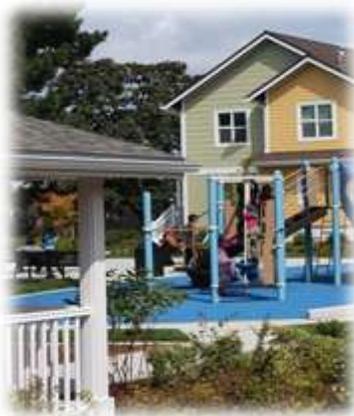


# KING COUNTY HOUSING AUTHORITY

# MTW Annual Plan

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**FY 2012**





# ***King County Housing Authority***

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Mike Reilly  
Rhonda Rosenberg  
Craig Violante  
Tim Walter  
Dan Watson  
Linda Weedman  
Kristin Winkel

### **Prepared by:**

Judi Jones, MTW Program Director

### **Submitted:**

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## SECTION I: Introduction

The Moving to Work (MTW) demonstration program was established by Congress in 1996 to provide select Public Housing Authorities (PHAs) with flexibility to implement and test innovative, locally designed approaches to administering their federally subsidized housing programs. The concept was simple – provide a limited number of PHA’s with the freedom to replace the Department of Housing and Urban Development’s (HUD’s) standardized approach to the use of Federal housing funds with new approaches that meet the demands of local housing markets. A key feature of the demonstration is the ability of participating PHA to combine Public Housing Operating, Capital and Section 8 funding into a single MTW block-grant and allocate these resources outside of traditional silos. As directed by Congress, the MTW demonstration identified the following three overriding statutory program objectives:

- ❑ Increase housing choices for low-income families;
- ❑ Provide incentives for families to become increasingly employed and attain economic self-sufficiency;
- ❑ Reduce costs and achieve greater cost effectiveness in federal expenditures.

Implementation of the MTW demonstration was groundbreaking. By shifting the design of policies and the development of programs to the local level, PHAs were given the opportunity to test the theory that industry leaders had been promoting for years: that regulatory relief, coupled with the ability to combine federal funding streams and allocate resources flexibly, would allow PHAs to create better, stronger housing programs while continuing to address federal goals of ensuring safe, secure housing for the region’s low-income households.

In 2001, encouraged by the level of success reported by early MTW program participants and seeking financial flexibility and relief from the overly restrictive regulations that govern HUD’s federal housing programs, KCHA threw its hat into the MTW arena. On September 8, 2003, following nearly two years of contract negotiations with HUD, KCHA formally entered the Moving to Work demonstration - becoming one of fewer than 35 high-performing agencies selected for the program. As an MTW agency, KCHA is required to submit an MTW Annual Plan to HUD prior to the beginning of each fiscal year. This is KCHA’s MTW Annual Plan covering the fiscal year that begins January 1, 2012 and ends December 31, 2012. Following HUD’s prescribed format, the Annual Plan

serves as a compilation of both ongoing MTW initiatives previously approved by HUD and new initiatives proposed for implementation during the next fiscal year.

As evidenced by its first MTW Annual Plan submitted in FY 2004, KCHA's initial MTW innovations were modest steps aimed at streamlining administration and increasing program efficiency. In the years since, savings attained through these efforts combined with the financial flexibility offered through MTW participation have allowed KCHA to build partnerships that have increased access to affordable housing for the region's most vulnerable, at-risk populations - including elderly and disabled households and families with children living in poverty - households that were homeless or on the brink of homelessness and without access to support services. Through inventive, results-oriented strategic planning KCHA has built a solid foundation of MTW initiatives, each designed to advance the Housing Authority's long-term strategic priorities outlined in Section IV of this Plan. Collaborating with local governments and non-profit organizations, KCHA has used MTW program flexibility to effectively respond to the region's critical shortfall of affordable housing and strengthen its role as the safety net for homeless and special needs populations. As a result, KCHA now serves more families in more ways than ever before.

Major initiatives made possible under the MTW Demonstration Program have enabled KCHA to:

- ❖ **Creatively finance a backlog of unmet capital needs and strengthen the physical, operational, environmental and financial sustainability of our Public Housing inventory.** Ensuring that these critical public resources continue to provide quality housing for extremely low-income households over the long term is a primary goal of KCHA's strategic plan. Through these initiatives KCHA has replaced failing building envelopes and mechanical systems, significantly upgraded apartment interiors and interior air quality, vastly improved site appearances, reduced water and energy consumption, provided for the installation of fire sprinkler and other life/safety systems and increased handicapped accessibility for vulnerable households aging in place. Utilizing a mix of redevelopment and rehabilitation, KCHA has significantly addressed the immediate needs of approximately 60 percent of its public housing inventory. Over \$218 million in private capital has been leveraged through loans and equity investments to supplement HUD funding and make these improvements possible.
- ❖ **Expand and preserve the supply of affordable housing in the region.** KCHA has purchased six additional multi-family housing complexes in the last three years and

is preserving or expanding the number of low income and extremely low income units available in high rent areas of King County. Where appropriate, KCHA has turned on “banked” ACC subsidies – adding new “deep subsidy” units to the region’s supply. In the case of Pacific Court, acquired by KCHA in 2009, the use of banked ACC subsidy has enabled this complex to house chronically homeless mentally ill individuals referred by the region’s mental health system. In another case, the acquisition of Island Crest Apartments has preserved affordable housing in a school district where less than four percent of the children are on free or subsidized lunch programs. In a third instance, KCHA was able to purchase and preserve a privately owned HUD-subsidized property, preventing the likely dislocation of the 60 low income elderly households living there.

In tandem with efforts to expand and preserve supply, streamlining measures implemented in KCHA’s Section 8 program have enabled the issuance of 275 additional vouchers above the HUD baseline and funded the issuance of more than 150 sponsor-based vouchers through a locally designed leasing program.

- ❖ **Increase housing choice for low income households.** Where you live is increasingly being recognized as a critical determinant in how families, particularly families with children, prosper. The ability to provide affordable housing near entry level job opportunities and mass transit corridors also impacts regional transportation efficiencies and environmental sustainability. KCHA has approached this challenge through increased mobility options for its tenant-based voucher holders and the development, acquisition or project-basing of “hard units” in high-cost markets.

To facilitate mobility for its Section 8 participants KCHA maintains a two tier payment standard that reflects the variations in market rents between different parts of the region. These payment standards have been decoupled from HUD’s Fair Market Rent (FMR) in order to more accurately reflect current market conditions and are reviewed on an annual basis to ensure that they remain appropriate. Under this system, in place for 5 years, HCV residency in low-poverty areas of the County has nearly doubled.

In addition, KCHA has facilitated the broadening of choice by scattering project-based Section 8 among the 4,000 units of workforce housing the agency has acquired or developed outside of the Moving to Work program. Many of these complexes are in Eastside suburban communities. To date, an additional 225 units of project-based Section 8 have been sited on the Eastside in partnership with suburban cities and non-profit developers under KCHA’s replacement housing

program for its Hope VI sites. This initiative was recently expanded by the commitment of 80 additional units which will come on line between 2011 and 2014.

MTW flexibility has enabled KCHA to develop its own project-basing policies and procedures. These locally designed policies have enabled the Project-based program to become an increasingly vital tool for promoting and providing housing choice. In addition, flexible transfer policies, including out of jurisdiction relocation arrangements with other MTW Housing Authorities for victims of domestic violence, and a network of handicapped accessible units, created utilizing a combination of ARRA funding and MTW resources, further increase KCHA's ability to respond to varied housing needs.

❖ **Deconcentrate poverty and revitalize extremely low income neighborhoods.**

KCHA has worked closely with the community of White Center, King County's poorest neighborhood, to reduce the concentration of public housing, redevelop existing housing stock, create homeownership, workforce and live/work housing opportunities and provide a network of community amenities and parks. New community facilities, sponsored directly by KCHA or with community partners, include an elementary school, an early learning center, an adult education facility, a public library branch, a public health clinic, an expanded community center and a public plaza. Working in partnership with private developers and equity partners KCHA helped rehabilitate two distressed privately owned complexes, upgrading the properties, reducing crime and bringing in new management. MTW flexibility has enabled KCHA to execute a complex multi-year financing strategy, seamlessly mingle public housing and Section 8 subsidy dollars and to fund a wide array of on-going community service programs. When complete, KCHA's White Center initiative will have developed or renovated over 1,600 units of housing. Another 345 units of federally subsidized housing will have been shifted to lower poverty communities in King County.

❖ **Begin to address the achievement gap for low income youth.** Through expanded partnerships with parents, school districts, public health and Head Start programs, after-school providers, community colleges and the philanthropic community, KCHA is focusing on eliminating the achievement gap and improving educational and life outcomes for youth. In FY 2009, KCHA received a grant from the Bill & Melinda Gates Foundation to develop a plan for improving educational outcomes for children living at its Birch Creek, Valli Kee and Cascade developments. Located on Kent's East Hill, these sites are home to one of the agency's largest concentration of low-income households. Implementation of the plan is underway. Supported in part by KCHA's

MTW block grant, this initiative combines data sharing between KCHA and the Kent School District, on-site complementary learning programs and after-school activities and outreach to resident families. The pilot seeks to determine the impact close coordination can have in improving academic performance and increasing high school graduation rates. The initial focus is on ensuring that all children are reading at grade level by the end of third grade and that parents are active participants in their children's education.

In tandem with this effort, KCHA is moving forward with efforts to expand or construct new youth facilities in seven of our communities. Expanded youth programming sited directly in these communities will play a critical role in efforts to enhance education and life outcomes for KCHA's public housing youth. In total KCHA supports 11 after-school programs located in facilities provided by the Housing Authority.

- ❖ **Promote economic self-sufficiency.** KCHA's innovative Resident Opportunity Program (ROP) promotes the economic self-sufficiency of participating households by addressing barriers to employment and providing access to training and education programs. These efforts lay a foundation for successful transition out of federally assisted housing. The program complements KCHA's HUD-funded Family Self-Sufficiency (FSS) programs for both Public Housing and Section 8 HCV participants. KCHA has retained an outside consultant to evaluate the outcomes of the differing approaches being taken under the ROP and the FSS programs. This analysis will assist KCHA in continuing to evolve the design of self-sufficiency programs.

In FY 2011, KCHA began implementation of its new WIN Rent program, designed to encourage income progression and savings while increasing the number of households able to positively transition to market-rate housing. The revised rent policy removes disincentives to increasing earnings by modifying HUD's current approach to the calculation of income and tenant rents.

- ❖ **Streamline program operations and improve customer service.** Program and policy changes that eliminate redundant forms and processes, encourage data sharing among agencies and simplify verification of income, assets and family circumstances have allowed KCHA to reduce administrative expenses without adversely impacting the quality of our services. Policy changes such as the implementation of EASY Rent policies for our fixed income households, modified

HQS inspection and Rent Reasonableness protocols and revised Payment Standards have allowed KCHA to eliminate non-value added activities from the daily workload and significantly reduced administrative expenses. These efficiencies have helped control costs and enable line staff to spend more time directly serving our customers.

As detailed above, much of KCHA's MTW focus has centered upon preserving and increasing access to affordable housing for the region's under-served populations through expanded housing choice and steps to ensure the long-term viability of KCHA's and the region's affordable housing inventory. Although these actions lay a foundation for success, providing access to affordable housing is only the first step in linking households with the tools and resources needed to advance along a path toward self-sufficiency. To truly have an impact on the lives of its residents, KCHA believes it must take proactive steps toward breaking or preventing recurring cycles of intergenerational poverty. As a result, looking toward FY 2012 and beyond, KCHA intends to increase its focus on providing residents and program participants – especially children and young adults – with the educational and training opportunities necessary for academic and economic success. Mixing this commitment with previously implemented and ongoing MTW activities, KCHA's goals and objectives during the next fiscal year will include:

- ❖ **Using MTW resources to leverage other government and private investments to preserve and expand the supply of affordable housing, particularly for extremely low income households, in the Puget Sound region.** Through innovative financing and flexible use of the MTW block grant and single-fund authority, KCHA will continue efforts to upgrade its existing housing inventory to ensure its viability over the long-term. During FY 2012, KCHA will continue the substantial rehabilitation of Green River Homes – with full re-occupancy anticipated in late 2012 or early in FY 2013. The financing structure will be similar to that used for the renovation of Birch Creek Apartments. The structure will leverage both federal tax credit equity and private debt, collateralized by MTW reserves, to finance rehabilitation work. Project-based Section 8 subsidy will ensure long-term affordability. Also in FY 2012, following HUD disposition approval, KCHA expects to complete steps to transition 509 public housing units located in its smallest and least economically viable sites to Project-based Section 8 subsidy in order to finance critical capital improvements and ensure long-term viability. The RHF funding available from this disposition will be used as further leverage for the Green River homes financing.

During FY 2012, KCHA will continue to seek acquisition and development opportunities that will increase housing choices available to low-income residents of King County and will continue to explore new bidding and contracting approaches and new weatherization and renewable energy partnerships in support of KCHA's mission. In addition, new ways of layering different subsidy streams in order to ensure financial viability and expand the supply of housing available to extremely low income households will be explored and necessary modifications to subsidy administration policies implemented.

