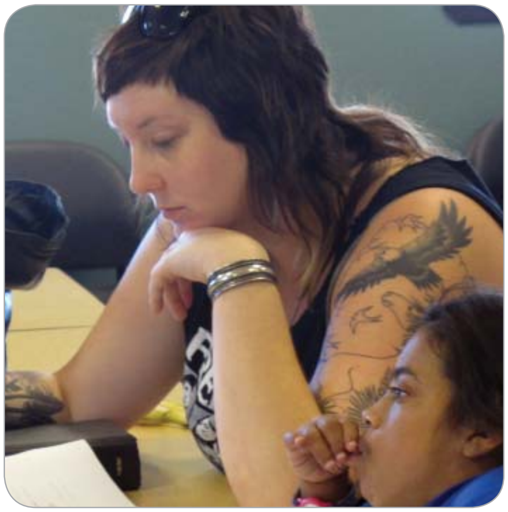
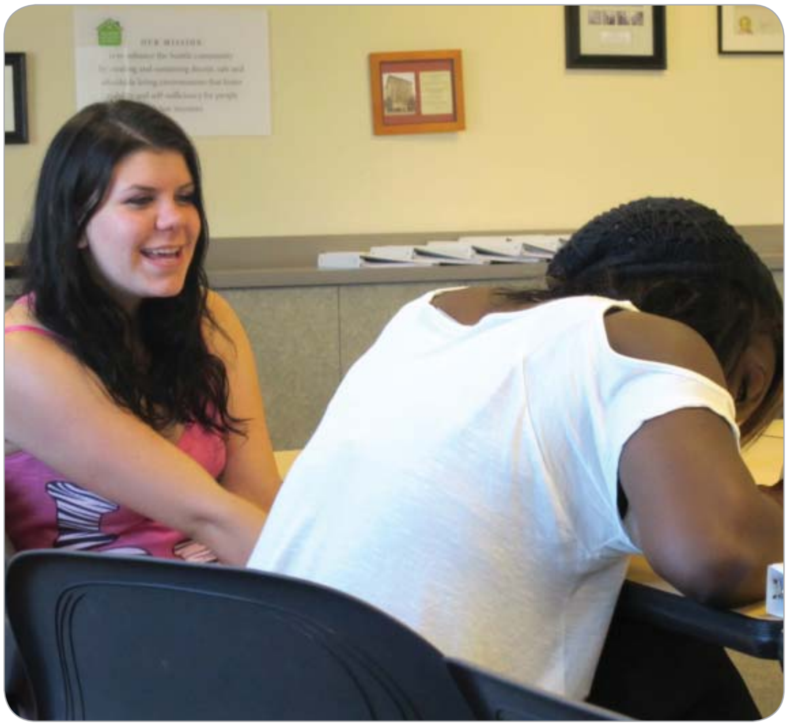
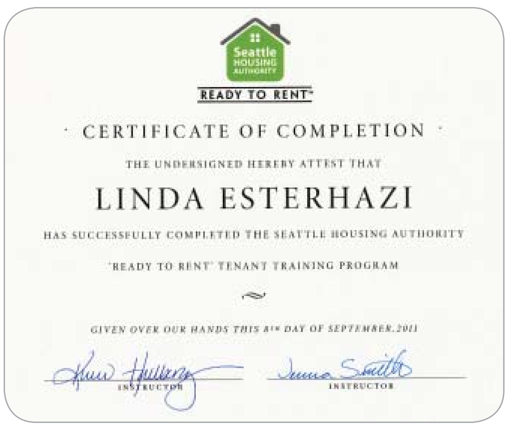
Moving to Work
2012 Annual Plan






READY TO RENT
CERTIFICATE OF COMPLETION
THE UNDERSIGNED HEREBY ATTEST THAT
LINDA ESTERHAZI
HAS SUCCESSFULLY COMPLETED THE SEATTLE HOUSING AUTHORITY
'READY TO RENT' TENANT TRAINING PROGRAM
GIVEN OVER OUR HANDS THIS 8TH DAY OF SEPTEMBER, 2011
INSTRUCTOR
INSTRUCTOR

Ready to Rent is a free course offered by the Seattle Housing Authority that helps people become successful tenants. During the multi-week course, participants learn about safety, being a good neighbor, fair housing, credit challenges, and many other issues that might otherwise keep them out of housing.

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Seattle Housing Authority

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Contents

I. Introduction and Executive Summary

This section provides an overview of the purpose and layout of this Plan and highlights major goals and objectives for the year.

What is "Moving to Work"?

Moving to Work (MTW) [1] is a U.S. Department of Housing and Urban Development (HUD) demonstration program for housing authorities to design and test innovative, locally designed housing and self-sufficiency initiatives. The MTW program allows participating agencies to waive certain statutes and HUD regulations in order to increase housing choice for low-income families, encourage households to increase their self sufficiency, and improve operational cost effectiveness. Seattle Housing's participation in the MTW program allows the agency to test new methods to improve housing services and to better meet local needs.

Fiscal year 2012 will be Seattle Housing's fourteenth year as a MTW agency. Each year the agency adopts a plan that describes activities planned for the following fiscal year. At the end of the year, we prepare a report describing our accomplishments.

Stakeholder involvement

As part of developing the MTW Plan and annual budget, Seattle Housing provides opportunities for public review and comment. The public comment period was open from August 31 through September 30, 2011. The agency used *The Voice* (a monthly newspaper for Seattle Housing residents) to notify residents of the public hearing and the availability of draft documents, as well as a notice on rent statements, flyers in Seattle Housing buildings, and a letter sent out to more than 100 resident leaders. The agency informed the general public through our website (seattlehousing.org) and an ad in the Seattle/King County newspaper of record, the Daily Journal of Commerce.

Public hearing: A public hearing was held on Thursday, September 15, 2011 at 5:00 p.m. The agency presented the draft plan along with the annual budget and received public testimony. Ten residents and one SHA Board of Commissioners member signed in at the hearing. A total of seven residents and three staff presented testimony.

Resident leaders: The Joint Policy Advisory Committee (JPAC), made up of residents who advise Seattle Housing on issues, discussed plan activities and budget issues at their meeting on September 7, 2011. A total of 24 residents and three interpreters (1 Vietnamese, 2 ASL) attended the meeting.

Seattle Senior Housing Program (SSHP) Review Committee: At the September 22, 2011 meeting of the SSHP Review Committee, Seattle Housing staff provided an overview of the draft 2012 budget for the SSHP program.

Additional public comment: Seattle Housing also accepted comments in writing or by phone during the comment period. Three comments about the budget were received in writing.

Plan amendment public process: The agency launched a second period of public comment to review the proposed changes to the 2012 plan, from March 9th to April 9th. Residents and community members were invited to provide

[1] SHA refers to the program as "Moving To new Ways," to keep the acronym and more accurately describe the intent of the program. For official purposes, such as this plan, the original name is used.

feedback via phone, email, or mail. In addition, Seattle Housing held a public meeting on March 26th and met with the public housing Joint Policy Advisory Committee to discuss the proposed amendments to the 2012 Annual Plan as well as a Second Amendment to the Amended and Restated Moving to Work Agreement between Seattle Housing and HUD regarding Replacement Housing Factor funding. No formal comments were received.

What is in this plan?

The Annual Plan follows a HUD-required format outlined in the 2008 Amended and Restated MTW Agreement between HUD and Seattle Housing.

Section I: Introduction provides an overview of the layout of the document and highlights of the agency's plan for the year.

Section II: General Housing Authority Operating Information provides an overview of the agency's housing portfolio, leasing rates, and waiting list information.

Section III: Non-MTW Related Housing Authority Information is an optional section that Seattle Housing has opted not to submit. Please see our website at seattlehousing.org for more information about the agency.

Section IV: Long-Term MTW Plan describes the long-term vision for the direction of the agency's MTW program.

Section V: Proposed MTW Activities describes the new MTW activities that the agency plans to pursue in 2012, including evaluation criteria and waiver citations that provide the agency with the authority to undertake the new activities.

Section VI: Ongoing MTW Activities provides information on previously HUD-approved uses of MTW authority.

Section VII: Sources and Uses of Funding describes the agency's projected revenues and expenditures for 2012, local asset management program, and use of MTW Block Grant fungibility.

Section VIII: Administrative Information provides administrative information required by HUD.

Goals and objectives for 2012

Seattle Housing has identified several goals and objectives for 2012 within the context of the agency's mission and the 2011-2015 Strategic Plan, fiscal realities, and MTW's three primary objectives. The following highlights are key activities planned for 2012.

MTW goals and objectives

Our primary goals for new MTW activities in 2012 are to increase consistency between our Housing Choice Voucher (HCV, voucher) and Low Income Public Housing (LIPH, public housing) programs and to encourage current participating households who have sufficient income to "graduate" from subsidized housing in order to allow us to serve lower-income households on our waiting lists. We also, as always, focus our efforts on the three primary goals of the MTW program: increasing housing choice, promoting self sufficiency, and improving cost effectiveness.

All proposed new MTW activities are described in greater detail in Section V.

The agency also continues to analyze our current rent policies. We plan to propose a unified, reformed rent policy for the agency's public housing and housing choice voucher programs in the 2013 MTW Plan.

Increasing consistency between our public housing and voucher programs

Seattle Housing's efforts to increase consistency between the public housing and voucher programs, as well as improve cost effectiveness, include both new and existing MTW activities. These strategies include:

- Planning implementation of our existing MTW authority (10.H.05) to implement a $50 minimum rent for voucher participants, which will mirror the $50 minimum rent that is already in place in the public housing program. (We plan an extensive outreach process separate from the plan's public comment period to inform voucher households about the implementation of this activity.)
- Expanding the $50,000 asset income threshold currently in place in the voucher program to our public housing program for additional efficiencies and continuity between programs.

Supporting "graduation" from subsidized housing

Seattle Housing is expanding existing MTW homeownership activities to support a broader range of options to help people move into unsubsidized housing, including private market rentals. This includes existing strategies such as homeownership assistance and the Safety Net Assistance Program (SNAP) for households moving out of public housing, as well as:

- A new savings cash match program to launch in 2012. The program will specifically target households whose incomes have increased to the point that they can now afford a down payment for a home or a rental in the private market to "graduate" to unsubsidized housing. The program will match participant savings for households who choose to leave subsidized housing and will help pay for moving costs, down payments, move-in deposits, or other costs to be determined by the participants.
- Increase housing choice for households on our waiting lists by freeing public housing subsidy currently devoted to households whose income has increased past the point of needing subsidy. Households in mixed-income communities whose income has increased past the point of subsidy will be able to remain in their units without subsidy while the subsidy "floats" to a different unit in the mixed income community.

