary for KCHA to enter into multi-year funding commitments with its non-profit partners.
- ❑ KCHA is using MTW working capital reserves to support pre-development activities and provide necessary equity for the construction of 77 units of housing for low income senior and disabled households at the Vantage Heights site. Use of MTW funds for this purpose positions the Agency to leverage additional resources, including tax credits, State Housing Trust Fund grants and private equity investment, in support of KCHA’s efforts to expand the supply of affordable housing in the Puget Sound region. (Strategy 2)
- ❑ To reduce financing costs across a number of programs serving low income households KCHA is utilizing MTW working capital to restructure or issue debt by collateralizing, retiring or replacing high

interest loans (Strategy 7). KCHA retired outstanding CFFP obligations as a required element of its initiative to dispose of a number of Public Housing properties. Use of MTW reserves for this purpose enables KCHA to proceed with the repositioning of a portion of its inventory to assure long-term viability (Strategy 1).

- ❑ To ensure cost-effective and efficient operations of its federally subsidized programs, KCHA has designated MTW working capital to support a multi-year project conversion of the Authority's core management software. Conversion of the software is necessary as the current system is outdated and no longer able to adequately support KCHA's Public Housing and Section 8 operations. Funds allocated to this purpose will help sustain and strengthen program operations and efficiency. (Strategy 9)
- ❑ KCHA has committed MTW working capital to provide a one-month reserve for Housing Assistance Payments to Section 8 landlords. Prudent management of the Section 8 program requires that KCHA maintain the ability to pay landlords promptly – regardless of the timing of HUD receipts. Ensuring adequate funds are available to meet its HAP commitments is critical to KCHA's efforts to build participation in the Section 8 program within the landlord community and increase access to housing resources in the region. (Strategy 2)
- ❑ KCHA is expanding and modernizing its on-site community facilities to bolster programs designed to increase academic and life success for youth living in our subsidized housing and build economic self-sufficiency for their parents. Seven facilities were completed or under construction during FY 2012 (Strategies 6 & 7). These community centers serve as the foundation for family self-sufficiency by providing a delivery platform for a multitude of educational, job training and family stability services. MTW working capital is being utilized in conjunction with other monies to fund these projects.

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

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

KCHA is dedicated to ensuring a high degree of operational excellence and reacts quickly to resolve findings raised through oversight and monitoring of its Public Housing and Section 8 programs. During FY 2012, KCHA was notified that completion of a HUD audit of a non-profit administered SRO program (15 Project-based units) overseen by KCHA revealed the Agency was delinquent in submission of the Annual Progress Report required under the program. Following notification of this finding, KCHA submitted the required document and establish a tracking system to ensure timely submission in the future. No other findings or deficiencies were noted as a result of monitoring visits, physical inspections or other oversight and monitoring of KCHA's operations.

B. Results of Agency Evaluations of the MTW Demonstration

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

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

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

D. Certification the Agency has met the MTW Statutory Requirements

Included as an attachment to this MTW Report

KING COUNTY HOUSING AUTHORITY FY 2012 MTW ANNUAL REPORT APPENDICES

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- ❑ **Appendix B:** Certification the Agency has met MTW Statutory Requirements
- ❑ **Appendix C:** On-going MTW Activities
- ❑ **Appendix D:** Performance and Evaluation Reports for Capital Fund Activities
- ❑ **Appendix E:** KCHA FY 2012 Designation Plan Outcome Report

Note: Copies of the Appendices above can be located on KCHA's website – www.kcha.org