- ❖ **Monitoring implementation of comprehensive rent reform policies, including revised recertification and utility allowance schedules, aimed at streamlining operations and providing families with incentives to attain employment and increase economic self-sufficiency.** KCHA finalized revisions to the previously implemented *Easy Rent* program in 2010 and adopted the *WIN Rent* program, designed to encourage self-sufficiency among working and work-able households in both public housing and the Section 8 program. Following extensive staff training, resident notification, revisions to KCHA documents and significant re-programming of KCHA software, implementation commenced in FY 2011 and will continue throughout much of FY 2012. As the roll-out continues, KCHA intends to carefully monitor program changes to ensure consistent application of new policies and procedures and to identify any areas where additional changes are warranted. Possible modifications include such items as (1) requiring an interim review when tenant income rises above a predefined maximum; and (2) clarification that rent increase protections only apply at the time a client is initially placed under revised EASY and WIN Rent program policies - clients opting to move to another HCV unit prior to their next lease anniversary date will be subject to the full calculated rent. KCHA looks forward to reporting the results of this experiment to HUD and the broader public housing community in order to contribute to the national discussion around rent policies.
- ❖ **Continuing efforts to move families along the path to economic self-sufficiency.** In tandem with rent reform, KCHA's Resident Opportunity Plan (ROP) has been developed to encourage families to successfully graduate to market rate housing. This five year pilot program, developed in partnership with the YWCA, Bellevue College, Hopelink and Washington State's Department of Employment Security, will provide up to 100 households with intensive wrap-around services and financial assistance so they can acquire the skills needed to increase earned income and

successfully graduate from federally assisted housing. During FY 2012, KCHA will investigate ROP program changes, such as expanding access to new regions of the County, that are designed to increase program effectiveness and participant success. Outcomes under ROP will be compared to control groups, including households participating in KCHA's traditional Family Self-sufficiency program, utilizing an outside evaluator. The findings will be utilized to inform the national conversation regarding self-sufficiency approaches.

- ❖ **Developing new approaches to assisting KCHA youth to succeed in school.** During FY 2011, KCHA partnered with the Kent School District to share data on the academic performance of students at three of our public housing sites and to develop a plan to improve educational outcomes for these youth. In FY 2012, KCHA will partner with the school district, parents, local foundations and community and on-site partners to implement new strategies intended to increase parental involvement and ensure that children graduating third grade are reading at grade level. Continuing assessments of academic performance for this cohort will assist in evaluating the effectiveness of different approaches taken.

KCHA currently houses over 14,000 children in its federally subsidized programs and KCHA operations support households in 17 different school districts in the region. In FY 2012 KCHA will look to expand its data sharing agreements to three additional school districts and is exploring additional "place-based" strategies with its local partners in White Center and Bellevue. In addition, KCHA will utilize MTW resources this year to explore the implementation of a mobility counseling program for our Section 8 participants intended to assist them in understanding the connection between locational and educational choice, and in navigating the school systems in new neighborhoods.

- ❖ **Increasing resources to address the multi-faceted needs of our most vulnerable populations – chronically mentally ill individuals who cycle between living on the street, our jail systems and hospital emergency rooms and youth who are homeless or transitioning out of foster care.** Removing barriers to housing access and ensuring supportive housing for these "at risk" populations is a critical component in efforts to advance the goals of King County's 10-Year Plan to End Homelessness. KCHA will continue to refine its "housing first" model in partnership with the regional mental health system and service providers and to project-base Section 8 subsidies in support of the development of new supportive housing. One important element of this will be our expanding partnership with the Veteran's

Administration in addressing the needs of homeless veterans. In addition, KCHA is participating in the development of a regional plan to end youth homelessness and expects to develop new approaches and new models of housing out of the recommendations of that taskforce.

- ❖ **Expanding our reach to assist high-need, homeless families.** In FY 2010, KCHA partnered with the Washington Families Fund and Washington State’s Department of Child and Family Services (DCFS) to establish a supportive housing program that blended affordable housing with intensive support services in order to assist troubled families with children. The main goal of the program is to assist in re-uniting families with children in foster care – providing the tools and support services necessary to move them out of homeless shelters and up and out of poverty. In FY 2011, KCHA and its partners began implementation of a “FUP-like” program to provide housing, counseling, education, training and sustained employment supports for these households. The original program model did not require use of MTW authority. During FY 2012, as detailed in Section V of this Plan, additional program changes, possibly involving waitlist management, tenant selection and program eligibility may be implemented in order to increase program effectiveness and strengthen client outcomes.
- ❖ **Ensuring cost effective operation of housing programs through streamlining and lean engineering.** During FY 2012, KCHA will continue to identify and implement program and policy changes that eliminate or modify redundant forms and unnecessary or inefficient business processes while encouraging data sharing among government agencies and simplified verification of income, assets and family circumstances. Further changes may be implemented in FY 2012 under KCHA’s previously approved initiatives directed at increasing efficiency through streamlined program administration. Examples of potential changes include, but are not limited to, implementation of a streamlined risk-based approach for completing HQS inspection of units administered under KCHA’s Public Housing and Section 8 programs and adoption of a pilot program to investigate potential savings gained through “on-line” processing of tenant rent recertifications.
- ❖ **Improving the geographic mobility of low-income households and increasing housing choice through programs and policies that reduce barriers to access to low-poverty neighborhoods.** In tandem with exploring new mobility initiatives, KCHA will continue to provide payment standards based upon unique sub-markets to ensure that Section 8 Housing Choice Voucher participants have access to low-

poverty neighborhoods where they would have otherwise been priced out of the rental market. Voucher holder geographic distribution, shopping success rates, shelter burdens and market conditions will be monitored closely to ensure appropriate payment standards. In addition, project-basing approaches will continue to promote broad geographic choice and KCHA's MTW-enhanced transfer policies will provide flexible support across traditional HUD program lines to address unique family circumstances.

- ❖ **Exploring ways in which MTW Agencies can collaborate to build programs that advance the goals of the MTW demonstration.** KCHA believes that significant opportunities exist for MTW Agencies to work together to advance the goals of the demonstration and meet the needs of low income households. In FY 2011, KCHA began collaborating with other West Coast MTW partners to create an Inter-Agency Domestic Violence Transfer program. Working with our agency partners and local domestic violence advocates, the program will increase housing choice for current program participants experiencing domestic violence who might otherwise be forced to leave their assisted housing program in order to flee their abuser. The inter-agency program will ensure a continuity of services and continued access to safe, secure and affordable housing for households for whom a move to another jurisdiction is deemed necessary.

In developing its FY 2012 MTW Annual Plan, KCHA has remained dedicated to open and clear communication with residents, the Resident Advisory Committee, community stakeholders and the public. As required under the terms of its MTW Agreement, copies of the draft Plan were made publicly available for a period of no less than 30 days. On September 26, 2011, following public notice, a Public Hearing was held to review the MTW Plan components and receive community and resident comments and feedback. A compilation of comments received, together with KCHA's response and/or modifications incorporated in this FY 2012 MTW Plan is attached in Section VIII and reviewed by KCHA's Board of Commissioners prior to their approval of the draft Plan on October 12<sup>th</sup>, 2011.

## SECTION II: General Housing Authority Operating Information

### A. Housing Stock Information

<b>TABLE II.A: INVENTORY BREAKDOWN for FY 2012</b>					
(Public Housing, HCV, Other-HUD and Local programs)					
Program	Inventory at MTW Program Entry:	Inventory at Beginning of Fiscal Year: Jan. 1, 2012	Anticipated FY 2012 Inventory Additions	Anticipated FY 2012 Inventory Removals	Inventory Projected at FY End: Dec. 31, 2012
Public Housing: MTW	3292	2518	29	509	2038
<b>Total PH Inventory</b>	<b>3292</b>	<b>2518</b>	<b>29</b>	<b>509</b>	<b>2038<sup>1</sup></b>
HCV: General MTW <sup>2</sup>	6024	5742	0	85	5657
HCV: Project-based MTW	0	1382	666	8	2045
HCV: Local MTW-funded <sup>3</sup>	0	275	0	0	275
<b>Total MTW Vouchers</b>	<b>6024</b>	<b>7399</b>	<b>666</b>	<b>93</b>	<b>7972</b>
Other MTW: Sponsor-based	0	152	5	10	147
<b>Total Other-MTW</b>	<b>0</b>	<b>152</b>	<b>5</b>	<b>10</b>	<b>147</b>
<b>TOTAL MTW UNITS</b>	<b>9,316</b>	<b>10,069</b>	<b>700</b>	<b>612</b>	<b>10,157</b>
HCV: VASH, non-MTW	0	213	0	0	213
HCV: Mainstream, non-MTW	350	350	0	0	350
HCV: Designated, non-MTW	0	100	0	0	100
HCV: Certain Develop, non-MTW	0	100	0	0	100
HCV: FUP-2009 & 2010, non-MTW	0	132	0	0	132
HCV: Enhanced, non-MTW	0	98	119	0	217
<b>Total non-MTW Vouchers</b>	<b>350</b>	<b>993</b>	<b>119</b>	<b>0</b>	<b>1112</b>
Other HUD: Sec 8 New Constr/236	174	196	0	0	196
Other HUD: Preservation	272	41	0	0	41
Other, non-HUD: LOCAL	303	149	0	29	120
<b>Total OTHER programs</b>	<b>749</b>	<b>386</b>	<b>0</b>	<b>29</b>	<b>357</b>
<b>TOTAL Non-MTW UNITS</b>	<b>1,099</b>	<b>1,379</b>	<b>119</b>	<b>29</b>	<b>1,469</b>
<b>Total Housing Stock</b>	<b>10,415</b>	<b>11,448</b>	<b>819</b>	<b>641</b>	<b><sup>4</sup> 11,626</b>

<sup>1</sup> Includes 509 units for which KCHA has requested HUD disposition approval. Timing of receipt of such approval may result variances projected PH inventory totals. Does not include the possible addition of new PH units during the FY under KCHA's initiative to use banked PH subsidy and MTW resources to acquire new (but not yet identified) sites in locations adjacent to current PH properties.

<sup>2</sup> Does not include 2,334 HCV port-ins administered by KCHA (data as of 8/1/11) or possible addition of vouchers awarded through competitive grants in FY 2012.

<sup>3</sup> Represents HCV units funded above HUD's established baseline through use of MTW block grant resources.

<sup>4</sup> In addition, KCHA's inventory includes 5,262 "Workforce" units that remain affordable to households with income below 60% of AMI.

❑ **Description of Planned Significant Capital Expenditures:**

During FY 2012, KCHA plans to expend more than \$21.8 million to complete necessary capital improvements to its Public Housing communities. With the renovation of Birch Creek (formerly the Springwood Apartments) and rental housing construction at Greenbridge complete, the primary focus of KCHA's current development efforts is on the HOPE VI reconstruction of Park Lake Homes Site II and the rehabilitation at Green River Homes – KCHA's oldest and most deteriorated housing developments whose major systems are nearing the end of their useful life. Funding for these projects, along with other capital work scheduled during FY 2012, is provided from a range of sources including Public Housing Capital and RHF funds, accumulated MTW reserves, 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. Funds received under ARRA are not included in KCHA's MTW block grant and are subject to separate reporting requirements. As of August 31<sup>st</sup>, 2011, 92 percent of the \$23.5 million in HUD ARRA funds received by KCHA had been expended. Although KCHA anticipates that only a single project - the renovation of Green River homes (detailed below) will approach HUD's 30 percent reporting threshold - major rehabilitation activities together with their projected FY 2012 related expenditures are shown below:

- **Uniform Federal Accessibility Standards (UFAS) Upgrade Project – FY 2012**  
**Expenditures: \$210,000.** To ensure compliance with Section 504 of the Rehabilitation Act, KCHA commenced efforts in FY 2010 to modify 65 housing units and their related common areas to current UFAS accessibility standards. Work is nearly finished – with completion anticipated in early 2012. KCHA intends to utilize its MTW single-fund flexibility to supplement the \$4,679,930 ARRA grant received by the Housing Authority to complete these unit upgrades. Completion of this project will ensure that at least five percent of KCHA's Public Housing inventory is fully accessible to persons with disabilities. Targeted Public Housing developments include Northridge I, Northridge II, Casa Juanita, Valli Kee, Cascade Homes, Southridge, Eastridge, Yardley Arms, Munro Manor, Wayland Arms, Wellswood, Juanita Trace, Evergreen Court, College Place, Ballinger Homes, Brittany Park, Riverton Terrace and Pacific Court.
- **Green Communities, Energy Efficiency and Building Envelope Upgrades - FY 2012**  
**Expenditures: \$2,578,725.** This project is part of a larger “green retrofit” initiative that

began in FY 2010 to substantially increase the energy efficiency and environmental sustainability of KCHA's inventory. In total, KCHA anticipates project costs to reach \$8,481,744 for work at designated KCHA Public Housing properties. 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 as needed to complete these projects. Planned mechanical system improvements and envelope upgrades will reduce energy costs for 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.

- **Community Facilities Project - FY 2012 Expenditures: \$3,615,368.** Through this initiative, KCHA is rebuilding and expanding community facilities to support youth and family self-sufficiency programs in seven family developments in order to enhance educational and life outcomes for low-income youth and increase community safety and security. The project will provide expanded, remodeled or new community facilities at the following family developments: Eastside Terrace, Spiritwood Manor, Hidden Village, Woodridge, Valli Kee, Burndale Homes and Firwood Circle. During FY 2011, KCHA was successful in securing partial funding for this project through the award of a Capital Fund Education and Training Community Facilities (CFCF) grant. To the extent that this funding does not fully cover development costs, KCHA has committed to supporting these projects through the use of MTW block grant funding.
- **Green River Homes Renovation/Reconstruction Project - FY 2012 Expenditures: \$12,500,000 (estimated).** One of KCHA's oldest Public Housing developments, Green River Homes requires significant reinvestment that cannot be provided under current Public Housing Capital Fund grant levels. The essential elements of the financing structure used for the renovation of the Birch Creek Apartments will be used for Green River. KCHA will leverage funds for renovation by combining federal low-income housing tax credit (LIHTC) equity with private debt, collateralized by MTW single-fund resources. The debt will be supported by project-based Section 8 rent subsidies and RHF funds using KCHA's MTW authority. To accomplish this, the property will be transferred to a KCHA-controlled tax-credit entity and KCHA will project-base Section 8 subsidies to keep rents affordable. The net cash from operations and the 10 years of RHF funding resulting from the disposition will be used to repay a portion of the private debt. MTW resources will be employed to secure the private debt.