Other goals and objectives for 2012

Expand housing opportunities for low-income residents across Seattle by maintaining and expanding the supply of low-income housing

In 2012, the agency plans to:

- Continue transformation planning and redevelopment of Yesler Terrace and the Yesler Neighborhood through passage of zoning approvals, starting the renovation of the steam plant into a new community facility, and designing and permitting the first phase of housing
- Complete construction of rental units at Rainier Vista Northeast
- Rehabilitate elevators and continue envelope work and window replacement in Seattle Senior Housing Program buildings
- Commit up to 70 project-based vouchers to support projects developed with capital dollars through the City of Seattle Housing Levy and an additional up to 50 project-based vouchers as designated replacement units for the redevelopment of High Point
- Plan for the renovation and expansion of Leschi House
- Continue working with the City of Seattle on redevelopment planning of Fort Lawton into a mixed income neighborhood

Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers

- Increase landlord recruitment and retention efforts to enhance housing choice throughout the city
- Expand Ready to Rent classes, teaching rental preparedness, search tips, and tenant rights and responsibilities
- Serve as the liaison for SocialServe.org (an affordable housing locator website) by recruiting other agencies and landlords to provide comprehensive search results for the Seattle area
- In collaboration with community partners, develop a pilot program for families involved with the child welfare system that will provide vouchers paired with supportive services to accelerate safe reunification, prevent out of home placement, and reduce re-entry into the child welfare system
- Continue to pursue opportunities for special purpose vouchers for veterans and to reunite families as they become available

Assist housing participants in gaining access to education and employment opportunities so they can improve their lives

- Begin transformation of the Yesler Terrace steam plant into a community center that will provide early childhood education and adult training for the neighborhood
- Work with the School District, City, and community partners to improve access to educational opportunities and youth services for youth residing in Seattle Housing properties and among voucher households, including initiatives such as the College-Bound Scholarship Program
- Continue implementation of the agency's five-year strategic initiative to increase continuity between self sufficiency programs, with a focus in 2012 on training for all Economic Opportunity staff and implementation of new coordinated forms, processes, data collection, and reporting
- Continue to support leadership development among participants through resident and neighborhood councils

Provide additional services and increase the stock of housing for low-income seniors

- Maintain continuity in the SSHP portfolio during the program's first full year of operating with public housing subsidy
- Complete rehabilitation of windows and exteriors at Blakeley Manor, Bitter Lake Manor, Olmstead Manor, and Nelson Manor, and possibly begin work at Phinney Terrace
- Work with the King County Housing Authority and the Seattle/King County Area Agency on Agency to define service needs and alternative continuums of care for elderly residents within existing housing authority properties

Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities

- Partner with the Seattle – King County Public Health Department to provide smoking cessation services to residents
- If the Board of Commissioners adopts a policy of tobacco-free housing for Seattle Housing-owned residential buildings, implement the new policy throughout Seattle Housing facilities

Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission

- Maintain high utilization and occupancy rates, estimated at 98 percent in the public housing portfolio for year end 2012 and an average of 97 percent for housing choice vouchers throughout the year
- Expand the preventive maintenance program to each property
- Begin planning for a second phase of disposition of scattered site units
- Strengthen the agency's financial position and creditworthiness by reducing short-term debt and establishing flexible funding mechanisms for predevelopment activities
- Use stored value cards for payments to landlords to reduce mailing and paper costs
- Reduce vacate costs and turnover days by focusing on maintenance, repair, and administrative processes
- Explore opportunities to improve cost effectiveness through policies and procedures regarding purchasing, insurance, solid waste, and voucher port outs

Identify and implement sustainable practices across the agency to minimize impact on the environment

- Continue and expand document imaging efforts
- Decrease car travel between Seattle Housing offices by co-locating staff currently located at the Central Office and Porchlight
- Expand the organics program to divert waste from the garbage stream at public housing properties
- Improve water usage and billing systems

Promote a healthy, engaged and productive workforce

- Expand training and career development opportunities
- Develop programs and processes that will continue to reduce the number and severity of accident rate, including safety and wellness programs and training and collaboration with safety committees
- Implement updated On-boarding and New Employee Orientation Training Processes that increase knowledge of the agency's goals, mission, and vision

II. General Housing Authority Operating Information

This section provides an overview of Seattle Housing's housing portfolio, leasing rates, and waiting list information.

Mission statement

The mission of Seattle Housing Authority is to enhance the Seattle community by creating and sustaining decent, safe and affordable living environments that foster stability and self-sufficiency for people with low incomes.

Agency overview

Seattle Housing Authority is a public corporation, providing affordable housing to more than 28,000 people in Seattle. The agency provides housing in neighborhoods throughout Seattle through a variety of programs that include Seattle Housing operated housing, partner operated communities, and private rental housing.

Nearly 5,000 Seattle Housing residents are elderly, over 5,000 are non-elderly disabled adults, and more than 9,000 are children. As of June 2011, 87 percent of households had annual incomes below 30 percent of area median income; the average income was $12,400 per year.

In keeping with its mission, the agency supports a wide range of community services for residents, including employment services, case management, and youth activities.

Funding for Seattle Housing's activities comes from a variety of sources including HUD's MTW Block Grant, which the agency can use for a variety of activities in support of the agency's mission, special purpose HUD funds that can only be used for specific purposes, other government grants, tenant rents, and revenues from other activities.

MTW Block Grant-funded housing

The majority of the agency's funding from HUD comes in the form of a block grant which combines the Public Housing operating fund, Public Housing capital fund, and MTW Housing Choice Voucher funding into one funding source for Seattle Housing to use toward its mission.

Housing Choice Vouchers

The Housing Choice Voucher program (also referred to as the voucher program, HCV, and Section 8) is a public/private partnership that provides housing subsidies through vouchers to low-income families for use in the private rental housing market. Seattle Housing administers nearly 8,400 vouchers which are funded through HUD's MTW Block Grant. Participants typically pay 30 to 40 percent of their household's monthly income for rent and utilities, depending on the unit they choose. Voucher subsidy is provided through a variety of means including:

- Tenant-based (tenants can take their voucher into the private rental market)
- Project-based (the subsidy stays with the unit)
- Program-based (Seattle Housing uses MTW flexibility to provide unit-based subsidies that float within a group of units or properties)

- Provider-based (Seattle Housing uses MTW flexibility to provide subsidy to service providers to master lease units, who then sublet to participants in need of highly-supportive housing)

Public Housing

The Low Income Public Housing program (also referred to as public housing or LIPH) includes more than 5,400 units in high-rises (large apartment buildings), scattered sites (small apartment buildings or single family housing), and in communities at NewHolly, Rainier Vista, High Point, and Yesler Terrace. HUD's MTW Block Grant provides funding to help contribute to costs exceeding rental income. Households typically pay 30 percent of their monthly income for rent and utilities. About 125 of these units are leased to service providers who use the units to provide transitional housing or services to residents.

Forty units receiving public housing subsidy through Seattle Housing are owned and operated by nonprofits and as traditional public housing.

In late 2011, Seattle Housing will introduce public housing subsidy to nearly 900 units in the Seattle Senior Housing Program (SSHP), as outlined in an amendment to the 2011 MTW Plan.

Other HUD-funded housing

Special Purpose Vouchers

Seattle Housing currently administers approximately 900 vouchers provided by HUD for special purposes such as housing veterans, reuniting families, and preserving affordable housing. These vouchers are often awarded competitively and funding is provided outside of the MTW Block Grant. This number fluctuates over time, not only due to new vouchers, but also because the agency is able to move certain types of vouchers into the MTW Block Grant after the first year.

Moderate Rehab

The agency administers HUD Section 8 Moderate Rehab funding for 759 units operated by partner nonprofits serving extremely low-income individuals. Over 600 of these units are designated for homeless individuals.

Section 8 New Construction

Seattle Housing operates 130 units of locally owned units that receive Section 8 New Construction funding and serve people with extremely low-incomes.

Local housing

Local housing programs are operated outside of HUD's MTW Block Grant. They receive no operating subsidy except project-based vouchers in selected properties. Some MTW Block Grant funds are used for capital improvements in local housing properties serving low-income residents.

At the end of 2011Seattle Housing will operate about 1,700 units of housing in 44 properties throughout Seattle, including low- and moderate-income rental housing in the agency's redeveloped communities (NewHolly, Rainier Vista, and High Point) and three SSHP building that are not anticipated to receive public housing subsidy this year.

Changes in housing inventory

Seattle Housing forecasts the following changes in housing resources between January 1, 2012 and December 31, 2012 as outlined in the following table.

Table 1: Changes in housing inventory

Housing Program	2010 year end (actual)	2012 beginning (projected)	2012 year end (projected)
MTW Block Grant-funded Housing			
Housing Choice Voucher	8,358	8,363	8,798
Tenant-based	*5,644*	*5,589*	*5,838*
Project-based – partner-owned	*2,141*	*2,323*	*2,469*
Project-based – SHA-owned	*364*	*377*	*417*
Program-based – SHA-owned	*150*	*15*	*15*
Provider-based	*59*	*59*	*59*
Public Housing	5,316	6,302	6,305
*SHA-owned **	*5,276*	*6,262*	*6,265*
Partner-owned	*40*	*40*	*40*
MTW Block Grant-funded Housing Total	**13,674**	**14,665**	**15,103**
Other HUD-funded Housing			
Housing Choice Vouchers - Special Purpose	365	907	477
Family Unification Program	*100*	*200*	*200*
Mainstream Disability	*75*	*75*	*75*
Housing Conversion	*25*	*430*	*0*
Veterans Affairs Supportive Housing	*165*	*202*	*202*
Section 8 New Construction	130	130	130
Section 8 Moderate Rehab	759	759	759
Other HUD-funded Housing Total	**1,254**	**1,796**	**1,366**
Local Housing			
Seattle Senior Housing Program *	994	100	100
Seattle Senior Housing Program – operated by partners	97	65	65
Tax credit housing (without public housing subsidy)	661	720	769
Other affordable housing	818	810	810
Local Housing Total	**2,570**	**1,695**	**1,744**
Managed by SHA for other owners	14	6	6
Total Housing**	**16,984**	**17,740**	**17,781**

**Includes residential units leased to agencies that provide transitional housing or supportive services and units for live-in staff.*

***Due to project-basing and program-basing of Housing Choice Vouchers in Local Housing, Total Housing is the sum of all housing units minus Housing Choice Vouchers-MTW Project-based – SHA-owned and Program-based – SHA-owned. Managed by SHA for other owners is also not included in Total Housing.*

Housing choice vouchers

In 2012 Seattle Housing plans to convert 430 preservation vouchers from non-MTW special purpose vouchers to the MTW Block Grant.

Seattle Housing may apply for additional preservation vouchers in 2012 as opportunities arise. No other change to Seattle Housing's overall voucher authority is anticipated, although the agency will take advantage of any opportunities to apply for additional vouchers.

Of the 150 vouchers that are currently program-based in the SSHP portfolio, it is anticipated that only 15 will remain after the addition of public housing subsidy to most units in the SSHP portfolio.

Units to receive new project-based voucher assistance

Seattle Housing plans to project-base 10 Housing Choice Vouchers at Rainier Vista Northeast in 2012, bringing the total to 23. Details of these units are provided in Appendix B.

Through a Notice of Funding Availability (NOFA) issued in partnership with the City of Seattle, 70 new project-based vouchers will be issued to projects that will be ready for occupancy in 2012. Through a Request for Proposals, also in partnership with the City, 50 units will be awarded as High Point replacement vouchers. Specific details on the projects are not available at this point, because the projects have not yet been chosen. However, they will be described in the 2012 Annual Report.

Any project-based commitments outlined in Seattle Housing's 2011 Annual Plan that are not completed in 2011 will be implemented in 2012. One of the commitments outlined in the 2011 Plan is to project-base vouchers in 30 units in Phase III of NewHolly. These units are currently public housing. If not completed in 2011, the agency will work with HUD in 2012 to determine the best process for converting these units.

Public housing

Seattle Housing will complete construction of Rainier Vista Northeast in 2012. A total of 33 public housing units are expected to come on line, bringing the total to 75. Details of these units are provided in Appendix A.

In late 2011 Seattle Housing is bringing public housing subsidy into nearly 900 Seattle Senior Housing Program units, resulting in the re-categorization of these units from Local Housing in 2010 to Public Housing in Table 1.

In 2012 Seattle Housing will exchange a small piece of land equivalent to the size of a parking space with Aegis Living. This land swap will allow Aegis Living to develop senior housing near the intersection of 22nd Avenue E and E Madison Street while maintaining adequate parking for Seattle Housing's adjacent six-unit scattered site property. This disposition will be composed of land only and will have no impact on Seattle Housing's total housing inventory.

In 2012 Seattle Housing may seek HUD approval for the demolition and/or disposition of:

- Up to 100 additional scattered sites units, as a possible extension of the scattered sites repositioning strategy
- A portion of Yesler Terrace if necessary to support the implementation of the 12th and Yesler redevelopment
- A portion of Yesler Terrace land to Seattle Parks Department for a new community park
- The sale of 10 public housing units at Denice Hunt Townhomes to the Low Income

Housing Institute (LIHI). These 10 units are currently operated by LIHI. The agency will pursue new voucher funding to provide housing assistance to the existing tenants and seek to replace the subsidized units.

The agency may also request dispositions outlined in prior year plans if not already requested, including but not limited to up to 30 units in the third phase of NewHolly to be converted to project-based Housing Choice Vouchers and up to four scattered sites units as part of the disposition process started in 2005.