Major milestones in the redevelopment and renovation include:

<u>February 2010</u>	Request for Disposition submitted to HUD, after approval by KCHA's Board of Commissioners and consultation with residents.
<u>February 2011</u>	Conditional approval by HUD of the disposition via lease of Green River at fair market value to a partnership controlled by KCHA, a Washington LLC or LLLP.
<u>February 2011</u>	Fund Application for Section 8 Housing Choice Vouchers submitted to HUD and subsequent award of 59 units.
<u>October 2011</u>	Projected date for relocation of last household. (Relocation is required by the scope of work.)
<u>November 2011.</u>	Projected date for lease of property to a partnership controlled by KCHA.
<u>December 2011</u>	Projected date for KCHA issuing bonds and re-loaning the proceeds to the partnership to pay for the majority of the total development costs.
<u>January 2012</u>	Projected date for start of renovation.
<u>Mid 2012</u>	Projected date to begin leasing all 59 units to Section 8 and tax-credit eligible residents.
<u>November 2012</u>	Projected date for substantial completion of upgrades and improvements.
<u>June 2013</u>	Projected date for meeting all investor and tax credit requirements.

Pre-development activity commenced in FY 2010 as indicated in the 2010 MTW Annual Report. The renovation is projected to be completed early in FY 2013. The work will transform the site from a dilapidated public housing project with failing mechanical systems to a modern, well designed rental community. It will have a positive impact on the quality of life for its residents as well as significantly strengthen the surrounding neighborhood. To accommodate the future widening of "M" Street SE, two 3-bedroom units will be combined into a single 5-bedroom unit, reducing the total number of units to 59. Total construction costs, including contingency and sales tax, are estimated to be \$9,915,000.

The renovation of Green River will decrease the public housing inventory by 60 units. However, in FY 2011 HUD provided 59 Section 8 vouchers in connection with the disposition of the site – resulting in an increase in the number of households served by KCHA's HCV program and no net loss of affordable inventory. The transition from public housing to Section 8 subsidy is not expected to change the demographic make-up of the community. Relocation of the residents began mid-year and will be completed by the

end of the fiscal year. KCHA anticipates the property will be leased to the development partnership in December 2011 and renovation work will begin shortly thereafter. All households, as well as the social service agency located on-site, will be assisted according to Section 18 of the United States Housing Act of 1937, as amended by the Quality Housing and Work Responsibility Act of 1998.

As indicated above, funding is being provided from more than one source, including private debt secured by MTW single-fund resources. The debt will be partially repaid with the RHF resulting from the disposition of Green River in federal FY 2012 (FFY 2012); and when approved by HUD, RHF resulting from the disposition of the 509 units of public housing referenced earlier in this Plan. The first 5-year increment of RHF resulting from the disposition of Green River is expected to be included in the FFY 2013 Capital Fund Program Award and used to make the next semi-annual debt service payment. The first increment of RHF for the 509 units is expected to be available in the FFY 2013 or 2014 Award. The last year of the second 5-year increment will be funded in FFY 2022 or 2023.

KCHA will use authorization provided under its MTW Agreement to utilize its capital funds to support project-based Section 8 housing at this site.

**Table 1** below identifies the projected funding sources for the lease (acquisition) and renovation costs.

**Table 2** shows the projected debt service for the KCHA-issued bonds and the Capital Fund Program RHF Grant Amounts for both Green River and the 509 Units.

**Table 1  
Development Funding Sources – Green River Homes Renovation**

Source	Use	Amount
Tax Credit Equity	Lease Payments (Incl. Interest)	\$ 4,799,000
	A&E, Project Management	<u>86,000</u>
		<b>4,885,000</b>
KCHA Re-Loan of Bond Proceeds	Renovation	9,915,000
	Financing, Legal	344,000
	Relocation	427,000
	A&E, Project Management	1,538,000
	Other Soft	<u>276,000</u>
	<b>12,500,000</b>	
<b>Total Sources &amp; Uses</b>		<b><u>\$ 17,385,000</u></b>

**Table 2**  
**Projected Debt Service and RHF Grant Awards – Green River Renovation <sup>1</sup>**

Year	Green River <sup>3</sup>	509 Units <sup>3</sup>	Total Annual Award <sup>4</sup>	Debt Service <sup>5</sup>
2012				\$ 250,000
2013	\$ 95,155		\$ 95,155	250,000
2014	95,155	\$ 796,332	891,487	1,374,999
2015	95,155	796,332	891,487	1,352,272
2016	95,155	796,332	891,487	1,329,545
2017	95,155	796,332	891,487	1,306,817
2018	95,156	796,332	891,488	1,284,090
2019	95,156	796,332	891,488	1,261,363
2020	95,156	796,332	891,488	1,238,635
2021	95,156	796,332	891,488	1,215,908
2022	95,156	796,332	891,488	1,193,181
2023		796,332	796,332	1,170,453
2024				1,147,727
2025				-
<b>Totals <sup>2</sup></b>	<b>\$ 951,556</b>	<b>\$ 7,963,323</b>	<b>\$ 8,914,879</b>	<b>\$ 14,374,990</b>

1 – Annual RHF Grant amounts shown are 100% of FFY 2011 awards which are approximately 83% of the FFY 2010 awards.

2 – Totals may not foot due to rounding differences.

3 – Year is year of FFY funding and amounts are total funds awarded.

4 – Amounts available to pay debt service; because of timing of RHF availability, all RHF may not be drawn in a particular year; any unused funds are drawn for next scheduled payment.

5 – Payments made semi-annually, two payments of interest and one of principal; additional principal payments may be made if surplus cash is available, as permitted by bond holder.

- Surface Water Management Improvements – FY 2012 Expenditures: \$1,308,175.**

Deterioration of existing storm drainage systems at Kirkwood Terrace (28 units - Kirkland, WA) and Vista Heights (30 units – Renton, WA) have resulted in significant drainage failures and flooding at these sites. Moisture conditions have led to extensive mold in a number of units – resulting in the partial vacation of Kirkwood Terrace. During FY 2012, KCHA will address surface water management and drainage issues at both developments. Scheduled work includes installation of additional catch basins and improved foundation and crawl space drainage in addition to installation of a new tight-lined roof drainage system. These sites have been included in KCHA’s proposed disposition of 509 Public Housing units currently pending HUD approval. Due to the urgency of the work, KCHA has deferred other projects to make Public Housing CFP resources available in order to address critical resident health and safety issues.

However, timely receipt of disposition approval would allow KCHA to fund SWM improvements through debt service available from asset repositioning and utilize the CFP funding recently designated to this project to support deferred capital needs of other Public Housing developments.

- **Wayland Arms – Sewer, Site and Common Area Upgrades – FY 2012 Expenditures: \$960,261.** The capital needs assessment at KCHA’s Wayland Arms development (67 units – Auburn, WA) has shown that the sewer main servicing the site has reached the end of its useful life. As a result, replacement of the main is scheduled for FY 2012. In addition, KCHA intends to complete complementary site repairs including parking lot ADA upgrades, lighting and seal coating, as well as common area upgrades and replacement of the current fire alarm system. Funding of the work will be supported using KCHA’s MTW block-grant resources.
- **Unit Upgrade Project - FY 2012 Expenditures: \$3,414,852.** KCHA’s ongoing effort to significantly upgrade Public Housing unit interiors as units become vacant will continue during FY 2012. Using KCHA’s in-house skilled workforce, the Housing Authority anticipates renovation of an additional 150 apartments. Renovations include installation of new flooring, cabinets and fixtures that will extend the useful life of unit interiors by 20 years. Projected savings when compared to a whole building/outside contractor approach are estimated at \$17,000 per unit – a total of \$2.5 million in annual savings. This project is supported in full by KCHA’s MTW block-grant using the Single-fund budget flexibility of the MTW program.
- **Use of RHF – Birch Creek Apartments (formerly Springwood) and Green River Homes – FY 2012 Expenditures: \$795,000 for Birch Creek and \$0 for Green River.** In FY 2012, KCHA will use First and Second increment RHF funds available from the disposition of Springwood, Park Lake Homes I and Park Lake Homes II to make debt service payments for bonds issued by KCHA and lent to Soosette Creek LLC to pay for development costs incurred in the renovation of Birch Creek – see the Table 3 below. KCHA may also use RHF Funds from the disposition of Green River Homes and the 509 Units to make debt service payments on the Birch Creek bonds in future years; and KCHA may use RHF funds from the disposition of Springwood, Park Lake Homes I and Park Lake Homes II to make debt service payments on the Green River bonds in future years.

Similarly, KCHA will use the First and Second Increment RHF funds as they become available from the disposition of Green River Homes and the disposition of the 509 units in FY 2012 (when such disposition is approved by HUD and complete) to make debt

service payments on bonds issued by KCHA and lent to the Green River partnership. See Table 2 above included with the Green River Renovation Capital Expenditures description for projected debt service and RHF Grant awards.

KCHA plans to extend the eligible use of RHF for debt service payments for the full ten-year period otherwise allowed for the replacement of public housing. Pursuant to the anticipated amendment of Attachment D to KCHA’s Restated and Amended MTW Agreement, KCHA intends to use 100 percent of the ten (10) years of RHF funding available for both Birch Creek and Green River to make debt service payments on bonds issued by KCHA to pay for a portion of the renovation costs for these properties. KCHA will utilize any remaining RHF funds in LOCCS from previous years as well as new award amounts to pay principal and interest due in FY 2012 and beyond. Note: The last payment on the bonds for Birch Creek is scheduled to be made in 2038; and the last payment on the bonds for Green River is projected to be made in 2025.

**Table 3**  
**Projected Debt Service and RHF Grant Awards – Birch Creek Renovation <sup>1</sup>**

Year	Birch Creek <sup>3</sup>	Park Lake <sup>3</sup>	Total Annual Award <sup>4</sup>	Debt Service <sup>5</sup>
2008-2011	\$ 2,124,000	\$ 1,830,000	\$ 3,954,000	\$ 8,232,000
2012	563,000	612,000	1,175,000	3,379,000
2013	563,000	612,000	1,175,000	3,450,000
2014	543,000	612,000	1,155,000	3,527,000
2015	543,000	612,000	1,155,000	3,570,000
2017	543,000	352,000	895,000	3,660,000
2018	543,000	352,000	895,000	3,339,000
2019		352,000	352,000	3,415,000
2020		352,000	352,000	3,480,000
2021		352,000	352,000	2,227,000
2022-2038				24,049,000
<b>Totals <sup>2</sup></b>	<b>\$ 5,968,000</b>	<b>\$ 6,388,000</b>	<b>\$ 12,356,000</b>	<b>\$ 62,328,000</b>

1 – RHF Grant amounts shown are FFY 2011 awards which are 60% of the FFY 2010 awards.

2 – Totals may not foot due to rounding differences.

3 – Year is year of FFY funding and amounts are total funds awarded.

4 – Amounts available to pay debt service; because of timing of RHF availability, all RHF may not be drawn in a particular year; any unused funds are drawn for next scheduled payment.

5 – Payments made semi-annually, two payments of interest and one of principal.

As previously noted, KCHA currently has pending HUD approval to transition 509 public housing units to Project-based Section 8 subsidy. Approval of the disposition application and related award of Section 8 vouchers, will allow KCHA to begin to address the \$33 million backlog of unmet capital needs identified among these 22 scattered-site developments during FY 2012. These units require significant interior, exterior, site and building systems improvements that exceed KCHA’s funding ability through standard capital fund resources. Absent disposition approval, KCHA estimates these repairs would require more than 37 years of capital funding allocations to ensure long-term viability.

**❑ New Public Housing units to be added during the year by development:**

KCHA does not have specific developments in its acquisition pipeline. However, during FY 2012, KCHA does intend utilize previously approved MTW authority to continue efforts to increase its public housing inventory – using MTW program flexibility to bring “banked” PH units online through site acquisition or asset repositioning as noted in Sections VI and VII of this FY 2012 MTW Plan.

Sites currently considered for addition to KCHA’s Public Housing inventory during FY 2012 include 29 locally-subsidized units operated under KCHA’s Condominium program. The program provides low-income elderly residents (age 60 or older) with access to affordable housing in the cities of Federal Way, Shoreline and Kirkland, Washington.

<b>NEW Public Housing Units to be Added to Inventory: FY 2012</b>		
<b>Site</b>	<b>Unit Type</b>	<b># Units</b>
<b>Echo Cove</b>	1 bedroom – Single Level	5
<b>Harbor Villa</b>	1 bedroom – Single Level	4
<b>Slater Park</b>	1 bedroom – Single Level	5
<b>Campus Green</b>	1 bedroom – Single Level	15
<b>TOTAL Units to be ADDED to INVENTORY in FY 2012: 29</b>		

As detailed in this Plan, during FY 2012 KCHA will continue to seek new opportunities in which use of banked Public Housing ACC can be effectively utilized to increase its Public Housing inventory.

❑ **Number of Public Housing units to be removed from inventory during the FY: 509 units**

As outlined in its FY 2011 MTW Plan, KCHA intends to dispose of 509 of its smallest and most scattered Public Housing units and replace the current subsidy stream 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 locations. In conjunction with the disposition, mobility vouchers will be provided to all current households. KCHA will dispose of the units to a KCHA-controlled non-profit and project-base vouchers in 100 percent of these former Public Housing units. This model will provide continued assistance for eligible households and allow KCHA to leverage significant additional capital investment to ensure these units remain a viable affordable housing resource for the County’s lowest income residents over the long-term.

## **B. Leasing Information**

KCHA continues to use its MTW flexibility to expand the number of households served, to align housing and services for hard-to-house populations and to expand geographic choices for program participants.

In FY 2012, KCHA intends to continue to serve more than 415 households above its HUD Section 8 baseline. Of these, up to 275 households will be served through over-issuance of HCV assistance to households selected from the Authority’s primary waiting list. An additional 147 will be housed through KCHA’s Sponsor-based program which provides funding to non-profit service providers to house targeted populations including chronically homeless mentally ill individuals under a “housing first” model and homeless

youth. KCHA's Sponsor-based program was recently profiled on the website of the United States Interagency Council on Homelessness.

At the same time, KCHA will continue to project-base Section 8 in the most expensive market areas of the region, ensuring access to greater educational and employment opportunities and enabling working families to live in the communities in which they are employed. In FY 2011, KCHA executed a Memorandum of Understanding with A Regional Coalition for Housing (ARCH), a consortium of 15 cities in East King County to combine funds for the development of affordable housing. The MOU commits KCHA to project-base 80 Section 8 vouchers in sites being developed by ARCH. Under the agreement, a total of 50 percent of this housing must be dedicated to formerly homeless households.

In addition, KCHA is seeking to simplify and consolidate its multiple HUD rental subsidy programs. This simplification will create administrative efficiencies across the Authority. Reduction in the number of different rent subsidy programs has been a top goal identified in HUD's legislative priorities for FY 2012. To this end, KCHA is continuing to convert Public Housing and contract-based Section 8 complexes to project-based Section 8 subsidies.

Table II.A (shown on page 12) provides the total number of "hard units" owned by KCHA together with the number of HCV units funded by KCHA. In contrast, the "Leasing Information" shown in this Section of the MTW Plan on Table II.B (see page 23) details the total number of **actual households served** inclusive of Section 8 "port-ins" administered by KCHA.

As outlined above and in its FY 2011 MTW Plan, KCHA has proposed the transfer of approximately 509 Public Housing units to Project-based subsidy following disposition of the sites to a non-profit entity controlled by the Housing Authority. In addition to changes in occupancy resulting from normal operations, Table II.B (shown below) illustrates the anticipated shift in households from Public Housing to Section 8 Project-based assistance by the end of FY 2012 as a result of these dispositions.

**TABLE II.B: Total HOUSEHOLDS UNDER LEASE for FY 2012**

(Public Housing, HCV, Other-HUD and Local programs)

Program	Households at MTW Program Entry:	Projected Households at Fiscal Year Begin: January 1, 2012	Projected Households at Fiscal Year End: December 31, 2012
Public Housing: MTW	3259	2404	1909
<b>Total PH Households</b>	<b>3,259</b>	<b>2,404</b>	<b>1,909<sup>5</sup></b>
HCV: General MTW <sup>6</sup>	6903	8408	8311
HCV: Project-based MTW	0	1177	1756
HCV: Local MTW-funded <sup>7</sup>	0	116	98
<b>Total MTW Households</b>	<b>6,903</b>	<b>9,701</b>	<b>10,165</b>
Other-MTW: Sponsor-based	0	152	147
<b>Total Other-MTW</b>	<b>0</b>	<b>152</b>	<b>147</b>
HCV: VASH, non-MTW	0	184	213
HCV: Mainstream, non-MTW	350	350	350
HCV: Designated, non-MTW	0	100	100
HCV: Certain Develop, non-MTW	0	100	100
HCV: FUP-2009 & 2010, non-MTW	0	123	132
HCV: Enhanced, non-MTW	0	88	200
<b>Total non-MTW Vouchers</b>	<b>350</b>	<b>947</b>	<b>1095</b>
Other HUD: Sec 8 New Constr / 236	174	196	196
Other HUD: Preservation	271	41	41
Other, non-HUD : LOCAL	303	149	149
<b>Total OTHER programs</b>	<b>748</b>	<b>386</b>	<b>386</b>
<b>Total Households Served</b>	<b>11,260</b>	<b>13,590</b>	<b>13,702</b>

<sup>5</sup> Assumes 98% occupancy – actual results may differ due to timing of any pending HUD request for unit disposition or as a result of temporary increases to vacancies at sites under rehab or targeted for specific unit set-asides.

<sup>6</sup> Includes a total of 2,334 HCV port-ins that are anticipated at the beginning of FY 2012 - this number is expected to remain steady through FYE 2012.

<sup>7</sup> Voucher units funded above KCHA's HUD authorized baseline using MTW block grant resources.

❑ **Description of anticipated issues relating to any potential difficulties in leasing units**

KCHA staff works proactively to hold unit turnover time in its Public Housing inventory to an absolute minimum. With adjustment for approved off-line units and those undergoing modernization, KCHA historically maintains an overall occupancy rate of over 98.5 percent. In addition, as FY 2012 approaches, with the exception of vouchers awarded within the last six months, KCHA's Section 8 Housing Choice Voucher program lease-up rate remains above 100 percent.

During FY 2010 and FY 2011, KCHA received a number of new vouchers targeted to special needs populations through HUD's VASH and FUP programs. Although lease up of these units tends to lag that of other programs due to delays in referrals and the need to ensure appropriate services are in place to provide support to assisted households, these allocations are expected to fully lease-up in FY 2012. Careful coordination with regional service systems helps ensure the long-term success of these households in retaining their housing assistance. During FY 2012, KCHA will continue to target assistance to "hard-to-house" households and maintain its commitment to developing programs that eliminate barriers to housing access for chronically homeless and mentally-ill households - increasing housing choice for this high need population. While every effort will be made to meet established lease-up benchmarks for KCHA's assisted inventory, the continued targeting of assistance to highly vulnerable households who require intensive assistance in securing landlord approvals may slow leasing outcomes.

❑ **Number of Project-based vouchers in use at the start of the Plan year**

As shown in the "Leased Unit" analysis above, KCHA anticipates that 1,177 Project-based vouchers will be in use at the start of Fiscal Year 2012. A total of 666 additional Housing Choice Vouchers are anticipated to be project-based during FY 2012 in conjunction with new and on-going MTW activities outlined in this MTW Plan and KCHA's locally developed Project-based administrative policies. Anticipated increases in KCHA's Project-based inventory during FY 2012 include:

## NEW Project-based Units to be Added to Inventory: FY 2012

Development Name	Number of Units	Description
<b>Former PH Sites</b>	509	As described in the FY 2011 MTW Plan, KCHA intends transfer a portion of its PH inventory to the Project-based program; KCHA anticipates this transfer to occur in late FY 2011 or 2012.
<b>Eastside ARCH-allocation</b>	54	Project-based permanent housing in low-poverty neighborhoods, Mix of HAP and AHAP contracts, mostly family units, with target of 50 percent for formerly homeless households.
<b>Francis Village</b>	12	Project-based permanent housing for formerly homeless individuals and families in partnership with Imagine Housing. In 2011, KCHA applied for a waiver to project-base 10 VASH vouchers at this site. The two additional vouchers are from an earlier allocation of replacement vouchers.
<b>Joseph House</b>	10	2 BR units permanent housing for elderly residents. Currently under AHAP. HAP execution expected 8/31/12
<b>Alpine Ridge</b>	42	Expiring use Section 8 project. Permanent housing for families to be project-based under KCHA's local preservation strategy. 3 1BR, 36 2BR, 3 3BR
<b>Heritage Park</b>	39	Expiring use Section 8 project. Permanent housing for families to be project-based under KCHA's local preservation strategy. 20 1BR, 47 2BR, 10 3BR

**TOTAL new Project-based units in FY 2012: 666**

As shown in Table II.A, it is anticipated that a total of 2,045 vouchers will be dedicated to KCHA's local Project-based program at the end of FY 2012, representing approximately 25 percent of KCHA's total Section 8 program.

## C. Waiting List Information

### ❑ Description of anticipated changes in waiting lists (site-based; community-wide; HCV; merged)

KCHA operates separate waiting lists for its Public Housing, Section 8 and Project-based programs. Generally, applications for the **Section 8 Housing Choice Voucher program** are accepted during specified periods only. At the end of a designated application period, the waiting list is closed and KCHA enters a limited number of applicants (typically 2,500) on the Section 8 waiting list through random “lottery” number assignment. From the pool of 2,500, eligible applicants meeting local preference criteria are selected for program participation according to their assigned lottery number. The Section 8 waiting list was last opened in May 2011. It is not anticipated that this waiting list will be reopened in FY 2012. In addition to the lottery process for its general voucher pool, KCHA maintains separate waiting lists for vouchers awarded and 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.

KCHA’s **Public Housing program** currently operates under a Site-based, Regional and Set-aside waiting list system as well as a set of local preferences. Applicants may choose to apply for up to two (2) Site-based, or two (2) Regional waiting lists. Combining the use of Site, Regional and Set-aside systems for program entry allows KCHA maximum flexibility in matching client need to unit type, location and available resources. Site-based waiting lists allow applicants to choose specific developments in which they wish to reside. The Regional waiting list, used to fill vacant units in each of KCHA’s three regions, allows applicants access to a greater number of units for which they can be selected for residency - providing applicants who may have an urgent need for assistance faster entry into KCHA’s housing programs. At the same time, Set-aside waiting lists allow KCHA to collaborate with agency partners to address regional housing needs and ensure a continuum of support for families moving along a path toward self-sufficiency. By design, every third vacancy among KCHA’s Public Housing developments is prioritized for formerly homeless families graduating from the Sound Families transitional housing system. In addition, a specific Site-based waiting list is in place for Pacific Court, KCHA’s only Public Housing development specifically set aside to provide chronically mentally disabled households with permanent supportive housing. During FY 2012, the Housing Authority will continue to monitor the current waiting list system. Changes (such as modified preferences and priorities, etc) may be implemented during

FY 2012 to address any identified areas of concern in order to improve efficiency, increase program access, expand housing choice and address the needs of low-income households in the region.

Excluding units in KCHA's transitional and supportive service programs, the **Project-based Section 8** waiting lists operate in similar fashion to the Public Housing waiting list and are administered through KCHA's Central Applications office. Applicants can apply through Site-based or Regional waiting lists. During FY 2010, KCHA modified program administration to allow direct referrals by the managers of housing in which project-based units are sited when KCHA is unable to locate a suitable applicant to fill a vacancy in a timely manner. As noted, additional changes in waiting list preferences and priorities may be implemented during FY 2012 to further streamline program administration and improve cost efficiency.

KCHA does not currently plan to implement major modifications of the existing waiting list systems for its Public Housing, HCV or Project-based programs. However, during FY 2012 KCHA may consider potential savings that could be generated from merging waiting lists between all or a portion of its subsidized programs. In addition, during FY 2012 KCHA intends to continue explore possible use of MTW authority to create a "FUP-like" program that leverages state funding together with KCHA resources to support on-site services at Sound Families program sites. Initially outlined in the FY 2011 MTW Plan, as part of the redesigned program, KCHA may modify current waiting list protocols for these units – placing tenant selection and waitlist management responsibilities with the Department of Social and Health Services (DSHS) in conjunction with contracted service providers.

❑ **Description of anticipated changes in the number of families on the waiting list(s) and/or opening closing of the waiting lists**

KCHA continues to see an increase in the number of households actively seeking housing assistance through its Public Housing program. Currently more than 12,000 applicant households are listed as applicants through KCHA's **Public Housing and Project-based programs** – a 30 percent increase over those reported at the beginning of FY 2011. With demand for affordable housing far outpacing supply and little hope for immediate economic recovery in the region, it is anticipated the number of households seeking assistance through KCHA's affordable housing programs will continue to escalate. As a result, KCHA has no current intention of limiting access to either its Public Housing or Project-based Section 8 programs through closure of existing waiting

lists. However, during FY 2012, in addition to any changes resulting from ongoing process reviews, KCHA may undertake efforts to purge the waiting list – requiring applicants to indicate their continued interest in housing services. Such action may result in a reduction in the number of applicants reported at the end of FY 2012.

The **Section 8 Housing Choice Voucher** waiting list opened in May 2011 – its first opening since May 2007. KCHA provided extensive outreach into the community to publicize application opportunities. As a result, applications by minorities, non-English speaking households, large families and families reporting no income all increased. Significant increases in households with over six family members and those with no income will put increased strain on KCHA’s Section 8 budget as the Authority’s subsidy levels are not re-benchmarked annually by HUD to reflect actual program costs.

In total, KCHA received over 25,000 completed applications over just two weeks. Through random lottery selection, 2,500 successful applicants were assigned to the HCV waiting list. A review of current voucher turnover rates and internal commitments for HCV resources indicates these applicants will be fully served until 2014. KCHA does not anticipate re-opening the Section 8 waiting list during FY 2012.

### **SECTION III: Non-MTW Related Housing Authority Information**

*KCHA elects not to include this OPTIONAL section.*

## SECTION IV: Long-Term MTW Plan

As a participant in the MTW Demonstration Program, KCHA intends to use the block grant and regulatory flexibility provided by this initiative to support the Authority's overarching strategic goal of addressing affordable housing needs in the Puget Sound region. Approaches will evolve as regional priorities, demographics and housing markets shift. Two key strengths of the MTW concept is that it enables the Authority to reshape the use of federal resources as necessary to respond to these changes and that it enables KCHA to engage in multi-year financial planning in executing these strategies.

Basic strategic priorities for the Authority include the following:

- ❖ **Strategy 1:** Continue to strengthen the physical, operational, financial and environmental sustainability of the portfolio of over 8,000 affordable housing units that we own or control.
- ❖ **Strategy 2:** Expand the number of units in the region affordable to households earning below 30 percent of Area Median Income (AMI) through both development and preservation.
- ❖ **Strategy 3:** Provide expanded geographic choice for low-income households, including disabled and elderly households with mobility impairments, providing our clients with the opportunity to live in neighborhoods with high achieving schools, ready access to quality services, mass transit and employment.
- ❖ **Strategy 4:** Close coordination with the region's public and behavioral healthcare and human services systems to help end homelessness through the development of an adequate supply of supportive housing for chronically homeless and special needs populations.
- ❖ **Strategy 5:** On-going "place-centered" revitalization of King County's low income neighborhoods, involving both a focus on housing and on the wide array of other physical improvements, services and partnerships that create strong, healthy communities.
- ❖ **Strategy 6:** Working with King County, regional transit agencies and suburban cities support sustainable regional development through the integration of new affordable housing into regional growth corridors aligned with mass transit.
- ❖ **Strategy 7:** Expand partnerships with Public Health, Head Start programs, school districts, after-school providers, community colleges, the philanthropic community and (most importantly) our residents, to eliminate the achievement

gap for low-income households we serve and significantly improve educational and life outcomes for youth.

- ❖ **Strategy 8:** Promote economic self-sufficiency for subsidized households by addressing barriers to employment and providing access to training and education programs with the intent of enabling movement, where appropriate, to market-rate 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.