Local housing

In addition to the project-based vouchers and public housing units previously mentioned, Rainier Vista Northeast will include 9 new workforce housing units in 2012, for a total of 20 workforce units.

As the agency continues to reposition its assets to advance its mission and strategic priorities, the agency may also dispose of other locally-funded parcels. These possibilities are not reflected in Table 1.

Major capital activities

MTW Block Grant funds

None of the capital activities planned for 2012 will use 30 percent or more of the agency's capital budget through the MTW Block Grant, which is HUD's current definition of a major capital project. However, we are hoping to implement smaller scale capital projects, including elevator rehabilitation in at least one and possibly as many as three SSHP buildings and the addition of 8 UFAS units in our scattered site portfolio. We are considering replacement of the steam heating system at Jefferson Terrace in 2012 or 2013 and work to address water intrusion at Northgate View.

Other Federal capital funds

American Recovery and Reinvestment Act

In 2009 Seattle Housing received $45 million in American Recovery and Reinvestment Act (ARRA) funding for several significant and much-needed capital activities, including infrastructure work and rental housing development at Rainier Vista, renovation of Bell Tower and Denny Terrace, and rental housing construction at Lake City Court. All are expected to be complete by 2012. These funds are outside of MTW and follow ARRA reporting requirements.

Competitive Federal development/ redevelopment funding

Seattle Housing was recently awarded a Choice Neighborhoods implementation grant. The grant will fund the first phase of redevelopment and fundamentally transform Yesler Terrace, including comprehensive education and employment programs, housing opportunities, and support for economic development.

In 2011 we were awarded a Community Facilities Capital Fund grant to help transform the Yesler Terrace steam plant into a community center that will provide early childhood education and adult training for the neighborhood. Construction is slated to begin on this project in 2012.

In addition, Seattle Housing has selected the American Baptist Homes of the West (ABHOW) as a development partner to seek HUD Section 202 or 811 funding within the next few years. Based on exploration of different sites for the project, including a promising site at Othello Station, this project may move forward in 2012.

Leasing information

The following Table 2 represents actual and projected utilization for vouchers and occupancy for Seattle Housing-operated housing.

Table 2: Actual and projected units leased

HOUSING PROGRAM	2010 year end (actual)	2012 year end (projected)
Housing Choice Vouchers-MTW	8,429	8,494
Housing Choice Vouchers-Non-MTW	179	464
Family Unification Program		*196*
Mainstream Disability		*73*
Housing Conversion		*0*
Veterans Affairs Supportive Housing		*195*
Low Income Public Housing	5,040	6,169
Local Housing	2,526	1,617

Anticipated leasing issues

The current economy has slowed turnover in subsidized housing considerably, creating low vacancies in public housing and high voucher utilization. No significant leasing issues are anticipated in these programs.

Vacancies in unsubsidized units are on par with the local rental market and are not expected to improve considerably in 2012.

Waiting list information

Waiting list strategies

Seattle Housing's waiting list strategies vary to match the needs of different properties and housing programs. Applicants may be, and often are, on multiple waiting lists at the same time.

Housing choice vouchers

The agency maintains a single tenant-based waiting list, which has been closed since a 2008 lottery placed 4,000 applicants on the list. Project-based voucher properties operate their own site-specific waiting lists.

Seattle Housing-operated housing

Site-specific waiting lists are offered for all of Seattle Housing's affordable housing properties. The three largest communities (NewHolly, High Point, and Rainier Vista) operate waiting lists on-site. All other site-specific waiting lists are maintained centrally, by program, to maximize efficiencies and housing choice. The waiting lists for SSHP and public housing in traditional communities are updated on an ongoing basis through the use of Save My Spot, a system that allows applicants to check in monthly by phone or computer to indicate their continued interest in housing opportunities with the agency. This system will be extended to all waiting lists for Seattle Housing-operated housing in late 2012.

Anticipated waiting list changes

Housing choice vouchers

The tenant-based Housing Choice Voucher waiting list has been closed since 2008. The agency does not anticipate opening the list in 2012 unless the current list (projected to have 1,000 applicants at the beginning of the year) is depleted faster than expected. However, as new project-based properties open in 2012, more waiting list options will become available to potential tenants.

Seattle Housing-operated housing

The following is a summary of the current number of applicants on waiting lists for Seattle Housing-operated housing. Please note that there is overlap among lists as applicants are allowed to apply for multiple programs.

- Public housing (except HOPE VI)– 6,500
- HOPE VI public housing – 8,900
- SSHP - 700
- Other affordable housing – 2,500

Given the current economic climate and the agency's low vacancy rates, low income public housing and SSHP waiting lists are expected to grow for most properties in 2012.

Several changes are anticipated in HOPE VI community waiting lists:

- Seattle Housing anticipates purging these waiting lists in late 2011 or 2012, which may result in significant decreases in the number of applicants.
- Waiting lists that are currently very short or depleted (including two-bedroom units at NewHolly and all bedroom sizes at Lake City Court) will be opened for defined periods of time to establish waiting lists sufficient to fill anticipated vacancies for a short time (such as six months). These lists will then remain closed until it is projected that additional applicants are needed. When opened, Seattle Housing will likely use a lottery approach for determining order of selection.
- Selected lists that are very long may be closed, including waiting lists for one and two-bedroom units in both phases of High Point.

III. Non-MTW Related Housing Authority Information

This section is optional and intentionally left blank. For more information about the agency, please see: www.seattlehousing.org.

IV. Long-term MTW Plan

This section describes the agency's long-term vision for the direction of its MTW program. It also outlines MTW activities that are under development, but not yet being officially proposed to HUD for approval. This section is optional. For more information about Seattle Housing's 2011-2015 Strategic Plan, please see: http://www.seattlehousing.org/news/strategic/.

Planning for a unified rent policy

During 2011 and into 2012, Seattle Housing will continue to explore options for creating a unified rent policy for both public housing and voucher participants. The agency will seek input from participants, the public, and other stakeholders, and incorporate their feedback in the agency's decision making.

With the new MTW activities we have proposed in this plan for 2012, we have begun efforts to improve alignment between public housing and voucher program policies. However, we anticipate that we will continue to develop a more comprehensive reform to our agency-wide rent policy to be included in the plan for 2013.

V. Proposed MTW Activities: HUD approval requested

This section provides information detailing proposed new uses of MTW authority, including evaluation criteria and specific waivers to be used.

New proposed MTW activities

Asset income threshold

Seattle Housing is proposing to expand the $50,000 or higher threshold for including asset income in rent calculations to public housing. The agency implemented this threshold in the voucher program in 2010 (MTW Strategy #10.H.12) and has found it to be effective in reducing staff time without major impact on agency revenues, due to the small amount of income realized by participants from these assets. The expansion of this MTW activity will also increase continuity across programs, which is one of the central goals of the agency's ongoing rent reform work.

<table>
<tr><td>MTW Strategy #10.P.17</td><td colspan="3">Asset income threshold: Seattle Housing will increase the threshold for including asset income in rent contribution calculations to an amount up to $50,000 for public housing program participants.</td></tr>
<tr><td>Targeted MTW statutory objective</td><td colspan="3">Cost-effectiveness: Discontinuing the inclusion of asset income under $50,000 in calculating rents for participants in the public housing program will save staff time.</td></tr>
<tr><td>Schedule</td><td colspan="3">Implementation will begin with annual reviews in 2012, following HUD approval.</td></tr>
<tr><td rowspan="2">Outcome Measures</td><td>Metric</td><td>Baseline</td><td>Benchmark</td></tr>
<tr><td>Seattle Housing staff time saved</td><td>0 hours</td><td>70 hours</td></tr>
<tr><td>Data sources</td><td colspan="3">Time savings are based on an estimate of an average of one hour per household. We conducted a time study in 2010 but the results were unreliable. A revised time study will be conducted by the voucher program in 2011.</td></tr>
<tr><td>Authorizations Cited</td><td colspan="3">MTW Agreement: Attachment C (C)(11), (D)(2)(a)</td></tr>
<tr><td>Hardship Policy</td><td colspan="3">No households will experience an increase in rent as a result of this activity and therefore no hardship policy will be necessary.</td></tr>
<tr><td>Impact Analysis</td><td colspan="3">The average rent savings for impacted households will be approximately $21 per year ($7,100 combined). Characteristics of impacted households include:
▪ Approximately 45% have incomes under 30% AMI
▪ Income from assets represents an average of 1% of their total household income
▪ The average household size is 3.7
The potential decreased administrative burden for staff and residents is mitigated by the high prevalence of tax credit financing in many of our public housing properties. While assets with a combined value less than $50,000 will not be included in rent calculation, verification of assets over $5,000 will continue to be necessary for many households due to requirements related to tax credit funding.
We will annually reevaluate the impacts of this initiative.</td></tr>
</table>

End of Participation for higher income households in mixed-income communities

This "End of Participation" strategy, part of Seattle Housing's larger Homeownership and Graduation from Subsidy MTW activity (#13), will allow higher income households to remain in their communities when their income increases to the point that they no longer require subsidy.

When a household's calculated rent is close to or over market rate for six months in a subsidized unit in a mixed income community, the household's participation in the subsidy program will end and the subsidy will then be moved to the next available comparable unit to house a household from the waiting list. The higher income household whose subsidy ends will be able to remain in their current unit and their rent will not increase by more than $50 as a result of this policy. We will apply this policy in Seattle Housing-operated communities that have a mixture of non-subsidized units and subsidized units. Currently this includes the HOPE VI communities and several communities in Seattle Housing's local housing portfolio, including Longfellow Creek Apartments, Wisteria Court, and Roxhill Court Apartments.

This policy encourages self sufficiency for households who can afford to live without subsidy, helps Seattle Housing serve more people on the waiting list, and increases continuity with the voucher program, which has its own six month End of Participation policy. In the voucher program, program participation ends for households when their subsidy (Housing Assistance Payment) is less than $50 per month for six months (Strategy #10.H.11).

<table>
<tr><td>MTW Strategy #13.P.01</td><td colspan="3">End of Participation for higher income households in mixed-income communities: In mixed-income communities, Seattle Housing will remove subsidy when household income exceeds the established limit for six months.</td></tr>
<tr><td>Targeted MTW statutory objective</td><td colspan="3">Self sufficiency: encourages higher-income households to live in unsubsidized housing.
Housing choice: Makes subsidy available for households on the waiting list; allows higher income households to remain in their community if they choose.</td></tr>
<tr><td>Schedule</td><td colspan="3">Implementation planning and policy development for the six month clock will begin in 2012, following HUD approval.</td></tr>
<tr><td rowspan="3">Outcome Measures</td><td>Metric</td><td>Baseline</td><td>Benchmark</td></tr>
<tr><td>Number of subsidized units made available to waiting list households due to graduation from subsidy</td><td>0 households</td><td>10 households per year</td></tr>
<tr><td>Number of EOP households that request to return to subsidy within 1 year</td><td>0</td><td>0 (we hope that no households will have to return to subsidy)</td></tr>
</table>

Data sources	Seattle Housing Authority will track the 6 month clock in its property management systems. Uses of the hardship policy (SNAP) will be tracked by admission staff and reported annually.
Authorizations Cited	MTW Agreement: Attachment C (C)(11)
Hardship Policy	Households impacted by this activity will be eligible to enroll in the existing Safety Net Assistance Program (SNAP), which provides a 12 month safety net for households leaving subsidized units due to higher income. This will enable families impacted by this initiative who experience a significant change in family circumstances (such as layoffs, medical crisis, or similar) within the 12 months following end of participation to move to the top of the waiting list for the next available unit.
Impact Analysis	No household will experience a rent increase of more than $50 due to this activity. Characteristics of applicable household include: ▪ Average income of $64,000 (of which 93% comes from wages) ▪ Average household size of 4.5 ▪ Approximately 40% are single parent households, 55% are two parent households, and 5% adult only households We will annually reevaluate the impacts of this initiative.

Savings incentive program

Seattle Housing is developing a new savings incentive program that is designed to help public housing and HCV households with sufficient income to leave subsidized housing for homeownership or for unsubsidized housing in the private rental market. This will encourage participating households to increase their self sufficiency and make progress toward their own housing goals, as well as free up housing assistance that will allow the agency to serve lower-income households on the waiting lists.

The program will match participant savings when participating households are ready to leave subsidized housing. Households will make their own decisions about how to use the money they have saved; we anticipate that the funds will commonly pay for moving costs, rental deposits, or down payment assistance. However, while households may withdraw their own money at any point for emergencies or other purposes, they will not receive a cash match from Seattle Housing unless they "graduate" from subsidy. There will be a cap on the maximum total amount of agency contribution for the cash match, which we anticipate will be approximately $3,000. (However, this amount may change based on feedback from participants, staff, funding availability, and program results.)

Participants will receive information about how to manage their money and their rights and responsibilities in the private market through a curriculum adapted from the Ready to Rent program. Participants will also obtain their credit history. If their credit history is below a minimum threshold, they may be required to meet additional requirements prior to receiving their match.

The program will target public housing and HCV households with sufficient employment income to sustain homeownership or unsubsidized rental housing. Public housing households who participate in the program will be encouraged to enroll in the SNAP program, which will provide a safety net by assuring them a spot at the top of the waiting list for the next available unit if they experience a significant change in family circumstances, such as layoffs, medical crisis, or a similar financial emergency, within the 12 months following their graduation from subsidy.

MTW Activity #13.A.02	**Savings match incentive:** Seattle Housing will implement a new program that will match savings for public housing and HCV households leaving subsidized housing for homeownership or unsubsidized rental units.		
Targeted MTW statutory objective	**Housing Choice**: Allows households on the waiting list to gain housing assistance by freeing up subsidy from households who no longer need it. **Self Sufficiency**: Encourages and supports participating households to move into private market rentals or homeownership.		
Schedule	Implementation planning and policy development will begin in 2012, following HUD approval.		
Outcome Measures	**Metric**	**Baseline**	**Benchmark**
	Number of participating households who leave subsidized housing	0	0 in first year; 10 by the end of the second year; 20 annually thereafter
	Number of participating households who purchase homes	0	0 in first year; 2 by the end of the second year; 5 annually thereafter
Data sources	Seattle Housing will maintain program records for the savings match program that will include enrollment and destination at graduation from subsidized housing.		
Authorizations Cited	MTW Agreement: Attachment C (B)(1),(D)(8); Attachment D (B).		
Hardship Policy	Enrollment in the program will be entirely voluntary and should not create a hardship. Participating public housing households who successfully complete the program and leave public housing will be encouraged to enroll in the SNAP program, which provides a twelve month safety net, during which households may go to the top of the waiting list for re-entry into public housing if they encounter a major financial hardship, such as a layoff or medical emergency. Households that receive a cash match and then return to public housing under the SNAP program may be subject to a repayment agreement, in an effort to disincentivize fraud.		

VI. Ongoing MTW Activities: HUD approval previously granted

This section provides HUD-required information detailing previously HUD-approved uses of MTW authority.

Background

Seattle Housing has made an effort to include all previously approved MTW activities. Any exclusion is unintentional and should be considered continuously approved. If additional previously approved activities are discovered, we will add them to subsequent plans or reports.

MTW activities

MTW activities are overarching areas of reform that Seattle Housing is pursuing, such as rent reform and the local project-based voucher program, often with multiple different strategies to reach our goals. The agency obtained approval from HUD for these activities through previous Annual Plans and other means prior to execution of the Amended and Restated MTW Agreement. During that time, MTW agencies were not required to specify policy elements or waivers being used to implement the activity. For the purpose of evaluating the impact and success of these activities, the agency has made an effort to break down the specific elements of the initiative into different strategies.

Seattle Housing has developed 17 MTW activities, which are:

1. Development Simplification
2. Family Self-Sufficiency Program
3. Inspection Protocol
4. Investment Policies
5. Local Leases
6. MTW Block Grant and Fungibility *(no longer reported as an MTW activity)*
7. Procurement *(no longer reported as an MTW activity)*
8. Special Purpose Housing
9. Project-based Program
10. Rent Policy Reform
11. Resource Conservation
12. Waiting Lists, Preferences, and Admission
13. Homeownership and Graduation from Subsidy
14. Related Nonprofits
15. Combined Program Management
16. Local Asset Management Program
17. Performance Standards

In the following pages, we provide a list of ongoing MTW activities that have been previously approved, with an update on any changes anticipated for 2012.

The agency is not using outside evaluators for any of the following ongoing MTW activities.

MTW Activity #1 – Development Simplification

Status

Active - First included in the 1999 MTW Agreement and 1999 MTW Annual Plan and first implemented in 2004.

Description

Development simplification helps Seattle Housing to move quickly to acquire, finance, develop, and remove public housing properties from its stock in an efficient, market-driven manner. MTW flexibilities allow the agency to respond to local market conditions and avoid time delays and associated costs incurred as a consequence of HUD requirements and approval processes. While of greatest impact when the housing market is highly competitive, these strategies present opportunities at all times for Seattle Housing to avoid costs and increase housing options as circumstances arise.

Changes in Authorization

None anticipated.

2012 Updates

Seattle Housing currently has four remaining units to disposition as part of the scattered sites disposition process that we began in 2005. In 2012 we may begin a second phase of our scattered sites repositioning strategy, which would include the disposition of up to 100 additional scattered site units.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Public Housing Strategies					
1.P.01	Design guidelines: Seattle Housing may establish reasonable, modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities.	1999 MTW Agreement	Has not yet been needed	Inactive	None
1.P.02	Streamlined public housing acquisitions: Acquire properties for public housing without prior HUD approval, provided that HUD site selection criteria are met.	1999 MTW Agreement	2004	Active	None
1.P.03	Total Development Cost limits: Replace HUD's Total Development Cost limits with reasonable limits that reflect the local market place for quality construction.	1999 MTW Plan	Has not yet been needed	Inactive	None

1.P.04	Streamlined mixed-finance closings: Utilize a streamlined process for mixed-finance closings	2000 MTW Plan	2005	Active	None
1.P.05	Streamlined public housing demo/dispo process: Utilize a streamlined demolition/disposition protocol negotiated with the Special Applications Center for various public housing dispositions	2000 MTW Plan	2004	Active	None

MTW Activity #2 – Family Self-Sufficiency Program

Status

Under Development - First included in the 1999 MTW Annual Plan and not yet implemented.

Description

Seattle Housing's Family Self-Sufficiency (FSS) Program supports residents with services and financial incentives that help them to pursue self sufficiency in multiple arenas, including employment, education, and moves to market-rate housing. MTW strategies have been designed to help the Family Self-Sufficiency Program expand its impact by partnering with other agencies, providing incentives for participation, and using local selection criteria, contract terms, and escrow calculation methods.

Changes in Authorization

None anticipated.

2012 Updates

Seattle Housing continues to find it challenging to implement our MTW FSS strategies within the confines of the regulations contained in the FSS NOFAs. This forces the agency to make a choice between implementing our approved MTW FSS activities and maintaining funding for the FSS program as a whole. Because of this dilemma, we predict that we will not be able to implement our MTW FSS strategies in 2012 as the NOFA for 2012 FSS funding has already been finalized and continues to include provisions that constrict our MTW authority. However, we will continue to look for ways to achieve our MTW goals within the parameters of the current FSS NOFAs and to work with HUD to make future NOFAs more workable for MTW agencies.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
2. A.01	FSS: Partner with City: Partner with the City of Seattle to share responsibilities and resources for a new integrated FSS program.	1999 MTW Plan	Has not been implemented	Inactive	None
2.A.02	SJI preference + time limits: Preference for Seattle Jobs Initiative participants coupled with time limits.	1999 MTW Plan	Has not been implemented	Inactive	None
2.A.03	FSS escrow accounts: Use local policies for determining escrow calculation, deposits, and withdrawals.	2007 MTW Plan	Has not been implemented	Inctive	None
2.A.04	FSS participation contract: Locally designed contract terms including length, extensions, interim goals, and graduation requirements.	2007 MTW Plan	Has not been implemented	Inctive	None
2. A. 05	FSS Program Coordinating Committee: Restructure Program Coordinating Committee (PCC) to better align with program goals and local resources.	2007 MTW Plan	2011	Active	None
2.A.06	FSS program incentives: Provide incentives to FSS participants who do not receive escrow deposits.	2007 MTW Plan	Has not been implemented	Inactive	None
2.A.07	FSS selection preferences: Up to 100% of FSS enrollments may be selected by local preferences.	2007 MTW Plan	Has not been implemented	Inactive	None

MTW Activity #3 - Inspection Protocol

Status

Active - First included in the 1999 MTW Annual Plan and implemented in 2001.

Description

Seattle Housing uses a cost-benefit approach to unit and property inspections. Current strategies within this approach include using Seattle Housing's own staff to complete HQS inspections of its properties with vouchers, inspecting residences less frequently, and allowing landlords to certify their own corrections of minor items.

Changes in Authorization

None anticipated.

2012 Updates

In 2012 Seattle Housing is planning to expand implementation of our cost-benefit approach to inspections (MTW Strategy 3.H.03, 3.P.01). In addition to our current streamlining strategies, we will consider units that within the past year have been inspected by certain sanctioned regulatory groups and funders, such as the City of Seattle's Office of Housing and the Washington State Housing Finance Committee, to be low risk. As part of our cost-benefit approach to inspections, we inspect low-risk units less frequently than high-risk units. Therefore, for low-risk units, we may delay the scheduling of the next HQS or UPCS inspection by Seattle Housing staff for one to three years, in correspondence with the inspection cycle for the housing portfolio.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Voucher Strategies					
3.H.01	Inspect SHA-owned properties: Allows SHA staff, rather than a third party entity, to complete HQS inspection of SHA owned properties.	2000 MTW Plan	2001	Active	None
3.H.02	Fines for no-shows at inspections: Impose fines on the landlord or participant for failing to be present at scheduled inspections.	2005 MTW Plan	Has not been implemented	Inactive	None
3.H.03	Cost-benefit approach-reduced frequency of inspections: Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol. (HCV)	2009 MTW Plan	2010	Active	None
3.H.04	Self-certification for minor fails: Self-certification by landlords of correction of minor failed inspection items.	2010 MTW Plan	2010	Active	None
Public Housing Strategies					
3.P.01	Cost-benefit approach-reduced frequency of inspections: Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol. (Public Housing)	1999 MTW Plan	2003	Active	None

MTW Activity #4 – Investment Policies

Status

Active - First included in the 1999 MTW Annual Plan and implemented in 1999.

Description

Seattle Housing's MTW investment policies give the agency greater freedom to pursue additional opportunities to build revenue by making investments allowable under Washington State's investment policies in addition to HUD's investment policies. Each year, Seattle Housing staff assess potential investments and make a decision about whether this MTW flexibility will be needed.

Changes in Authorization

None anticipated.

2012 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
4.A.01	Investment policies: SHA may replace HUD investment policies with Washington State investment policies.	1999 MTW Plan	1999	Active	None

MTW Activity #5 – Local Leases

Status

Active - First included in the 1999 MTW Annual Plan and implemented in 1999.

Description

Seattle Housing utilizes local lease strategies to incorporate best practices from the private market and encourage self-sufficiency.

Changes in Authorization

None anticipated.

2012 Updates

In 2012 we will extend implementation of our strategy to allow lease renewals of less than one year (#5.P.03) to the SSHP portfolio in order to retain the leasing practices that were in place prior to the introduction of public housing subsidy.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
5.A.01	Self-sufficiency requirement: All households receiving subsidy from SHA (public housing or voucher) in HOPE VI communities must participate in self-sufficiency activities.	1999 MTW Plan	1999	Active	None
Public Housing Strategies					
5.P.01	Local lease: SHA may implement its own lease, incorporating industry best practices.	2001 MTW Plan	2011	Active	None
5.P.02	Grievance procedures: Modify grievance policies to require tenants to remedy lease violations and be up to date in their rent payments before granting a grievance hearing for proposed tenancy terminations.	2008 MTW Plan	Has not been implemented	Inactive	None
5.P.03	Lease term for public housing units with Tax Credit overlay: Allow leases of less than one year.	2009 MTW Plan	2009	Active	None
5.P.04	Property-specific pet policies: SHA may establish pet policies, which may include the continuation or establishment of pet-free communities or limits on the types of pets allowed, on a building by building basis.	2011 MTW Plan	2011	Active	None

MTW Activity #6 and #7

These activities are intentionally excluded as they are no longer reported on as MTW activities.