Among the initiatives KCHA intends to explore during FY 2012, is implementation of a local subsidy program that layers Public Housing and HCV funding - increasing the number of units in the region affordable to extremely low-income households. Under this Combined Subsidy (CS) program, KCHA will utilize its "banked" PH ACC to turn on Public Housing operating subsidy in a limited number of private market rentals either owned directly or controlled by KCHA through a limited partnership.<sup>8</sup> KCHA understands and acknowledges the many mitigating factors that must be carefully considered in developing the proposed program including but not restricted to: (1) the limitation to combine subsidy beyond 2018, (2) the need to properly inform and gain approval for combining subsidies from investment partners, (3) the need for HUD approval under 941 requirement (etc.) of transactions involving PH units added through mixed-finance transactions, (4) the impact on Capital funding (including RHF funds), (5) that units added would result in an adjustment to KCHA's MTW baseline and (6) that such units would be considered Public Housing for purposes of compliance with program regulations. Preliminary detail regarding this anticipated activity includes:

**a. Description of MTW Activity:**

To expand housing choice for extremely low income households, additional single fund resources will be layered on top of ACC operating subsidy. This approach will support debt to enable additional acquisitions, necessary rehabilitation activities as well as retargeting of existing units to extremely low-income households. CS program units will be maintained at a level affordable to households with incomes below 30 percent of AMI. Implementation of the final program design may include modification of policies and procedures relating to

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<sup>8</sup> Note: Per HUD instructions, KCHA may implement this activity during FY 2012 through a technical amendment to the FY12 MTW Plan, without further public process

preferences, tenant selection, admissions and continued occupancy to reconcile and integrate administration requirements of the combined funding sources.

**b. Relationship to MTW Statutory Objective:**

This initiative will result in increased access to deep subsidy units, providing extremely low-income residents of the County with greater housing choice.

**c. Anticipated Impacts:**

KCHA anticipates this initiative will increase housing choice through an increase in the number of deep subsidy units available for low-income households.

**d. Metrics, Baselines & Benchmarks:**

Metric Description	Baseline	Benchmark
# of CS program Units Available	FYE 2011: 0	FYE: TBD

**e. Data Collection:**

KCHA’s internal database will track information regarding the number of units, and household income levels.

**f. Authorization Cited:**

Single Fund Budget (Attachment C, Item B.1 and Attachment D, Item 1); Local Preference and Admission and Continued Occupancy Policies and Procedures (Attachment C, Item C.2); Public Housing and Section 8 Transfer Policies (Attachment D, Item C.3)

**g. Agency Required Documentation:**

None required

## SECTION V: PROPOSED FY 2012 MTW Activities – HUD Approval Requested

Table V.1, shown below, summarizes planned new initiatives proposed by the Housing Authority for implementation during FY 2012. In accordance with HUD’s prescribed MTW Plan format, details regarding each of the activities summarized below are provided immediately following this table.

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

Activity #	Activity Name
1	Inter-Agency Domestic Violence Transfer Program
2	Promoting Mobility: Family Choice Initiative
3	Combined Subsidy Program <i>(Delayed, see note below)</i>
4	Supplemental Support for the Highline Community Healthy Homes Project
5	<u>Use of MTW block-grant funds to support Local, Non-traditional MTW activities</u>

## PROPOSED FY 2012 MTW Activities

### Activity #1: Inter- Agency Domestic Violence Transfer Program

**a. Description of MTW Activity:**

In collaboration with other MTW-authorized PHA’s and designated local Domestic Violence agency partners (DV Agency), KCHA intends to implement an inter-

jurisdictional transfer program to assist residents and program participants who become 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 both assists clients who need to move out of KCHA's jurisdiction as well as those moving into the local area. KCHA will allocate up to \$2,000 per household from its single fund budget to provide relocation assistance when current participants referred by the participating DV agency need to relocate into the jurisdiction of an MTW partner agency. KCHA will also provide a minimum of 5 HCV 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 to a local DV Agency 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.

**b. Relationship to MTW Statutory Objective:**

This initiative increases housing choice for residents and promotes self-sufficiency by providing a continuity of services for those who may be faced with giving up their assisted housing in order to secure safe, stable housing out of the reach of their abuser.

**c. Anticipated Impacts:**

By increasing jurisdictional choice and providing funding and services to support a move, KCHA expects participants will feel safer and more secure in their new homes following relocation. In addition, KCHA anticipates participants will experience a lower rate of future incidents of domestic violence when compared to similarly affected households who are not offered this mobility.

**d. Metrics, Baselines & Benchmarks:**

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

**e. Data Collection:**

KCHA's internal tenant database will be used to track information for this activity.

**f. Authorization Cited:**

Single Fund Budget (Attachment C, Item B.1 and Attachment D, Item 1); Local Preference and Admission and Continued Occupancy Policies and Procedures (Attachment C, Item C.2); Public Housing and Section 8 Transfer Policies (Attachment D, Item C.3)

**g. Agency Required Documentation:**

None required

**Activity #2: Promoting Mobility: Family Choice Initiative**

**a. Description of MTW Activity:**

In an effort to break the cycle of poverty among low-income households, this initiative will explore the provision of assistance to households with children who actively seek to locate in low-poverty markets with access to high achieving schools and high quality educational environments. Through collaboration with support service partners, landlords and local communities, KCHA is developing a program to educate households regarding the connection between locational choice and educational outcomes and helping them integrate into new communities and school systems. During FY 2012 KCHA intends to continue

program development in order to determine how MTW flexibilities can assist in 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.

**b. Relationship to MTW Statutory Objective:**

This initiative will serve to increase housing choice by providing tools that allow residents to make informed choices regarding location and assisting households in both securing housing and integrating into the community. In addition, this initiative is aimed at increasing the economic self-sufficiency of low-income residents of KCHA’s housing programs.

**c. Anticipated Impacts:**

KCHA anticipates that the pilot will result in a greater number of households moving to high opportunity areas of the County with access to high quality schools and quality educational environments. As a result, academic test scores and graduation rates among youth of participating households are anticipated to increase following relocation and be higher than compared to similar households living in high poverty regions of the County. Evaluation of the impacts of this initiative will require long-term longitudinal tracking and data sharing with local school districts.

**d. Metrics, Baselines & Benchmarks:**

Metric Description	Baseline	Benchmark
# of partnerships achieved under pilot	0	Year 1: 3

*Note: additional metrics may be added during FY 2012 as the initiative is further developed*

**e. Data Collection:**

Data regarding household composition, income and family circumstances will be collected through KCHA's tenant processing database. Information relating to school test scores and academic achievement will be collected by participating school districts and service providers and provided to KCHA to evaluate program progress. KCHA has executed a data sharing agreement with the Kent School District and additional agreements with other school districts are currently under discussion.

**f. Authorization Cited:**

Single Fund Budget (Attachment C, Item B.1 and Attachment D, Item 1); MTW Use of Funds (Attachment D, Item A); Local Preference and Admission and Continued Occupancy Policies and Procedures (Attachment C, Item C.2); Public Housing and Section 8 Transfer Policies (Attachment D, Item C.3); Section 8 Housing Operational policies (Attachment D, Items 2.a – 2.c)

**g. Agency Required Documentation:**

None required

**Activity #3: Combined Subsidy Program**

*NOTE: Proposed Activity # 3 has been moved to Section IV of this MTW Plan at HUD's instruction pending identification of the specific properties, number of units to be added to the Public Housing inventory and a timeline for implementation. Activity will continue to be explored during the fiscal year and may be implemented during the year subsequent to a technical amendment of the FY 2012 MTW Annual Plan.*

## **Activity #4: Supplemental Support for the Highline Community Healthy Homes Program**

### **a. Description of MTW Activity:**

The Highline Communities 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. The Program is a formal research study comparing the benefits of asthma education alone to the combination of education and home improvements that reduce asthma triggers. ARRA funding received has allowed KCHA to partner with the local Public Health Department as part of a formal research study to compare the benefits of providing households with asthma education alone or in combination with completion of home improvements that reduce asthma triggers. The Seattle King-County Public Health Department provides education and trigger reducing devices such as allergen impermeable bedding, a low emission vacuum, HEPA filters, cleaning kits, and plastic medication boxes. The KCHA Weatherization Program oversees HUD-funded repairs, and non-HUD funded capital repairs and weatherization improvements including insulation, air sealing, energy efficient lighting, and mechanical ventilation for the management of indoor air quality. Households must have one or more asthmatic children and meet income requirements of the weatherization program (up to 200 percent of poverty).

KCHA has identified the need to pay for weatherization improvements for: 1) otherwise eligible families with incomes between 200 percent of poverty and 80 percent of median income; and 2) for families who will not receive assistance due to declining weatherization grant funds. KCHA will use MTW funds to assist up to 20 low-income homeowners (below 80 percent of AMI) with weatherization-related home improvements to be completed by April 2012, the date set for completion of the HCHH Program. With weatherization costs anticipated to average \$9,000 per unit, KCHA projects this initiative will utilize approximately \$180,000 of the Agency's MTW single-fund resources. Financial support of weatherization improvements will help these low-income households remain in their current home without fear of being environmentally or economically displaced.

**b. Relationship to MTW Statutory Objective:**

This objective increases housing choice ensuring that low income homeowners and private tenants are not economically displaced by reducing utility consumption

**c. Anticipated Impacts:**

This activity will assist asthma-impacted families by reducing in-home asthma triggers, as well as lowering energy consumption/utility bills. Weatherization improvements also contribute to housing preservation. The funding will allow KCHA to fully utilize ARRA funding from the OHHLCH.

**d. Metrics, Baselines & Benchmarks:**

Metric Description	Baseline	Benchmark
# of Additional Households Assisted	0	20

**e. Data Collection:**

KCHA’s internal Weatherization Program database will be used to track activity regarding households assisted through supplemental funding.

**f. Authorization Cited:**

Single Fund Budget (Attachment C, Item B.1 and Attachment D, Item 1); MTW Use of Funds (Attachment D, Item A);

**g. Agency Required Documentation:**

None required

## **Activity #5: Use of MTW block-grant funds to support Local, Non-traditional MTW activities**

### **a. Description of the MTW Activity:**

KCHA utilizes its MTW block-grant to support initiatives not traditionally funded under Sections 8 and 9 of the U.S. Housing Act – but authorized under Attachment D, Item A (Use of Funds) of KCHA’s MTW program agreement. This activity allows KCHA to expand housing choice for low-income households through activities designed to increase access to affordable housing in the Puget Sound region. In addition, this activity allows KCHA to assign MTW block-grant resources to increase/ensure access to self-sufficiency and supportive services available in the region in an effort to increase the economic self-sufficiency of low-income households throughout KCHA’s jurisdiction and to ensure efficient use of KCHA’s limited financial resources. Examples of KCHA’s efforts under this activity include:

- (1) Allocation of MTW funds or provision of short/long-term financing (including gap financing) to develop, preserve, finance, renovate and/or acquire housing units, sites, buildings or developments in connection with affordable housing projects; [e.g., as noted in KCHA’s Annual Plans for FY 2006 (Section V.A.2; Section VIII.A.3); FY 2009, (pages 29 & 31); and FY 2012 (page 37);
- (2) Development and/or support of local subsidy programs (including housing such as supportive, homeless, transitional housing, etc.) to address special needs and/or provide housing assistance and services to low-income households locally – who are not current participants in KCHA’s Public Housing or Section 8 housing programs; [e.g., as noted in KCHA’s Annual Plan for FY 2008 (see pages 4, 5 and 9 etc. which describe KCHA’s Provider-based program);
- (3) Financing/renovation/construction of facilities or funding of support services (directly or indirectly) to bring self-sufficiency and support services – including educational, employment and training opportunities – to low-income households. [e.g., as noted in KCHA’s Annual Plans for FY 2009, (pages 6, 7, 9 and 53); and FY 2012 (page 13);

**b. Relationship to MTW Statutory Objective:**

This activity is aimed at *increasing affordable housing choices* available in the region and *increasing the economic self-sufficiency of low-income households*.

**c. Anticipated Impacts:**

This activity will increase housing choice by allowing the use of the MTW block-grant to support KCHA efforts to preserve and increase the supply of affordable housing available to low-income households in the Puget Sound region. In addition, this activity will increase the economic self-sufficiency of low-income households through the use of MTW block-grant funds to provide access to self-sufficiency or supportive services to households who are not current participants in KCHA’s Public Housing or Section 8 housing programs.

**d. Metrics, Baselines & Benchmarks:**

Metric Description	Baseline	Benchmark
# of Additional Households Assisted	0	50
# of Units preserved and/or acquired	0	25

**e. Data Collection:**

KCHA’s internal database will be used to track activity regarding households assisted and units preserved and/or acquired.

**f. Authorization Cited:**

MTW Use of Funds (Attachment D, Item A);

**g. Agency Required Documentation:**

None required

**NOTE:** Per HUD instructions, this Amendment will add Activity 5 (as detailed above) to KCHA’s FY 2012 MTW Annual Plan in order to clarify KCHA’s current and on-going use of MTW funds to

*support Local, non-traditional MTW activities. This activity will be implemented in compliance with requirements outlined in PIH Notice 2011-45. No other changes to this Section are proposed as a result of this Technical Amendment.*

## SECTION VI: ON-Going MTW Activities – HUD Approval Previously Granted

Since 2003, KCHA has increasingly utilized the flexibilities of the MTW program to reshape its federally subsidized housing programs. Through strategic planning and multi-year budgeting KCHA has successfully created innovative and sustainable solutions that meet the specific housing needs and markets of the Puget Sound region. Specific activities implemented by KCHA are summarized in **Table VI** below. This table illustrates the breadth of KCHA’s use of MTW program flexibilities to design and test alternate approaches that strengthen program delivery, increase housing choice and move our residents along the path toward economic self-sufficiency. During FY 2012 these activities are subject to modification as a result of KCHA’s ongoing review of program effectiveness, regulatory changes (such as policy changes that would result from passage of SEVRA legislation) and continuing analysis of the impact of MTW initiatives on KCHA clients and the communities we serve. Mid-course redirections of policies and programs may be undertaken during the FY in order to ensure activities remain on track to attain targeted results.