MTW Activity #8 – Special Purpose Housing Use

Status

Active - First implemented prior to MTW participation in 1999 and continued throughout MTW participation.

Description

Seattle Housing utilizes public housing units to provide special purpose housing and to improve quality of services or features for targeted populations and other residents. In partnership with agencies that provide social services, Seattle Housing is able to make affordable housing available to households that would not likely be admitted in traditional public housing units. With this program Seattle Housing and partner agencies use residential units for service-enriched transitional/short-term housing, for office space for community activities and service delivery, and for management uses tied to MTW goals. The ability to designate public housing units for specific purposes and populations facilitates this work, including allowing units to target populations with specific service and housing needs, and specific purposes such as pet-free housing.

Changes in Authorization

None anticipated.

2012 Updates

In 2012, Seattle Housing plans to re-categorize in PIC up to 21 units for resident managers as MTW units rather than employee units, in order to clarify that they fall under our management use strategy within this activity (8.P.02), as well as five units dedicated to maintaining an existing partnership to support frail and elderly adults.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
8.A.01	Conditional housing: Housing program for those who do not currently quite meet SHA's minimum LIPH qualifications	8.A.01	Prior to MTW participation	Inactive	None

8.A.02	Program-specific waiting lists: Operate separate waiting lists for specific programs such as service enriched units.	2000 MTW Plan	Prior to MTW participation	Inactive	None
8.A.03	Service enriched housing: With the help of key partners, SHA may develop supportive housing communities.	2001 MTW Plan	Has not been implemented	Inactive	None
Public Housing Strategies					
8.P.01	Agency units for housing and related supportive services: Make residential units available for service-enriched housing by partner agencies.	1999 MTW Agreement	Prior to MTW participation	Active	None
8.P.02	Agency units for services: Make residential units available as office space for community activities, management use, and partner agencies providing services in and around the community.	1999 MTW Agreement	Prior to MTW participation	Active	None
8.P.03	Designate LIPH units for specific purposes/ populations: SHA may designate properties/units for specific purposes such as elderly or smoke-free.	2000 MTW Plan	2011	Active	None
8.P.04	Definition of elderly: Change definition of elderly for HUD-designated elderly preference public housing from 62 to 55.	2008 MTW Plan	Has not been implemented	Inactive	None
8.P.05	Pet-free environments: Establish pet-free environments in connection with selected service enriched housing.	2009 MTW Plan	Has not been implemented	Inactive	None

MTW Activity #9 - Project-based Program

Status

Active - First included in the 1999 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing uses MTW to develop and implement a local project-based program, providing vouchers to subsidize units in Seattle Housing-owned and privately-owned properties throughout Seattle. Seattle Housing's project-based activities include a large number of MTW strategies to reduce costs, make project-based programs financially feasible for owners, and to provide housing choice in the City. The project-based program promotes housing choice through strategies such as offering site-specific waiting lists maintained by providers (and, therefore, does not issue exit vouchers), expanding the definition of eligible unit types, allowing more project-based units per development and overall, admitting certain types of felons, allocating vouchers to programs and providers (not just units), allowing payment standards that promote services and the financial viability of projects, and coupling housing assistance with services by working with partners . The project-based program reduces Seattle Housing's costs through strategies allowing project-based staff to self-certify selected inspections and maintain their own waiting list, reducing the frequency of inspections by Seattle Housing staff, streamlining admissions, establishing a minimum threshold for calculating income on assets, and non-competitively allocating subsidies to Seattle Housing units. Project-based program strategies also make contract terms consistent with requirements for other leveraged funding sources.

Changes in Authorization

None anticipated.

2012 Updates

In order to more accurately reflect the implementation of the activity, we are updating the language describing MTW Strategy #9.H.08: Owners conduct new and turn-over inspections. The description will now read "Seattle Housing may allow the project-based owners to conduct their own new construction/rehab inspections and to complete unit turnover inspections (rather than Seattle Housing)." This is a more accurate description of the activity because currently our project-based partners are not conducting their own inspections for new construction/rehab, but Seattle Housing may decide to allow future partners to conduct this activity.

We are also documenting an existing MTW activity (#9.H.20) regarding the treatment of Medicaid payments to seniors living in certain project-based assisted living units through our Community Options Program Entry System (COPES) program. This activity has long been in place, but has accidentally not been called out in previous plans and reports. Seattle Housing's voucher program staff use this activity to calculate the household's tenant contribution for project-based units providing assisted housing for seniors on Medicaid (Park Place/Retirement Housing Foundation, Heritage House, and Legacy House). For these properties, Medicaid payments made on behalf of residents of such units are viewed by Seattle Housing as medical payment deductions, and residents are therefore considered to have zero income. For a complete description of this activity, please see Appendix D.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Voucher Strategies					
9.H.01	Cost-benefit inspection approach: Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol.	1999 MTW Plan	2004	Active	None

9.H.02	Assets in rent calculation: Only calculate income on assets declared as valuing $5,000 or more.	2000 MTW Plan	2005	Active	None
9.H.03	Choice offered at beginning (no exit vouchers): Housing choice is offered at the beginning of the project-based admissions process (by nature of site-specific waiting lists); exit vouchers are not offered.	2000 MTW Plan	2000	Active	None
9.H.04	Contract term: Project-based commitments renewable up to 40 years.	2000 MTW Plan	2000	Active	None
9.H.05	Eligible unit types: Modify the types of housing accepted under a project-based contract - allows shared housing and transitional housing.	2000 MTW Plan	2002	Active	None
9.H.06	HAP contracts: Modify the HAP contract to ensure consistency with MTW changes and add tenancy addendum.	2000 MTW Plan	2000	Active	None
9.H.07	Non-competitive allocation of assistance: Allocate project-based subsidy non-competitively to SHA controlled units.	2000 MTW Plan	2000	Active	None
9.H.08	Owners may conduct new and turn-over inspections: SHA may allow project-based owners to conduct their own new construction/rehab inspections and to complete unit turnover inspections	2000 MTW Plan	2005	Active	None
9.H.09	Percent of vouchers that may be project-based: Raise the percentage of vouchers that may be project-based above HUD limits.	2000 MTW Plan	2000	Active	None
9.H.10	Unit cap per development: Waives the 25% cap on the number of units that can be project-based in a multi-family building without supportive services or elderly/disabled designation.	2000 MTW Plan	2008	Active	None
9.H.11	Rent cap-30% of income: Project-based participants can not pay more than 30% of their adjusted income for rent and utilities.	2000 MTW Plan	2000	Inactive	None
9.H.12	Streamlined admissions: Streamline applications process for project-based HCV units.	2000 MTW Plan	2000	Active	None

9.H.13	Competitive allocation process: Commit vouchers to the City's competitive process for housing funding.	2004 MTW Plan	2005	Inactive	None
9.H.14	Payment standards for SHA units: Allows higher than Voucher Payment Standard for SHA-operated project-based units if needed to support the project budget (while still taking into account rent reasonableness).	2004 MTW Plan	2004	Active	None
9.H.15	Subsidy cap in replacement units: Cap subsidy at levels affordable to households at 30% AMI in project-based HOPE VI replacement units where SHA also contributed capital to write-down the unit's affordability to that level.	2004 MTW Plan	2004	Inactive	None
9.H.16	Admissions-admit felons under certain conditions: Allows for the admission into Project-based Voucher and Mod Rehab units of Class B and Class C felons subject to time-limited sex offender registration requirements who do not, in the opinion of the owner of the subsidized units, constitute a threat to others.	2005 MTW Plan	2005	Active	None
9.H.17	Program-based vouchers: Allocate floating voucher subsidy to a defined group of units or properties.	2007 MTW Plan	2007	Active	None
9.H.18	Provider-based vouchers: Provide vouchers to selected agencies to couple with intensive supportive services. The agency master leases units and subleases to tenants.	2007 MTW Plan	2007	Active	None
9.H.19	Streamlined admissions and recertifications: SHA may streamline admissions and recertification processes for provider-based and project-based programs.	2009 MTW Plan	Not yet implemented	Inactive	None
9.H.20	COPES housing assistance payment calculations: Count as zero income for residents who are living in project-based units at assisted living properties where Medicaid payments are made on their behalf through the COPES system	2012 MTW Plan	Prior to MTW participation	Active	Newly documented as an existing activity (see above); full policy is described in Appendix D

MTW Activity #10 – Local Rent Policy

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing's rent policy program tackles a number of objectives, including increasing housing choice by increasing flexibility in calculations determining the eligibility of units and payment standards and encouraging "graduation" out of subsidized housing. Rent policies also promote cost effectiveness and self sufficiency through a minimum rent and asset income threshold and through streamlined rent review processes.

Changes in Authorization

MTW Agreement - Attachment C (C)(11), (D)(1)(c), (D)(2)(a),(c); Specific regulations waived include 24 CFR 982.352(b)(iv), 982.508, 982.604(a), and 5.609. Our MTW authority is used for the strategies described below.

2012 Updates

Seattle Housing is planning to implement our existing MTW authority to set an absolute minimum rent (MTW Strategy #10.H.05) in the voucher program. No rent will be reduced below the minimum rent amount by a utility allowance. The planned minimum rent will be $50 (the same minimum rent that is already established in our public housing program.)

We are also clarifying our existing MTW strategy regarding the 180-day End of Participation (EOP) clock in the voucher program (MTW Strategy #10.H.11), which starts when a family's Housing Assistance Payment (HAP) reaches $50 or less. After the clock has started, the agency will not issue an MWCA voucher, and the agency will not enter into a new HAP contract when the HAP would be $50 or less. In addition, because we are broadening our existing MTW homeownership initiative to encompass a broader range of strategies that encourage households to graduate from subsidy, this strategy now fits more appropriately within MTW Activity #13, as it is designed to encourage households that can to graduate from subsidy. We are therefore renumbering it MTW Activity #13.H.02. As described previously in the proposed new MTW activities section, we plan that the EOP clock will also apply to public housing residents in our mixed-income communities.

In addition, we continue to analyze local market-based methodologies to update our Voucher Payment Standards (MTW Strategy #10.H.04). In 2012 we may implement this approved activity and revise our payment standards so that they will be determined based on local, timely market information rather than HUD's Fair Market Rents (FMRs).

We are also discontinuing the Tenant Trust Account (TTA) program, which we have found to be less effective than anticipated. We are currently planning implementation and communication strategies about this transition with participants.

We are also discontinuing the temporary rent ceiling program (MTW Strategy #10.P.07) due to lack of impact. The policy was intended to encourage higher income public housing residents to save money and move to unsubsidized housing, but has not achieved these outcomes due to low utilization (currently fewer than five households). The administration of this policy is administratively burdensome and will become increasingly cost prohibitive with the agency's adoption of new software in 2012, which would require custom reprogramming for this policy. The agency will instead return to calculating rent based on total household income regardless of market value, as is standard public housing practice. We will be communicating with the few current participants about this upcoming change in Fall 2012.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Voucher Strategies					
10.H.01	Rent burden-include exempt income: Exempt income included for purposes of determining affordability of a unit in relation to 40% of household income.	2000 MTW Plan	2005	Active	None
10.H.02	Rent cap-use gross income: Rent burden calculated on 30% of Gross Income, up from HUD's standard 30% of Adjusted Income.	2000 MTW Plan	2005	Active	None
10.H.03	Rent Reasonableness at SHA owned units: Allows SHA staff to perform Rent Reasonable determination for SHA owned units.	2000 MTW Plan	2000	Active	None
10.H.04	Payment standard: SHA may develop local voucher payment standards.	2002 MTW Plan	2002	Active	None
10.H.05	Absolute minimum rent: The minimum rent for all residents will be established annually by SHA. No rent will be reduced below the minimum rent amount by a utility allowance.	2003 MTW Plan	Implementation is planned for 2012	Inactive	None
10.H.06	Payment standard-SROs: SHA may use the studio payment standard for SRO units.	2003 MTW Plan	2003	Active	None
10.H.07	Tenant-based self-sufficiency incentives: Rent policies to foster self-sufficiency among employable households, including income disregards proportional to payroll tax; allowances for employment-related expenses; intensive employment services coupled with	2005 MTW Plan	Has not been implemented	Inactive	None

	time limits; locally-defined hardship waivers.				
10.H.08	Imputed income from TANF: Impute TANF income if household appears eligible and has not documented ineligibility. TANF not counted toward income if family is sanctioned.	2006 MTW Plan	Has not been implemented	Inactive	None
10.H.09	Rent reasonableness streamlining: Allows SHA to streamline rent reasonable determinations.	2006 MTW Plan	Currently considering implementati on in 2012	Inactive	None
10.H.10	Rent reviews for fixed-income households every three years: Rent reviews conducted for households exclusively on fixed-incomes (SS/SSI/pensions) only every three years.	2009 MTW Plan	2010	Active	None
10.H.11	Recategorized as 13.H.02. See Activity #13.				
10.H.12	Asset income threshold: SHA will increase the threshold for calculating asset income to an amount up to $50,000.	2010 MTW Plan	2010	Active	None
10.H.13	Streamlined medical deduction: SHA will provide medical deductions based on a standardized schedule.	2010 MTW Plan	Has not been implemented	Inactive	None
10.H.14	Simplified utility allowance schedule: HCV participants' rent will be adjusted for a Utility Estimate based on the number of bedrooms (defined as the lower of voucher size or actual unit size) and tenant responsibility for payment of energy, heat, and sewer/water under their lease, with a proration for energy-efficient units.	2011 MTW Plan	2011	Active	None
Public Housing Strategies					
10.P.01	Absolute minimum tenant payment: Tenants pay a minimum rent ($50 or more) even if rent calculation and/or utility allowance would normally result in a lower rental payment or even reimbursement.	2000 MTW Plan	2001	Active	None
10.P.02	Earned Income Disregard: HUD's Earned income Disregard is not offered to public housing residents.	2000 MTW Plan	2001	Active	None
10.P.03	Every third year rent reviews for fixed-income households: Rent reviews conducted for households	2001 MTW Plan	2004	Active	None

	exclusively on fixed-incomes (SS/SSI/pensions) only every three years. Rent increases by Social Security Cost of Living Adjustment in intervening years.				
10.P.04	Rent freezes: Voluntary rent policy freezes rent in two year intervals.	2000 MTW Plan	2000	Inactive	None
10.P.05	TANF rent calculation: Calculate TANF participant rent on 25% of gross income.	2000 MTW Plan	2000	Inactive	None
10.P.06	Tenant Trust Accounts: A portion of working public housing residents' income may be deposited in an escrow account for use toward self-sufficiency purposes.	2000 MTW Plan	2005	Active	None
10.P.07	Ceiling rent 2 year time limit: When a tenant's calculated rent reaches the ceiling rent for their unit, the rent will not be increased beyond the rent ceiling for 24 months. After that time, the tenant's rent is calculated as 30% of adjusted gross income.	2005 MTW Plan	2005	Active	None
10.P.08	Impute income from public benefits: SHA may impute income in rent calculation for tenants declaring no income who appear eligible for, but who have not pursued, benefits from the State's Employment Security or Department of Social and Health Services (such as Unemployment or TANF).	2005 Annual Plan	2005	Active	None
10.P.09	Partners develop separate rent policies: Allow partner providers and HOPE VI communities to develop separate rent policies that are in line with program goals and/or to streamline.	2005 MTW Plan	Has not been implemented	Inactive	None
10.P.10	Studio vs. 1 bedroom: Differentiate rents for studios vs. 1 bedroom units.	2005 MTW Plan	Has not been implemented	Inactive	None
10.P.11	Utility allowance-self-sufficiency and resource conservation: Change utility allowance where metering permits to encourage self-sufficiency and resource conservation.	2005 MTW Plan	Has not been implemented	Inactive	None
10.P.12	Utility allowance-schedule: SHA may change utility allowances on a schedule different for current residents and new move-ins.	2008 MTW Plan	2008	Active	None

10.P.13	Streamlined for fixed income: Further streamline rent policy and certification process for fixed income households.	2009 MTW Plan	Has not been implemented	Inactive	None
10.P.14	Streamlined rent policy for partnership units: Allow non-profit partners operating public housing units to implement simplified rent policies.	2009 MTW Plan	Has not been implemented	Inactive	None
10.P.15	Utility allowance-frequency of utility allowance updates: SHA may revise the schedule for reviewing and updating utility allowances due to fluctuations in utility rates to no more than annually.	2009 MTW Plan	2010	Active	None
10.P.16	Utility allowance-local benchmark: SHA may develop new benchmarks for "a reasonable use of utilities by an energy conservative household" - the standard by which utility allowance are calculated.	2009 MTW Plan	Has not been implemented	Inactive	None
10.P.17	SSHP rent policy: Rents in SSHP units receiving public housing subsidy will be one of four flat rents based on the tenant's percentage of Area Median Income (Under 20 percent, 20-29 percent, 30-39 percent, or 40 percent or over).	2011 MTW Plan	2011	Active	None

MTW Activity #11 – Resource Conservation

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing's resource conservation strategies take advantage of the agency's existing relationships with the City of Seattle and local utility providers, which continuously identify opportunities to increase resource conversation and reduce costs, rather than conducting a HUD-prescribed energy audit every five years. Conservation strategies have already achieved significant energy and cost savings to the agency, including conversion to more efficient toilets and electrical upgrades.

Changes in Authorization

None anticipated.

2012 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Public Housing Strategies					
11.P.01	Energy protocol: Employ a cost-benefit approach for resource conservation in lieu of HUD-required energy audits every five years.	2000 MTW Plan	2000	Active	None

MTW Activity #12 – Waiting Lists, Preferences, and Admission

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing's waiting list, preferences, and admission strategies have two primary objectives: to increase efficiencies and to facilitate partnerships with agencies that provide supportive services. Seattle Housing's MTW flexibilities in this area allow the agency to provide a greater percentage of vouchers to service providers and make decisions if needed to prevent homelessness. These strategies also expedite admission into the program for partner agencies' clients by allowing agencies to maintain their own waiting lists and allowing applicants referred by selected providers to receive the next available unit.

Changes in Authorization

None anticipated.

2012 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
12.A.01	Local preferences: SHA may establish local preferences for federal housing programs.	2002 MTW Plan	2002	Not currently needed	None

Voucher Strategies					
12.H.01	Partners maintain own waiting lists: Allow partners to maintain waiting lists for partner-owned and/or operated units/vouchers and use own eligibility and suitability criteria.	2000 MTW Plan	2000	Active	None
12.H.02	Voucher distribution through service provider agencies: Up to 30% of SHA's tenant-based vouchers may be made available to local nonprofits, transitional housing providers, and divisions of local government that provide direct services for use by their clients without regard to their client's position on SHA's waiting list.	2000 MTW Plan	2002	Active	None
12.H.03	Special issuance vouchers: Establish a "special issuance" category of vouchers to address circumstances where timely issuance of vouchers can prevent homelessness or rent burden.	2003 MTW Plan	2003	Active	None
12.H.04	Admit applicants owing SHA money: Provide voucher assistance to households owing SHA money from prior tenancy under specific circumstances, for example if they enter into a repayment agreement.	2008 MTW Plan	2008	Not currently needed	None
12.H.05	Limit eligibility for applicants in subsidized housing: Implement limits or conditions for tenants living in subsidized housing to participate in the HCV program. For example, before issuing a Public Housing resident a Voucher, they must fulfill the initial term of their public housing lease.	2008 MTW Plan	2011	Active	None
12.H.06	Streamlined eligibility verification: Streamline eligibility verification standards and processes, including allowing income verifications to be valid for up to 180 days.	2009 MTW Plan	Has not been implemented	Inactive	None
Public Housing Strategies					
12.P.01	Site-based waiting lists: Applicants can choose from several site-specific and/or next available waiting lists.	1999 MTW Plan	1999	Not currently needed	None

12.P.02	Partners maintain own waiting lists: Allow partners to maintain waiting lists for partner-owned and/or operated units (traditional LIPH units; service provider units, etc.) and use own eligibility and suitability criteria.	2000 MTW Plan	2000	Active	None
12.P.03	Expedited waiting list: Allow applicants referred by selected partners (primarily transitional housing providers) to receive expedited processing and receive the "next available unit."	2004 MTW Plan	2004	Active	None
12.P.04	No waiting list: Allows for filling units without a waiting list.	2008 MTW Plan	Has not been implemented	Inctive	None
12.P.05	Eligibility criteria: Unique eligibility criteria for specific units or properties, such as service enriched units.	2008 MTW Plan	Has not been implemented (except for the agency units governed by 8.P.01)	Inactive	None

MTW Activity #13 – Homeownership and Graduation from Subsidy

Status

Active - First included in the 2004 MTW Annual Plan and first implemented in 2004.

Description

Seattle Housing allocated MTW Block Grant funds to support homeownership through down payment assistance grants. Seattle Housing strives to support households who wish to purchase their own homes, while balancing the need to tailor homeownership strategies to serve the households that are most likely to succeed in private market housing and maintain their homeownership long-term.

Changes in Authorization

None anticipated.

2012 Updates

Seattle Housing is expanding the scope of this activity to encompass the multiple ways that households can successfully move away from housing subsidy – not only through homeownership, but also through unsubsidized rental units in the private market. To encourage and support the households that we are currently serving who are able to move into homeownership or unsubsidized rentals, we are proposing a new savings match incentive program, which is described previously in Section V of this plan.

We are also expanding and re-categorizing our EOP clock strategies, to include both communities in the public housing and voucher programs. The new EOP strategy proposed for public housing is described previously in Section V. We are renumbering the existing EOP strategy in the voucher program as #13.H.02.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
13.A.01	Down payment assistance: Allocate MTW Block Grant funds to offer a local down payment assistance program.	2004 MTW Plan	2004	Active	None
Voucher Strategies					
13.H.01	Monthly mortgage assistance: SHA may develop a homeownership program that includes a monthly mortgage subsidy.	2008 MTW Plan	Has not been implemented	Inactive	None
13.H.02 (formerly 10.H.11)	180-day EOP clock: The 180-day End of Participation "clock" due to income will start when a family's Housing Assistance Payment (HAP) reaches $50 or less.	2010 MTW Plan	2010	Active	None

MTW Activity #14 – Related Nonprofits

Status

Inactive - First included in the 2004 MTW Annual Plan and not yet implemented.

Description

Seattle Housing is able to partner with related nonprofits to implement or develop MTW demonstration activities.

Changes in Authorization

None anticipated.

2012 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
14.A.01	Related non-profit contracts: SHA may enter into contracts with any related nonprofit.	2004 MTW Plan	Has not been needed	Inactive	None

MTW Activity #15 – Combined Program Management

Status

Active - First included in the 2008 MTW Annual Plan and first implemented in 2008.

Description

In some of its communities, Seattle Housing co-locates units funded through project-based vouchers and low income public housing. Combining program management and policies for both of these types of units within the same community makes sense and reduces costs by eliminating redundancies, including duplicative rent reviews and inspections. It also avoids unnecessary disparities between tenants of the two different types of units. Seattle Housing's current implementation of this activity allows for all units subsidized by project-based housing choice vouchers to be operated just like public housing subsidized units in communities that receive both types of subsidy.

Changes in Authorization

None anticipated.

2012 Updates

We plan to add 46 units to this activity in 2012.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
15.A.01	Combined program management: Combined program management for project-based vouchers and public housing in communities operating both subsidy types.	2008 MTW Plan	2008	Active	None

MTW Activity #16 – Local Asset Management Program

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2010.