**Table VI: On-going MTW Activities**

Item #	MTW Initiative	Activity Description	MTW Statutory Objective	Plan Year	Status	Planned FY 2012 Modification	X Ref to FY10 MTW Plan
1	Acquire new Public Housing - Increase inventory through use of "banked" PH ACC	Use banked PH ACC to turn-on Public Housing subsidy in units owned or acquired by KCHA	Increase housing choices	2008	Implemented - purchase of Pacific Court (30 units) and Pepper Tree (30 units) completed during FY09. An additional 23 units were added to inventory with the purchase of Park Royal in FY 2010. KCHA will continue to seek program expansion under this initiative during FY 2012	Continue expansion, including possible assignment of banked ACC to KCHA-owned local program units (29 condos) and at sites near/adjacent to current PH sites as identified.	1
2	Develop a local Project-based Section 8 program	Develop a local project-based program that streamlines contract and program management	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - as shown below: additional changes may be implemented in FY 2010 and beyond as determined necessary by KCHA	Possible FY 2012 modification of PBS8 program to further streamline administration and increase tenant choice	23
		Allow the project sponsor to manage the waiting list rather than the Housing Authority, as determined appropriate by KCHA.	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY2005 to allow KCHA to solicit applications directly from service providers		24
		Modifies PBS8 regs to eliminate or replace requirement of an exit voucher with priority access to KCHA's Public Housing program	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented		25

Expand use of Public Housing preferences to all PBS8 programs - in lieu of HCV preferences	Reduce costs and achieve greater cost effectiveness	2008	Implemented	26
Allow KCHA to allocate PBS8 subsidy non-competitively to KCHA controlled units and transitional housing	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in 2005 to allow KCHA to assign subsidy to projects financed through conduit financing program with a minimum contract term of 20 yrs.	27
In connection with Springwood redevelopment without a mixed-finance approach; prior policy required use of PBS8 regs, provided waiver to allow default to PH policy	Reduce costs and achieve greater cost effectiveness	2008	Implemented	29
Modify Site Assignment and Deconcentration requirement to allow priority assignment of PB assistance to units located in low-poverty census tracts, including those with poverty rates below 20% (15% for families with children and off-site HOPE VI replacement units) Modification anticipated in late FY 2011 or 2012 to allow assignment of PBS8 subsidy (up to 80 units) to ARCH ( <i>A Regional Coalition for Housing</i> ) for allocation to developers in low-poverty census tracts in the North and East areas of King County.	Increase housing choice	2004	Implemented; Pending change in late FY 2011 or 2012 - see <i>Description</i> column to the left	31
Waives the 25% cap on the number of units in a development that can be project-based for transitional, supportive or elderly housing programs and/or sites with fewer than 20 units	Increase housing choice	2004	Implemented - modified in FY 2008 to allow KCHA to exceed cap when used to redevelop PH units	32
Allows PBS8 subsidy to conform to operating rules of other government subsidy program when used in mixed finance setting	Reduce costs and achieve greater cost effectiveness	2005	Implemented - modified in FY2008 to include redeveloped sites outside a "mixed-finance" approach when used to provide subsidy to former PH units.	34
Modifies the types of housing accepted under a PBS8 contract - allows shared housing, excludes Rehab category of units from eligibility	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - FY 2005 modification to define Existing Housing to housing that could meet HQS within 180 days adds manufactured homes, transitional housing and hi-rise buildings as eligible housing; FY 2009 expansion included cooperative housing	35
Allows KCHA to modify the HAP contract to ensure consistency with MTW changes	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY 2009	36
Assigns HCV Payment Standards to the program, but allows modification with Exec. Director approval where appropriate/necessary	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY2005 to cap rents at the Payment Standard for LIHTC units, rather than the Tax Credit rent	37

		Modifies inspection rules to require owners or their agents to conduct their own construction/rehab inspections; allows the management entity to complete initial inspections (rather than KCHA); implements inspection sampling at annual review	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY2009 to allow KCHA to inspect units at contract execution rather than proposal date		39
		Allows participants in wrong-sized units to remain in place and pay higher rent if needed	Increase housing choice	2005	Implemented - modified in 2009		40
		Allows KCHA to determine Rent Reasonableness for units using same process as Tenant-based program - does not require 3rd party appraisals	Reduce costs and achieve greater cost effectiveness	2004	Implemented		41
		Allows KCHA to assign PBS8 subsidy to a limited number of "demonstration" projects not qualifying under standard policy, but which serve an important public purpose	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented		42
		Allow direct owner referral to vacant PBS8 units when unit remains unfilled after 30 days.	Reduce costs and achieve greater cost effectiveness	2010	Implemented		75
		Waive the 20% cap on the amount of HCV budget authority that can project-based - allowing KCHA to determine the size of its PBS8 program	Increase housing choices	2010	Implementation anticipated in FY 2012 as new units added to PBS8 subsidy		
3	Public Housing Site-based and Regional waiting lists	Implement a streamlined waiting list system for Public Housing that combines Site-based, Regional and Set-aside waiting lists; streamlines implementation rules	Increase housing choices;	2004	Implemented - possible modification in future plan years	Possible modification to further streamline administration	44
4	Modified rules for determining and applying Payment Standards	Delays application of any decrease in the KCHA approved Payment Standard until the next Annual Review date	Reduce costs and achieve greater cost effectiveness	2005	Implemented	Possible modification to further streamline administration and increase mobility	11
		Allows Payment Standards up to 120% of FMR for HCV program (and above 120% for Reasonable Accommodation) w/o prior HUD approval	Increase housing choices;	2007	Implemented - modified following review of outcomes/impact, see item below		21
		Decouples payment standards from Fair Mkt Rents entirely, allowing the HA to establish standards that fit local and neighborhood conditions	Increase housing choices;	2008	Implemented		22
5	Modified HQS Inspection Protocols	Ability to release HAP with minor fail @ annual inspection and owner agreement to repair within 30 days	Reduce costs and achieve greater cost effectiveness	2004	Implemented	Possible modification to further streamline administration. During FY 2012, KCHA will consider	56

		Ability to release HAP with minor fail @ initial inspection and owner agreement to repair within 30 days	Reduce costs and achieve greater cost effectiveness	2007	Implemented	applying modified HQS protocols to PH program units and will consider implementation of a modified schedule of inspections for both Public Housing and Section 8 program units. For example, KCHA may implement a biennial (or other) inspection schedule for all or a portion of PH and Section 8 units.	57
		Increase efficiency of operation through reduction in repeated visits to the same property annually; Annual inspections completed within 8-20 months of initial inspection and annually thereafter to allow inspections to be grouped according to location/property	Reduce costs and achieve greater cost effectiveness	2006	Implemented		58
		Allows KCHA staff, rather than a 3rd party entity, to complete HQS inspection of KCHA owned properties	Reduce costs and achieve greater cost effectiveness	2004	Implemented		59
		Inspection Clustering - Allows HQS unit inspections 8-20 months following the date of initial inspection	Reduce costs and achieve greater cost effectiveness	2007	Implemented		60
		Allows annual HQS inspections under the Section 8 program to be completed within 120 days of annual date	Reduce costs and achieve greater cost effectiveness	2004	Implemented		61
6	Sponsor-based Housing program	Pilot programs - Uses MTW Block Grant to fund a Local Sponsor-based program - provides housing funds to service provider who sub-leases to targeted household	Increase housing choices	2007	Implemented. 25 unit pilot (FY 2007) expanded in FY 2009 to 155 units; Modified in FY 2010 to 145 units with re-allocation of a portion of set-aside to project based subsidy for higher-need households.	Continued program expansion to address the needs of the local community as feasible.	14
7	Streamline PH and S8 Forms, Processes and Data Processing	Excludes payments made to a landlord by a state agency (DSHS) on behalf of a tenant from income and rent calculation under the Section 8 program	Reduce costs and achieve greater cost effectiveness	2004	Implemented	Possible modification to further streamline administration during FY 2012	16
		Allows Section 8 participants for whom \$0 HAP is paid to self-certify their annual income	Reduce costs and achieve greater cost effectiveness	2004	Implemented		17
		Allow residents to retain earnings from Resident Service stipends up to \$500 without inclusion in rent calculation	Reduce costs and achieve greater cost effectiveness	2008	Implemented		50
		Streamline verification of assets by changing definition to include only assets valued above \$50,000; Income of assets below threshold is excluded from income calculation; Tenant allowed to self-certify valued below \$50,000.	Reduce costs and achieve greater cost effectiveness;	2008	Implemented - may further modify in future years to revise / eliminate treatment of imputed income and disposal costs		51
		Require participants to provide notice to move by the 20th of the month in order to have the paperwork processed that month	Reduce costs and achieve greater cost effectiveness	2004	Implemented		62

		Allow Section 8 program participants to self-certify \$50 or less received as pass through from DSHS childcare subsidy	Reduce costs and achieve greater cost effectiveness	2004	Implemented	63
		Allows applicants to self-certify membership in the household at the time of admission	Reduce costs and achieve greater cost effectiveness	2004	Implemented	64
		Applicants with income below 75% of 30% of AMI allowed to self-certify housing preference	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2004	Implemented. FY 2009 change to conform PBS8 to Public Housing - all under 30% AMI qualify as a preference without further documentation or certification	65
		Modified SSN verification/documentation to household members 18 and older - rather than the regulatory requirement of age 6	Reduce costs and achieve greater cost effectiveness	2004	Implemented - however, PIC reporting currently limits cost savings of this initiative	66
		Expand the term over which verifications are valid to an outside limit of 180 days	Reduce costs and achieve greater cost effectiveness	2008	Implemented	68
		Identify and modify and/or replace HUD forms in order to more readily comply with HA's revised policies and increase administrative efficiency	Reduce costs and achieve greater cost effectiveness	2010	Initial forms identified, delayed to allow for implementation of revised Rent Reform policies adopted in FY 2010 - item will be ongoing as forms/processes are identified.	71
		Replace current policies with alternate system where possible to simplify third-party and other KCHA verification systems	Reduce costs and achieve greater cost effectiveness	2010	Implemented in FY 2010 through modifications to Interim and regular recertification process. Further changes possible in future years pending review of outcomes for Rent Reform changes	74
8	Remove Cap on Voucher Distribution	Allow KCHA to maintain utilization above 100% during year without impact on funding; current allocation formulas require avg utilization at or below 100%	Increase housing choices	2007	Implemented	45
9	Rent Reasonableness modifications	Allows KCHA to complete Rent Reasonableness determinations only when a Section 8 Landlord has asked for an increase in the contract rent	Reduce costs and achieve greater cost effectiveness	2004	Implemented	47
		Allow KCHA staff to perform Rent Reasonableness inspections of KCHA-owned properties	Reduce costs and achieve greater cost effectiveness	2004	Implemented	48
10	Easy Rent Policy for Elderly and Disabled Households living on a Fixed Income	Streamline income, rent and recertification policies for elderly and disabled households. Move to triennial recertifications; rent based on 28.3% of gross income, automatic Soc Sec COLA adjustment annually; deductions eliminated except medical when expenses exceed \$3,000	Reduce costs and achieve greater cost effectiveness	2008	Implemented in 2008. Modified in 2010: to reduce % to 28%; decrease minimum medical expense threshold to \$2500 and incorporate use of Deduction bands. Conformed basic policy to match WIN Rent policy for work-able households adopted in FY 2010.	10
					Policy changes may be implemented including, but not limited to, changes relating to application of KCHA's Hardship policy and interim and annual review process as a result on ongoing implementation	

monitoring (see #11 below for additional detail)

		Revise policies to limit interims between full recertifications without adversely impacting KCHA operations.	Reduce costs and achieve greater cost effectiveness	2010	Implemented		76
11	Develop Revised Rent Policies for Work-able and Working Households	Develop a revised rent policy for working and work-able households that encourages self-sufficiency and income progression and increases positive graduation from subsidized housing while increasing administrative efficiency and cost effectiveness	Encourage employment and economic self-sufficiency; Reduce costs and achieve greater cost effectiveness;	2008	Policy adopted in July 2010 - included change to income based tiered rent set at 28.3% of low-end of income tier. Eliminated deductions (other than childcare/medical), earned income disregards and flat rents. Moved to Biennial recertifications and reduced interim recertification policy.	Continued review / monitoring of implementation may result in changes including but not limited to: (1) require an interim review when tenant income rises above an established maximum; (2) clarify application of the \$100 rent cap when clients opt to move on the program and (3) denial of rent reductions resulting from client caused reductions in income.	46
		Revise policies to limit interims between full recertifications without adversely impacting KCHA operations.	Reduce costs and achieve greater cost effectiveness	2010	Implemented		76
12	Increase the Rent Cap	Moves the Section 8 program rent cap to 40% of Gross Rent, up from the 40% of adjusted rent standard	Increase Housing Choice	2005	Implemented		12
13	ESCO development	Use of MTW program and single fund flexibility to develop and operate our own ESCO	Reduce costs and achieve greater cost effectiveness	2004	Implemented	May consider contract term modification in future years	13
14	MTW-Enhanced Transfer Policy	Increase Housing Choice for residents by developing a policy that allows residents to transfer among KCHA programs - promotes efficient use of KCHA housing resources to meet client needs through streamlined access	Increase housing choice; Reduce costs and achieve greater cost effectiveness	2007	Implemented - minor modifications in FY 2009 following review of first year results. Modified in FY 2010 to expedite KCHA ability to conform units to UFAS standards. Additional changes may result from review and follow-up of existing policy. In addition, during late FY 2011 or early FY 2012, KCHA intends to explore and may execute a Domestic Violence Transfer Partnership between other MTW PHAs in the Western Region in order to facilitate resident moves to safe, secure housing in times of crisis.		53