Description

Each year Seattle Housing submits to HUD a Local Asset Management Program (LAMP) plan, which outlines how it will allocate its funds, including the agency's approach to project-based budgeting and accounting, cost allocation, and classifications of costs and cost objectives. While there are many areas in which Seattle Housing's LAMP is consistent with HUD's asset management model, there are distinctions as well, including the ability to apply indirect service fees to all housing and rental assistance programs; expecting all properties, regardless of fund source, to be accountable for property-based management, budgeting, and financial reporting; creating management and operational efficiencies across programs; using MTW Block Grant flexibility to balance resources with local priorities; and maintaining selected central services, including procurement and specialty maintenance capacities, to most cost effectively serve the needs of the agency and its programs as a whole.

Changes in Authorization

None anticipated

2012 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
16.A.01	Local Asset Management Program: Use asset management principles to optimize housing and services.	2000 MTW Plan	2000	Active	None

MTW Activity #17 – Performance Standards

Status

Active - First included in the 1999 MTW Annual Plan and first implemented in 1999.

Description

Seattle Housing has used alternative performance measurements since becoming a Moving to Work agency in 1999. Because Moving to Work agencies are allowed to try out new strategies that fall outside of regular HUD activities, some of the standard measures that HUD uses to measure housing authorities' accomplishments may not apply to Moving to Work agencies. In 2010 Seattle Housing continued efforts to develop HUD-approved measures for Moving to Work agencies that can serve as an alternative to HUD's Public Housing Assessment System (PHAS). To inform the selection of alternative measures, Seattle Housing implemented an alternative satisfaction survey to the RASS and began working with other MTW agencies to explore a HUD-approved alternative to PHAS.

Changes in Authorization

None anticipated.

2012 Updates

Seattle Housing will continue to lead an effort among MTW agencies to develop an alternative evaluation system that would, among other purposes, serve as an alternative to PHAS.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
17.A.01	Local performance standards in lieu of HUD measures: Develop locally relevant performance standards and benchmarks to evaluate the agency performance in lieu of HUD's Public Housing Assessment System (PHAS).	1999 MTW Plan	1999	Active	None

VII. Sources and Uses of Funding

This section describes the agency's projected revenues and expenditures for 2012, local asset management program, and reflects use of MTW Block Grant single fund flexibility.

Sources and uses of MTW funds

The table below summarizes MTW sources of funds in the revised budget for Calendar Year (CY) 2011 and projected for the CY 2012 budget.

Table 3: Projected Sources - MTW Funds

	CY 2011 Budget	CY 2012 Budget	Percent Change
Dwelling Rental Income	$11,225,000	$11,425,000	1.8%
Investment and Interest Income	211,000	48,000	(77.3%)
Other Income	1,750,000	1,775,000	1.4%
MTW Block Grant*	120,878,000	114,145,000	(5.6%)
LIPH Operating Block Grant	*19,468,000*	*16,507,000*	*(15.2%)*
HCV Block Grant	*88,460,000*	*86,371,000*	*(2.4%)*
Capital Block Grant	*12,950,000*	*11,267,000*	*(13.0%)*
Subtotal: Existing MTW Programs	**$134,064,000**	**$127,393,000**	**(5.0%)**
New MTW Programs			
Seattle Senior Housing Program (SSHP)	*0*	*4,199,000*	---
SSHP MTW Block Grant	*0*	*3,563,000*	---
New Vouchers Converted to MTW	*0*	*2,136,000*	---
Total MTW Sources	**$134,064,000**	**$137,291,000**	**2.4%**

* Transfers made to Limited Partnerships are shown in Table 4 under the tile "Transfer to Local Low Income Housing and Development Activities".

Changes from CY2011 to CY2012 budget

Dwelling Rental The change in dwelling rental income is minimal. The vacancy level for Low Income Public Housing (LIPH) is at historic lows and is the reason projected rental income is up slightly. This effect is offset with a drop in average rental income from residents in LIPH due to a decline in residents' income related to the sluggish economy and cuts in income assistance from public agencies. Participants in the State's Temporary Assistance to Needy Families (TANF) and Disability Lifeline programs are among the residents experiencing the greatest economic hardship.

Investment and Interest Income is projected to decrease from 2011 due to continuing low interest rates and lower balances on investments.

Other Income includes laundry, portability fees, non-dwelling income attributed to agency units, and other miscellaneous income. The very slight increase is due to rooftop antenna income at LIPH high rise buildings.

MTW Block Grant - Excluding the funds for new programs in the MTW Block Grant – the inclusion of the Seattle Senior Housing Program (SSHP) and the anticipated transfer of more than 200 vouchers to the MTW program from the Special Purpose HCV program – the total **2012 MTW Block Grant** funding amount for existing MTW programs is estimated to decline by over 5.0 percent from the 2011 budget, a drop of about $6.7 million.

- The **MTW LIPH Operating Block Grant** revenues are anticipated to decline 15 percent from the 2011 budget level during a time of economic uncertainty and the threat of a double dip recession. Budget cuts continue at all levels of government, which will likely result in decreased HUD funding in the foreseeable future. In addition, state budget cuts have included reductions in TANF and Disability Lifeline support for residents considered least able to provide for themselves.

- The **MTW HCV Block Grant** revenues for the existing program are projected to decline in 2012 by 2.4 percent, or by more than $2.0 million. Overall, with the conversion of 430 special purpose vouchers to the MTW program in 2012 (with an average monthly budget impact of 207 vouchers due to the timing of the conversions), total MTW HCV revenues for the year will be flat compared with 2011.
  Given the spike in Housing Assistance Payment (HAP) costs due to the 2011 Fair Market Rent increase and ongoing cuts to safety net programs in Washington State, Seattle Housing faces a difficult year ahead. The agency's ability to fund a given level of HCV participation and the agency's single fund flexibility will ultimately be affected if funding levels continue to lag behind cost increases.

- Federal funding of the **MTW Capital Block Grant** (LIPH) is projected to continue falling behind urgent demands and the needs of a prudent asset preservation program to maintain our housing resources. This is true both for Seattle Housing's LIPH portfolio and for the senior and local housing programs. The existing MTW Capital Block Grant program is projected to decrease by 13 percent in 2012 from the previous year's level.

- **Seattle Senior Housing Program Income** is a new line item added to the MTW table. It represents the planned addition of about 900 Seattle Senior Housing Program (SSHP) units in 2012. Dwelling rental income is the main revenue contributor for this program.

- The **SSHP MTW Block Grant** revenues are newly added to the MTW portfolio in 2012. With the addition of this funding, the Senior Housing program will be on a more sustainable financial footing to meet both its future operating and capital program needs. While this new MTW funding will be part of the Authority's MTW single-fund authority, the ten year proforma for the SSHP program anticipates that this new funding will be needed to support those 900 units. Therefore, it is likely that these funds will remain dedicated to the SSHP program.

Table 4 below shows planned expenditures of MTW funds for CY 2011 and CY 2012.

Table 4: Projected Expenses - MTW Funds

	CY 2011 Budget[2]	CY 2012 Budget	Percent Change
Program Operations and Administration	$21,148,000	$20,989,000	(0.8%)
Utilities	6,332,000	6,428,000	1.5%
Housing Assistance Payments	69,233,000	70,313,000	1.6%
Maintenance and Contracts	11,681,000	9,991,000	(14.5%)
Subtotal: Operations	**$108,394,000**	**$107,721,000**	**(0.6%)**
Development and Capital Projects	10,977,000	9,554,000	(13.0%)
Management Improvements through Technology	451,000	643,000	42.6%
Total Uses - Existing MTW Programs	**$119,822,000**	**$117,918,000**	**(1.6%)**
New MTW Programs			
Seattle Senior Housing Program Operations	*0*	*4,848,000*	--
Seattle Senior Housing Capital Projects	*0*	*1,982,000*	--
New Vouchers Converted to MTW	*0*	*1,335,000*	--
Total Expenses-MTW[3]	**$119,822,000**	**$126,083,000**	**5.2%**
Transfers to Local Low Income Housing and Development Activities[4]	11,891,000	8,983,000	(24.5%)
Contribution to Reserves[5]	2,351,000	2,225,000	5.4%
Total Expenses and Transfers-MTW	**$134,064,000**	**$137,291,000**	**2.4%**

[2] To better reflect FDS reporting, the 2011 Budget was revised to transfer Community Service budget from the MTW to the Other Programs table.

[3] In order not to double count expenditures in deriving agency-wide expenditures, use the Total Expense- MTW line and add the Total Expense-Other from Table 6: Projected Expenses-Other Programs.

[4] Transfers are from MTW Block Grant to other local low-income housing programs, limited partnerships, replacement reserves, and development activities.

[5] Contributions to reserves are requirements for our homeWorks high rise limited partnership projects. In addition, in 2011 there was a contribution to the Operating Reserve and a set-aside for the expected increase in the HCV Voucher Payment Standard. For 2012, there is the homeWorks Capital Replacement Reserve requirement and a reserve contribution budgeted for SSHP to support its long term capital projects plan.

Changes from CY2011 to CY2012 budget

All Program Operations and Administration
The reduction in MTW program and support costs involves several factors. The Housing Choice Voucher Program reduced six full time staff members. As the waitlist continues to remain closed, funds that were once set aside to open the waitlist were removed. These cuts are offset by increases in other areas such as wage and benefit increases and set aside funds for retirement and unemployment compensation. Portability Administrative costs continue to climb as families continue to port out of the Seattle area.

All **Utilities** expenses in the existing MTW portfolio show an increase of 1.5 percent. The 2012 plan assumes a 4.2 percent increase in electricity and 4 percent increase in water and sewer. However, this is offset by an adjustment to account for over-budgeting of sewer rates in 2011.

The $2.4 million net increase projected in **Housing Assistance Payments** results from three primary factors:

- 430 vouchers are expected to convert to the MTW program from the tenant protection program, increasing HAP costs by more than $1.3 million (based on an average of 207 for the year due to the timing of the conversions) relative to the existing MTW HCV program.
- State cuts to safety net programs have reduced the incomes of a large population of voucher holders, driving up the HAP share of rents; this adds about $800,000to the HAP cost.
- The 2012 impacts from the 2011 Voucher Payment Standards increase, as it becomes effective with recertifications in 2012, is responsible for another $2.4 million of the HAP increase in 2012.

These three factors driving HAP costs up are partially offset by a drop in voucher utilization as the agency continues to keep its MTW HCV wait list closed. Up to 150 households in the Seattle Senior Housing Program that utilized vouchers in 2011 will be converted to funding support from public housing operating and capital subsidies in 2012 and no longer require HCV subsidy. These vouchers are not planned to be reissued in 2012 as we seek to stabilize utilization at an average of 97 percent. Despite an anticipated drop in MTW utilization in 2012, more households will be served by the overall Section 8 program than in years past, due to the anticipated award in 2011 and 2012 of more than 830 special purpose vouchers.

Maintenance and Contracts expenses are projected to decrease by 14.5 percent in 2012 as compared to 2011 budget. The reduction reflects changes in the way we do business to reduce and control portfolio maintenance costs. Changes resulting in budget reductions include the following:

- The agency has designed a new vacate cost strategy to control and lower vacate expenses after a more than yearlong review of the issue. The re-engineering of vacates results from the review process and information of the interdepartmental "Vacate Team." The linchpins of the new strategy are twofold.

  The first strategy is to align decision-making authority with budget accountability. This precept results in the agency assigning to property management staff the responsibility and authority to determine the scope of vacate work and how it is performed in their properties.
  The second change affecting projected vacate costs is the establishment of an average cost standard for vacates/turn-overs and a standard for unit turnover days. For example, we propose to decrease the average turnover cost from $5,000 per unit to $3,000 per unit at LIPH properties, with the exception of our scattered site portfolio.

  Moreover, the decrease in vacancies experienced at LIPH units is expected to contribute to the reduction in vacate expenses. The 2012 vacate expenses are anticipated to be lower by about $810,000 as a result of the changes emanating from the Vacate Team's work.

- Landscaping expense is reduced by about $400,000. The spending decrease in landscaping will be achieved by reducing off season work and maintaining the landscape schedule during peak season.

- A reduction of about 5 percent in general maintenance & repair expenses is expected to result from changes in the processing of these work orders. Again, the plan is to better align authority and budget accountability by assigning to the property management site staff the responsibility for screening and prioritizing work order requests. We expect this greater scrutiny will result in a cost reduction of about $170,000.