15	Combined Program Management - Streamline program administration through a series of policy changes that ease operations of units converted from PH to PBS8 subsidy or those located in sites supported mixed funding streams.	Childcare Policy - Establishes specific policies relating to designated childcare units @ Greenbridge.	Reduce costs and achieve greater cost effectiveness	2008	Implemented	Possible modification to further streamline administration and increase tenant choice	4
		Modify lease term for PH units @ Tax Credit Sites - Current regs conflict with Tax Credit renewal terms which required lease to be no more than 1 year.	Reduce costs and achieve greater cost effectiveness	2008	Implemented		19
		Additional changes to accommodate combined program approach in relation to NIA development: eligibility for 2 bdrm units; income cap @ 50%; Tenant selection	Reduce costs and achieve greater cost effectiveness	2008	Implemented		6
16	Occupancy requirements of Section 8 households	Allows tenants to remain in occupancy when family size exceeds standards by 1 member	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2004	Implemented		20
17	Single Person Eligibility	Allow Public Housing program to restrict eligibility of single persons households who do not otherwise qualify as elderly, near-elderly, disabled, or displaced - unless assigned to targeted program	Reduce costs and achieve greater cost effectiveness	2008	Implemented		43
		Section 8 programs - Restrict eligibility of single person households who are neither elderly or disabled or near-elderly - similar to PH	Reduce costs and achieve greater cost effectiveness	2009	Implemented		55
18	Resident Opportunity Plan (ROP)	Develop a local FSS program pilot that empowers residents to increase income and successfully graduate from housing subsidy	Give incentives that assist in obtaining employment and becoming economically self-sufficient	2007	ROP finalized development in July 2009 - program targets 100 households in E. King County and Park Lake Homes Site II (Seola Gardens)	Possible program expansion to new markets in FY 2012	49
19	Section 8 Applicant Eligibility	Increase program efficiency by removing eligibility for those currently on a Federal Subsidy program	Reduce costs and achieve greater cost effectiveness	2007	Implemented		54
21	Utility Allowances - PH - S8	Develop alternate protocols for establishing and applying Utility Allowances for PH, PBS8 and S8 households	Reduce costs and achieve greater cost effectiveness	2008	Implemented in FY 2010 in conjunction with Phase II rent reform (WIN Rent and Easy Rent modifications).	Continue to review / monitor and modify in conjunction with WIN and EASY rent policy modifications	67
11-1	Transfer of Public Housing units to Project-based Subsidy	Preserve long-term viability of 509 units of Public Housing with disposition to KCHA controlled entity. Allows HA to leverage \$ to accelerate capital repairs, and increase tenant mobility through transfer to project-based funding of all 509 units	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2011	Submitted HUD disposition application in January 2011 following FY 2011 Plan approval. Approval at FYE 2011 as HA staff continued work to resolve outstanding issues/questions. Work will continue in FY 2012 to move this project forward		

## Approved MTW Activities Scheduled for Possible Implementation in FY 2012

Modified PH and Section 8 Inspection process	Modify HQS approach using risk-based analysis to decrease administration while maintaining program integrity and unit quality.	Reduce costs and achieve greater cost effectiveness	2010	Delayed due to time constraints. Will review in late FY 2011 / FY 2012.	Possible implementation during FY 2012	On Hold
Allow double subsidy between programs (PBS8/PH/S8) in limited circumstances to allow transition to new program	Increase landlord participation, reduce impact on PH program when tenants transfer	Increase housing choice	2008	Under review for possible implementation in FY 2011 - may carry over to FY 2012.	Possible implementation during FY 2012	On Hold
Definition of Live-in Attendant	Consider changes that redefine who is considered a "Live-in Attendant"	Reduce costs and achieve greater cost effectiveness	2009	Following initial review item placed on hold in FY 2010 for future consideration.	Possible implementation during FY 2012	On Hold
FSS Program modifications	Explore possible changes to increase incentives for resident participation, income growth and decrease costs of program management	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2008	Temporarily placed on hold - will consider following implementation of Rent Policy changes for PH, S8 HCV and PBS8 residents adopted in FY 2010	Possible implementation during FY 2012	On Hold
Income Eligibility - maximum income limits	Consider policy that would cap the income residents may have and still be eligible for KCHA programs	Increase housing choice	2008	On hold pending review of impact of rent structure implemented in FY 2010. May be considered in future years if WIN Rent policy changes do not sufficiently address need.	Possible implementation during FY 2012	On Hold
PBS8 Local program: Contract term	Consider possible changes to lengthen the allowable term of the Section 8 project based contract	Increase housing choice	2009	On hold. May be brought forward in FY 2012 if need warrants	Possible implementation during FY 2012	On Hold
Performance Standards	Develop locally relevant performance standards and benchmarks to evaluate the MTW Program	Reduce costs and achieve greater cost effectiveness	2008	In progress but delayed however will be impacted by pending PHAS reporting requirements - item will move forward in FY 2012 as final results of PHAS reporting requirements become clear.	Possible implementation during FY 2012	On Hold
Supportive Housing for high need homeless families	Develop demonstration program for up to 20 households in Project-based FUP-like environment	Increase housing choice and encourage economic self-sufficiency	2010	Deferred. Program partners opted for tenant-based model in current FY. May be brought forward in future program year.	Possible implementation during FY 2012	On Hold
Limit number of moves for a Section 8 participant	Increase family stability and reduce program administration by limiting the number of times a HCV participant can move to once per year	Reduce costs and achieve greater cost effectiveness; increase economic self-sufficiency	2010	Deferred for consideration in a future year if need arises	Possible implementation during FY 2012	On Hold
Implement a Maximum Asset Threshold for program eligibility	Limit the value of assets that can be held by a family in order to obtain (or retain) program eligibility	Increase housing choice	2010	On hold pending outcome analysis of Rent Reform policies adopted in FY 2010	Possible implementation during FY 2012	On Hold

	Incentive Payments to Section 8 participants to leave the program	Offer incentive to families receiving less than \$100 per month in HAP to voluntarily withdraw from the program	Increase housing choice	2010	On hold pending outcome analysis of Rent Reform policies adopted in FY 2010	Possible implementation during FY 2012	On Hold
11-2	Redesign of the Sound Families program	Develop alternative to Sound Families program - combining HCV with DCFS service \$ to continue support of at risk homeless households in "FUP-like" model.	Increase housing choice	2011	Limitation in Federal requirements for use of DSHS/DCFS funds has delayed implementation in FY 2011.	Continue to review / monitor and modify in conjunction with WIN and EASY rent policy modifications	

## MTW Activities Completed

	Block Grant non-mainstream vouchers	Expand KCHA's MTW block grant to include all non-Mainstream program vouchers	Reduce costs and achieve greater cost effectiveness	2006	Implemented		Complete
	Develop a local PH Asset Mgmt Funding model	Streamlines current HUD requirements to track budget expenses and income down to the AMP level	Reduce costs and achieve greater cost effectiveness	2007	Implemented		Complete
	Resident Satisfaction Survey	Development internal Satisfaction Survey in lieu of requirement to comply with RASS portion of HUD's PHAS system	Reduce costs and achieve greater cost effectiveness	2010	KCHA internal survey process is in place. However, KCHA has temporary exemption from HUD's RASS reporting requirements Will determine need for use as a RASS substitute upon publication of revised PHAS rule.		Complete
	ROSS Grant Homeownership	Financial Assistance funded through MTW reserves, Modified rules to meet local circumstances: eligibility to allow use for PH residents with an HCV; minimum income requirement; min savings prior to entry, not limited to first time homebuyers, etc	Increase housing choice;	2004	Complete - program exceeded goal to assist 30 households over 3-year term		Complete

## Previously Approved and Implemented MTW Activities (Required use of Single Fund Budget Only)

	Client Assistance program	Pilot program - utilizes MTW reserves to provide emergency financial assistance to qualified residents	Reduce costs and achieve greater cost effectiveness	2008	Implemented		Single Fund Budget
	Use MTW Reserves to fund Resident Incentives	Develop policies to encourage lease compliance - fund using MTW single-block-grant authority and accumulated reserves	Reduce costs and achieve greater cost effectiveness	2010	Initiated in FY 2010 with policy to allow payment of \$200 to encourage over-housed residents to accept first unit offer. Will consider other incentive payments as warranted in future years.		Single Fund Budget

## SECTION VII: Sources and Uses of Funding

### A. Sources and Uses of MTW Funds

As an MTW Block Grant agency, KCHA combines all Public Housing Operation, Capital and Section 8 resources into a single fund with full funding flexibility. The tables below, presented in the format required under KCHA's MTW Agreement with HUD, detail KCHA's anticipated sources and uses of funds for the fiscal year beginning January 1, 2012 and ending December 31, 2012. Revenue and expense levels shown are estimated as actual amounts cannot be precisely established until HUD funding levels for the year have been finalized and KCHA's FY 2012 budget adopted. As indicated, KCHA anticipates a shortfall in funding needed to carry out planned program activities. To the extent available, KCHA will utilize MTW reserves to cover projected deficits between sources and uses of funds during FY 2012.

Sources of MTW funds	Planned Amount
HCV block grant	\$ 87,891,363
Public Housing subsidy	\$ 7,300,000
Public Housing rental income	\$ 6,000,000
Public Housing non-rental income	\$ 125,000
Public Housing Capital Fund	\$ 5,100,000
Interest income	\$ 100,000

**Total** \$ 106,516,363

Uses of MTW funds	Planned Amount
HCV Program Operations	\$ 76,165,534
Sponsor-based Program Operations	\$ 1,600,000
Public Housing Program Operations	\$ 8,500,000
Public Housing Rehabilitation	\$ 10,100,000
Resident Service Activities	\$ 3,200,000
Site and Facility Utilities	\$ 2,600,000
Provision/Acquisition of New Affordable Housing	\$ 3,000,000
Debt Repayment	\$ 750,000
MTW Program Administration	\$ 330,000
Misc. Development Costs	\$ 250,000
Other Misc. Operations	\$ 0
<b>Total</b>	<b>\$ 106,540,534</b>

**B. Sources and Uses of State and Local Funds**

Sources of State/Local funds	Planned Amount
Washington State Dept of Commerce	\$ 1,302,000
Puget Sound Energy	\$ 1,151,000
<b>Total</b>	<b>\$ 2,453,000</b>

Uses of State/Local funds	Planned Amount
Home Repair & Weatherization	\$ 2,453,000

<b>Total</b>	\$ 2,453,000
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**C. Sources and Uses of Central Office Cost Center Funds**

Sources of COCC funds	Planned Amount
Public Housing Management Fee	\$ 1,300,000
Public Housing Bookkeeping Fee	\$ 180,000
Public Housing Asset Management Fee	\$ 240,000
CFP Management Fee	\$ 1,010,000
HCV Management Fee	\$ 1,535,000
HCV Bookkeeping Fee	\$ 955,000
Local property management fees	\$ 575,000
Local property bookkeeping fees	\$ 560,000
Local property asset management fees	\$ 935,000
Regional Maintenance charges	\$ 2,100,000
Grant Income - CFP	\$ 0
Investment income-operating	\$ 200,000
Conduit loan fees	\$ 120,000
Misc income	\$ 150,000
Incoming payments on note receivable	\$ 2,300,000

<b>Total</b>	\$ 12,160,000
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<b>Uses of COCC funds</b>	<b>Planned Amount</b>
Administrative Salaries & Benefits	\$ 9,099,676
Supplies & Equipment	\$ 344,128
Professional Services & Admin Contracts	\$ 617,587
Transportation	\$ 28,494
Travel & Training	\$ 231,637
Communications	\$ 194,078
Other Administrative Expenses	\$ 794,171
Occupancy Expenses	\$ 411,437
Other Expenses - Interest	\$ 182,540
<b>Total</b>	<b>\$ 11,858,748</b>

#### **D. Changes in Cost Allocations from 1937 Act Regulations**

To date, changes from 1937 Act Regulations have not been implemented. Although no changes are currently planned, KCHA reserves the right to implement changes to current cost allocations should any be identified as necessary during FY 2012.

A description of KCHA's Local Asset Management Plan, as proposed and adopted under its FY 2008 MTW Annual Plan is attached as an addendum to this Plan.

#### **E. Uses of Single Fund Flexibility**

KCHA has utilized the funding flexibility of the MTW Block grant to cross traditional funding silos in supporting a number of the MTW activities outlined in this and prior Annual Plans and Reports. The following is a listing of major activities where single-fund budget authority has assisted KCHA in the development of innovative programs that meet the housing needs of the local jurisdiction:

- ❖ KCHA's Sponsor-based program implemented in 2007. Using Single-fund budget authority, KCHA has designed and implemented a Sponsor-based approach that breaks down barriers to housing access for chronically homeless, mentally ill households and homeless youth who typically could not be successfully housed through traditional subsidized housing programs. The program ensures nearly 150 at-risk households access to safe, secure housing with wrap-around supportive services designed to break the cycle of homelessness. Ongoing supportive funding commitments are leveraged through multi-year housing subsidy contracts with participating service providers.
- ❖ KCHA's Resident Opportunity Plan (ROP). Approved for implementation by the Board of Commissioners in 2009, this five-year demonstration program links participants with resources to assist them in achieving economic self-sufficiency. Financial support provided through KCHA's Single-fund budget will assist up to 100 households gain the tools needed to move up and out of subsidized housing.
- ❖ Redevelopment of distressed Public Housing. To date, Single-fund flexibility has enabled KCHA to take proactive steps to preserve more than 1,000 units of public housing for extremely low-income households over the long-term. KCHA's planned disposition of an additional 509 scattered-site public housing units and the substitution of project based vouchers at these sites will stabilize another tranche of distressed properties and allow the recapitalization necessary to address significant capital needs.
- ❖ Use of Replacement Housing Factor (RHF) funding available from its disposed public housing sites to redevelop former Public Housing. RHF funds available through KCHA's single-fund budget are supporting a portion of the debt incurred to rehabilitate Birch Creek (formerly Springwood) Apartments. RHF funds available as a result of the disposition of Green River Homes (approved in FY 2011) will be used to partially finance substantial rehabilitation at this site. Similarly, following disposition approval of an additional 509 Public Housing units (as outlined in the FY 2011 MTW Plan) KCHA intends to use related RHF to support the Green River Homes redevelopment. Currently, KCHA is working with HUD to extend eligible uses of RHF for the full ten-year period presently allowed for non-MTW agencies.
- ❖ Acquisition and preservation of affordable housing throughout the Puget Sound region. The Authority continues to seek opportunities to acquire additional housing, generally in proximity to existing KCHA properties, leveraging existing housing

management capacity. In FY 2011, the Authority purchased Kirkland Place, a 9-unit development in Kirkland WA, for eventual conversion to Public Housing and Island Crest, a 30-unit development on Mercer Island. Both properties are in highly regarded school districts and strong employment markets. Initially purchased using short term lines of credit, once the developments pass Environmental Review, MTW funds may be used to replace their debt. The flexibility provided through the MTW block grant – and the ability to provide short and long-term financial assistance to encourage investment in affordable housing development – is a key component of KCHA’s strategy for expanding supply and increasing housing choice.

During FY 2012, as new opportunities arise, KCHA will continue to utilize its single-fund flexibility to support programs and activities that address the varied housing and service needs of the region’s low-income residents. A sample of new activities anticipated for FY 2012 includes:

- ❖ Continued partnership with the Building Better Futures consortium, which includes KCHA, Kent Youth and Family Services, Neighborhood House, the Puget Sound Educational Service District and the Kent School District, to develop a pilot program designed to improve academic performance, encourage parental engagement and ultimately increase high school graduation rates for the 900 children living in public housing on Kent’s East Hill. As part of this initiative, KCHA has developed a data sharing agreement with the local school district and is funding “complementary learning” programs located on-site at targeted public housing communities. This activity will enhance educational and family support in order to improve academic performance and assist in building a strong foundation for future success. If successful, this approach may be expanded to additional school districts in 2013.
- ❖ During FY 2012, KCHA will continue to analyze the impact of mobility and housing choice upon its Public Housing and Section 8 households. As detailed in this FY 2012 and prior MTW Plans, KCHA intends to utilize its single-fund budget to support a number of activities that increase housing choice and improve life outcomes for participant households. Examples of activities KCHA intends to undertake in FY 2012 include:
  - ❑ Increased mobility in the HCV program. Internal KCHA studies seem to indicate that many Section 8 residents choose to live in neighborhoods where poverty remains concentrated and subsequent moves appear unrelated to either better educational opportunities for their children or

their own job opportunities. To assist residents in making informed choices about where to live, KCHA may utilize MTW resources to provide mobility counseling and incentives that encourage residents to consider moves to low-poverty neighborhoods where access to jobs, transportation and high performing schools provide a foundation for economic self-sufficiency and to assist relocating households in successfully integrating into their new communities.

- ❑ Ensuring continued and expanded access to affordable, safe and secure housing for Public Housing and Section 8 households who have become victims of domestic violence. In FY 2011, KCHA intends to finalize its Inter-agency Domestic Violence Transfer Agreement. The agreement, a collaboration of partner MTW agencies and designated DV advocates in five states, allows eligible households who have become victims of domestic violence to move to the jurisdiction of another MTW PHA when such a move is considered necessary to ensure the safety of the household. Single-fund budget resources will fund relocation expenses of current KCHA participants who move to a partner agency's jurisdiction under the program.
- ❖ In FY 2012 KCHA will begin the process of replacing its Public Housing and Section 8 software. This follows the conversion of financial and reporting software in FY 2010-11. MTW Authorities have unique and evolving software needs; systems must be flexible enough to allow for significant changes in rent calculations and inspections beyond those required in the non-MTW workplace. Once supporting software has been reconfigured, it may require numerous additional changes as initiatives unfold. KCHA's current software is nine years old and the vendor has very limited capacity to make major changes for a single client. The Authority anticipates that this will be at least an 18-month process with a "go live" date scheduled for 2013.
- ❖ With the redevelopment of a significant portion of its Public Housing Portfolio, KCHA has removed 1,139 PH units. While one-for-one replacement of deeply subsidized "hard" units is taking place – the majority of these units involves the project-basing of Section 8 subsidy. In consequence, the Authority has 699 units of unused ACC capacity. The Authority continues to explore the acquisition of additional replacement sites where these public housing subsidies could be reactivated. As detailed in this Plan, in FY 2012 KCHA will consider combining subsidy programs to expand the availability of housing for extremely low income households.

## **F. MTW Reserves Balance (*Optional*)**

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

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

- ❖ KCHA is utilizing MTW resources 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 improvements also improve the energy efficiency of KCHA's housing and reduce long term operating costs. Finally, conversion of units to UFAS standards increases housing choice for households with mobility impairments (Strategy 3).
- ❖ The Authority recently opened its waiting list, accepting over 25,000 applications in just two weeks - more than double the demand experienced during any prior application period. In response, KCHA is utilizing these resources to fund the over issuance of Section 8 vouchers to increase the supply of affordable housing for the region's growing number of extremely low income households (Strategy 2). KCHA's Board of Commissioners has authorized the issuance of 275 vouchers above KCHA's HUD base-line. A number of these vouchers are being project-based through multi-year HAP agreements in partnership with local government capital funding awards to assist in underwriting housing production in low poverty areas of the region (Strategy 3).
- ❖ KCHA is also utilizing MTW resources to purchase existing Class B multifamily properties that are adjacent existing public housing complexes or in low poverty neighborhoods. Use of MTW reserves to fund new purchases eliminates the need to

finance these acquisitions and enables KCHA to activate replacement public housing subsidies, expanding the supply of ELI units in the region (Strategy 2). MTW funds are also being used to purchase existing expiring use federally subsidized properties, preserving these valuable “hard unit” resources.

- ❖ KCHA has designed a local “sponsor-based” leased housing program to enable service providers to successfully lease housing for “hard to house” populations such as chronically homeless mentally ill individuals and homeless youth (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.
- ❖ To reduce financing expenses across a number of programs serving low income households KCHA is utilizing MTW resources to restructure existing debt by retiring or replacing high interest loans (Strategy 7). Pursuant to HUD’s request, KCHA is retiring outstanding CFFP obligations as part of its initiative to dispose of a number of public housing properties. In addition, among its allowable use of MTW resources, KCHA may borrow funds, including from its internal resources to acquire, develop, and rehabilitate housing for low-income households. KCHA may enter into such loans in order to:
  - ❑ Redevelop the former Green River Homes in Auburn, WA in combination with LIHTC and other financing sources;
  - ❑ Provide capital funds for a portion of the necessary renovation of the 509 scattered-site public housing units when that disposition is approved;
  - ❑ Retire short-term, high interest debt incurred in the redevelopment of its HOPE VI sites;
  - ❑ Defease at least a portion of CFFP debt as will be required as a condition of the disposition of the 509 units.

Use of MTW resources for this purpose enables KCHA to proceed with the repositioning of a portion of its inventory to ensure long term viability (Strategy 1).

- ❖ KCHA is expanding and modernizing its on-site community facilities to bolster programs designed to increase academic and life success for youth living in our

subsidized housing and economic self-sufficiency for their parents. Seven facilities are in either design or construction (Strategy 6 & 7). These community centers serve as the foundation for family self-sufficiency by providing the site for a multitude of community services. MTW reserves are being utilized in conjunction with other monies to fund these projects.

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

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

## SECTION VIII: Administrative Information

### A. Required Resolution, Forms and Certifications

**Comments received regarding MTW Annual Plan Components**

✓ Please see Page 62

**Board Resolution approving the FY 2012 Annual Plan**

✓ Please see Pages 63-64

**PHA Certification of Compliance with MTW Plan requirements**

✓ Please see Pages 65-66

**Other HUD Information Required by HUD – Attached as Appendices and submitted as a separate .pdf file**

- ✓ **Appendix A:** Audit Report in compliance with OMB Circular A-133
- ✓ **Appendix B:** Disclosure of Lobbying Activities (HUD SF-LLL)
- ✓ **Appendix C:** Drug-Free Housing Certification (HUD 50070)
- ✓ **Appendix D:** Certification of Payments to Influence Federal Transactions (HUD 50071)
- ✓ **Appendix E:** Description of KCHA's Local Asset Management Plan
- ✓ **Appendix F:** Replacement Housing Factor (RHF) Plan

### B. Description of any Planned or Ongoing Agency Evaluations of the MTW Demonstration

KCHA carefully tracks outcomes and impacts of activities made possible through participation in the MTW demonstration to ensure that initiatives continue to meet intended targets and identify areas where course corrections may be warranted. Data regarding outcomes and program progress is reported in the MTW Annual Report submitted in March of each fiscal year. KCHA remains in discussions with HUD and other MTW Agencies regarding the use of outside contractors to conduct an extensive evaluation of the MTW Demonstration program and on how successful MTW innovations can be brought to scale across the industry.

## FY 2012 MTW Annual Plan

### PUBLIC COMMENTS

Name	Group/Agency	Comment Received	KCHA Response
Terry Stewart	Resident ; Resident Advisory Council member	Reviewed the Plan and liked what KCHA was doing; Noted that the proposed DV transfer program was great.	None needed
Derick Taylor	Wellspring	Liked the idea of the DV transfer program and KCHA's work to assist residents and expand programs.	None needed
Lillie Clinton	Resident ; Resident Advisory Council member	Asked for clarification relating to sites where community facilities would be built – would like Wellswood included.	Wellswood is not included in the current Plan. However, KCHA continues to seek ways to expand access to community services and facilities to all family developments.

**THE HOUSING AUTHORITY OF THE COUNTY OF KING**  
**RESOLUTION NO. 5346**  
**APPROVING KCHA'S MOVING TO WORK ANNUAL PLAN**  
**FOR FISCAL YEAR 2012**

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**WHEREAS**, the King County Housing Authority (KCHA) entered the Department of Housing and Urban Development's (HUD) Moving to Work Demonstration Program (MTW) under a 2003 MTW Agreement with HUD; and

**WHEREAS**, as intended by Congress, the MTW Agreement authorizes KCHA to design and test new ways of providing housing assistance and needed services to low-income households; and

**WHEREAS**, in 2009 KCHA and HUD executed a Restated and Amended MTW Agreement (Restated Agreement), extending KCHA's participation in the MTW Demonstration through 2018 while preserving program flexibility to develop and manage housing programs and services in a manner that responds to the unique needs and circumstances of the Puget Sound region; and

**WHEREAS**, the Restated MTW Agreement requires the Authority to develop an MTW Annual Plan (the Plan) that identifies anticipated MTW program resources and expenditures, while outlining ongoing MTW activities and detailing new initiatives that KCHA intends to pursue during the coming fiscal year; and

**WHEREAS**, staff has developed the required MTW Annual Plan covering Fiscal Year 2012 (January 1, 2012 through December 31, 2012) in a manner that is responsive to and complies with the Restated MTW Agreement requirements; and

**WHEREAS**, in developing the FY 2012 Annual Plan, KCHA provided opportunity for public and resident input regarding the Plan components, including coordination with the KCHA Resident Advisory Council and community stakeholders and including a public hearing held on September 26<sup>th</sup>, 2011; and

**WHEREAS**, the Plan envisions a number of significant changes in the operational policies of the Section 8 and Public Housing programs which are consistent with the goals of the MTW Demonstration and KCHA's mission; and

**WHEREAS**, a Board Resolution approving the Plan and certifying that the Plan complies with MTW Plan requirements must be included when it is submitted to HUD.

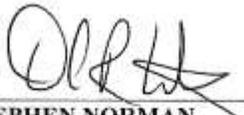
**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING:**

1. The Board of Commissioners hereby approves the MTW Plan attached to this resolution and the accompanying memorandum ("Fiscal Year 2012 Annual Plan") for implementation and submission to HUD.
2. The Board of Commissioners certifies that the Public Hearing Requirement has been met and authorizes the Chair of the Board to execute the Attached HUD Certification of Compliance with MTW Plan Requirements and Related Regulations.

**ADOPTED AT A MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 12<sup>th</sup> DAY OF OCTOBER 2011.**

**THE HOUSING AUTHORITY OF THE  
COUNTY OF KING, WASHINGTON**

  
Nancy Holland-Young, Chair  
Board of Commissioners

  
STEPHEN NORMAN  
for Secretary

**Annual Moving to Work Plan  
Certifications of Compliance**

U.S. Department of Housing and Urban Development  
Office of Public and Indian Housing

**Certifications of Compliance with Regulations  
Board Resolution to Accompany the Annual Moving to Work Plan**

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the PHA fiscal year beginning January 1, 2012, hereinafter referred to as "the Plan", of which this document is apart and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

1. The PHA published a notice that a hearing would be held, that the Plan and all information relevant to the public hearing was available for public inspection for at least 30 days, that there were no less than 15 days between the public hearing and the approval of the Plan by the Board of Commissioners, and that the PHA conducted a public hearing to discuss the Plan and invited public comment.
2. The Agency took into consideration public and resident comment before approval of the Plan by the Board of Commissioners or Board of Directors in order to incorporate any public comments into the Annual MTW Plan;
3. The PHA will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
4. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
5. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
6. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
7. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part
8. The PHA will comply with requirements with regard to a drug free workplace required by 24 CFR Part 24, Subpart F.
9. The PHA will comply with requirements with regard to compliance with restrictions on lobbying required by 24 CFR Part 87, together with disclosure forms if required by this Part, and with restrictions on payments to influence Federal Transactions, in accordance with the Byrd Amendment and implementing regulations at 49 CFR Part 24.
10. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

11. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105( a).
12. The PHA will provide HUD or the responsible entity any documentation that the Department needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58.
13. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
14. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
15. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act and 24 CFR Part 35.
16. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments.).
17. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the Moving to Work Agreement and Statement of Authorizations and included in its Plan.
18. All attachments to the Plan have been and will continue to be available at all times and all locations that the Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its Plan and will continue to be made available at least at the primary business office of the PHA.

King County Housing Authority  
PHA Name

WA002  
PHA Number/HA Code

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Nancy Holland-Young  
Name of Authorized Official

Chair, Board of Commissioners  
Title

Nancy Holland Young  
Signature

10/12/2011  
Date