- Reduction in janitorial and window wash expenses is proposed to be $100,000. This reduction will result from modifying the schedule for janitorial services in the high-rise common areas.

- A new contract for elevator services is signed and the contract negotiation brought a saving of about $100,000.

The decrease in the MTW **Development and Capital Projects** budget reflects the reduction in capital grant sources. Fewer and smaller projects will be funded in 2012.

- In the 2012 budget the agency continues to fund some of the backlog of minor repair, replacement, and rehabilitation projects and to provide a reduced allowance for each LIPH portfolio.

- In addition, the 2012 MTW Capital Budget provides funding for the Yesler Terrace redevelopment planning efforts; a steam heat replacement project at Jefferson Terrace; accessibility (UFAS) improvements in eight scattered site units; roof replacements in the scattered site portfolio; and annual debt service costs for homeWorks rehabilitation of the high rises.

The **Management Improvements through Technology** budget of $640,000 includes funding to implement new property management software, implement changes to software that will interface with the new Voyager (Yardi) software; and convert current operations to the new single property management software support. Funds for the replacement of out of date technology infrastructure and additional computer hardware storage space are also included. Additionally, funds are included for replacing obsolete PCs and thin clients and for updating the agency firewall to protect system security and accommodate newer internet technology. A portion of this expenditure will be funded from prior year sources.

Seattle Senior Housing Program Operations Expense is added to the MTW section in 2012 for the planned addition of about 900 SSHP units to the MTW program. The $4.8 million operating expense represents expenses for program operations and administration, maintenance and contracts, and utilities. In prior years, these expenses were included as part of Other Programs.

The 2012 **Seattle Senior Housing Capital Projects** budget will focus on building envelope and window integrity and elevator rehabilitation.

The **New Vouchers Converted to MTW** represents an average of 207 tenant protection vouchers converted to MTW in 2012.

Sources and uses of other funds

Seattle Housing operates a number of local housing programs that are not part of the Consolidated MTW Budget, including the Special Portfolio Local Housing Fund, Special Purpose Vouchers, Community Services operations, revitalization, and community services grants. The agency also operates Impact Property Management (IPM) and Impact Property Services (IPS), which manage and maintain housing for the agency, tax credit properties, and other property owners.

The following table summarizes sources of funds projected for the local housing program, development and related activities.

Table 5: Projected Sources – Other Programs

	CY 2011 Budget	CY 2012 Budget	Percent Change
Dwelling Rental Income	$14,696,000	$10,314,000	(29.8%)
Investment and Interest Income	1,409,000	1,124,000	(20.2%)
Other Income	10,246,000	12,127,000	18.4%
Special Purpose Vouchers and Misc. Subsidy	7,549,000	10,896,000	44.3%
Grants	3,960,000	4,430,000	11.9%
Capital Sources:			
Other Capital	6,659,000	2,425,000	(63.6%)
New Projects	--	18,237,000	--
Prior Year Capital Sources - ARRA	10,375,000	0	--
Prior Year Mixed-Finance Redevelopments	21,545,000	9,755,000	(54.7%)
Total Sources-Other Programs	**$76,439,000**	**$69,308,000**	**(9.3%)**

Changes from CY2011 to CY2012 budget

The decrease in 2012 **Dwelling Rental Income** is because of the transition of SSHP units to the MTW portfolio. Leaving this change aside, the comparison of dwelling rental income from 2011 to 2012 shows a slight increase in Special Portfolio properties, mainly due to anticipated increases in occupancy rates.

The decrease in **Investment and Interest Income** is due primarily to continuing very low investment interest rates. Interest on bonds and notes also decreases due to lower balances.

The increase in **Other Income** is due to several different accounts. Special Purpose Voucher administrative fees increased by about $400,000 in 2012 due to the award of more than 830 new vouchers which will be a part of the special purpose program for at least a portion of 2012 before they convert to MTW. In addition, administrative fees for Mod Rehab units will increase due to higher occupancy levels as rehabilitation projects are completed.

Developer fee income is expected to increase by almost 60 percent due to payments from Lake City Court and Rainier Vista Northeast. Impact Property Services income from external sources is expected to be $400,000 higher than budgeted in 2011.

The subsidy for **Special Purpose Vouchers and Miscellaneous Subsidy** increased due to the award in mid-2011of 100 Family Unification Program vouchers and 37 Veterans Affairs Supportive Housing vouchers; plus an expected 697 tenant protection vouchers from mid-2011 through 2012. It is anticipated that approximately 207 of these tenant protection vouchers will convert to MTW during 2012.

Grants represent HOPE VI and Choice Neighborhoods Implementation grant funds for redevelopment plus community and supportive services grants. The increase in grants is the result of a combination of factors. It reflects the completion of the HOPE VI capital grant expenditures for Lake City Court in 2011 and $3.4 million of the recently awarded $10.3 million Choice Neighborhoods Implementation grant in 2012. The Yesler Terrace Choice Neighborhoods Implementation Grant will address critical community improvements and housing design and permitting.

Grants for Community and Supportive Services have increased from a budgeted $860,000 in 2011 to a budget of $984,000 in 2012. Use of community and supportive funds from the Lake City Court HOPE VI funds will occur throughout 2012. Additionally, new infusions of HUD’s Resident Opportunities and Self-Sufficiency (ROSS) grant funding will increase overall grant spending. Seattle Housing has applied for Family Self Sufficiency funding for two coordinators that were cut in 2010. If awarded, this would restore two positions and increase the service level in the FSS program. This increase in grant funding would be offset minimally by the completion of the Work Force Development grant and the Smoking Cessation Program funding.

Capital Sources outside the MTW Capital Block Grant are reflected above to provide a more complete picture of the scope of the agency’s development, rehabilitation, and asset preservation programs. No new American Recovery and Reinvestment Act (ARRA) or HOPE VI revenues are projected for 2012.

Other Capital for 2012 includes use of reserves for asset preservation projects and for equipment and appliance replacements for Special Portfolio and limited partnership needs, and funds for equipment replacements. The 2012 funds do not include City grant funding for building envelope rehab in the Senior Housing portfolio, which were in the 2011 budget.

Other Revenues for new Projects represents the Leschi House Rehabilitation and Addition project which includes the renovation of 34 existing units and the construction of approximately 35 additional units. Project details include replacing the exterior stucco wall system, cabinet fronts and counter replacements, appliances and fixtures. Assuming mixed finance funding is approved, it is expected to be a two year project starting at mid-year 2012.

Prior Year Capital Sources – Mixed Finances represent financing from prior years that provide funding for multi-year projects. The drop in funding from 2011 to 2012 is due to the completion of Lake City Court and of Rainier Vista infrastructure in 2011 and the partial completion of Rainier Vista Northeast rental housing units. For 2012 the funds support completion of Rainier Vista Northeast, continuation of the rehabilitation of the building envelopes at Bitter Lake Manor and Blakeley Manor, and redevelopment of the steam plant into a community learning center at Yesler Terrace.

Table 6: Projected Expenses – Other Programs

	CY 2011 Budget[6]	CY 2012 Budget	Percent Change
Program Operations and Administration	$21,371,000	$19,977,000	(6.5%)
Utilities	2,648,000	1,901,000	(28.2%)
Special Purpose Vouchers - Housing Assistance Payments	6,429,000	9,833,000	52.9%
Maintenance and Contracts	7,537,000	5,952,000	(21.0%)
Subtotal: Operations	**$37,985,000**	**$37,663,000**	**(0.8%)**
Community and Supportive Services Grants	860,000	984,000	14.4%
Capital and Non-Routine Projects	8,095,000	2,389,000	(70.5%)
New Projects	---	12,028,000	---
Prior Year ARRA	10,375,000	---	---
Prior Year Financed Redevelopments	24,320,000	9,755,000	(59.9%)
Total Expenses-Other	**$81,635,000**	**$62,819,000**	**(23%)**

[6] The 2011 Budget was revised to transfer Community Service budget from the MTW to this table.

Changes from CY 2011 to CY 2012Budget

All **Program Operations and Administration** expenses in Other Programs show a net decrease of 6.5 percent. The decline is mainly because of the transition of SSHP to MTW portfolio. In addition, a combination of the following factors impacted program operations and administration expenses:

- Community Services underwent reorganization in 2011 affecting the department in several ways in 2012. Four and a half positions were eliminated. Grant funding increased, shifting expenses from the administration budget to the grant budget.
- In 2011, the agency initiated office building consolidation to improve operational effectiveness and to lower estimated future operating costs over a 10-year planning period. 2012 is a transition year for this consolidation with three months of occupancy in the existing buildings and nine months in the new space. Costs for 2012 are expected to be about $340,000 greater than budgeted in 2011 because we will use more space and will have cost overlap during the periods when multiple properties are in operation.
- Campus of Learners consolidated a majority of their expenses into a condominium fee, shifting costs from maintenance to programs and administration.
- With the award of over 830 additional vouchers that will be in the Special Purpose program in 2012, approximately $245,000 in administrative costs shift from MTW to other programs.

Special Purpose Vouchers - Housing Assistance Payments increase in 2012 as a result of the significant infusion of new special purpose vouchers in 2011 and 2012, including the award of 100 Family Unification Program Vouchers and 37 Veterans' Affairs Supportive Housing

Vouchers (VASH) and the expectation of receiving 697 tenant protection vouchers over 2011 and 2012. We anticipate that approximately 207 of these vouchers will convert to MTW in 2012. Overall Special Purpose utilization rates should increase in 2012 as programs become more established.

Utilities cost decrease is due to the transition of SSHP to MTW portfolio. Total utilities cost for SSHP units moved to the MTW portfolio is about $750,000. In addition, for three quarters of the year, the cost of utilities at the agency's main offices transfers to administrative cost, which is reflected in office rent.

Maintenance and Contracts for Other Programs also decreased because of the transition of SSHP to MTW portfolio. Excluding the transition:

- Maintenance and contracts expenses reflects the goal of decreasing costs for vacates, lower fees paid to the City for solid waste disposal , and lower expenses planned for landscaping and janitorial services.
- The NewHolly Phase I budget has decreased its community police team expenses, landscaping contracts, and maintenance expense. This change also impacts community police team expenses at Othello and Desdemona Limited Partnerships.
- IPS expenses associated with external customers continue to increase. New work at HOPE VI properties, new properties coming on-line, and other external locations have increased the external work for IPS.
- While administrative expenses saw an increase due to the Central Office move, maintenance and contracts costs for two of the agency's largest office facilities were substantially reduced as most maintenance expenses are now included in office rent.

Community and Supportive Services Grants increased due to increased use of the Lake City Court HOPE VI grant and a new infusion of ROSS Service Coordinator grant funding. These increases were minimally offset by the expiration of Work Force Development Council funding and the end of the Communities Putting Prevention to Work funding.

Capital and Non-Routine Projects includes several small asset preservation projects and appliance and equipment replacement expenditures planned for Special Portfolio, tax credit partnerships, and Seattle Housing facilities. The substantial decrease from 2011 is due to SSHP moving to the MTW portfolio.

New Projects includes expenditures for Leschi House, which will be a two year project, Yesler Terrace redevelopment, Wedgewood Estates projects, and a brownfield consultant project. Leschi House expenditures are estimated at almost $8 million and will include construction and related design work. Yesler Terrace expenditures of Choice Neighborhood grant funds are estimated at just over $3 million and will be used for A/E, permitting, supportive services, and critical community improvements. A modest financing package of about $650,000 will be completed in 2011 to support repairs and replacements identified for Wedgewood Estates.

Prior Year Financed Projects include the Yesler Terrace steam plant redevelopment and work at both Bitter Lake Manor and Blakeley Manor, and the final year of construction at Rainier Vista Northeast.

The decrease in Prior Year Financed Redevelopments reflects the completion of Lake City Court in 2011 and the completion of Rainier Vista Northeast Rental Housing in 2012, along with the significant difference in size of the completed projects compared to the new ongoing projects.

Local Asset Management Program

Seattle Housing has implemented a local asset management program (LAMP) since the inception of its MTW participation. The agency detailed this LAMP in its HUD-approved 2010 MTW Annual Plan. We continue to implement this local asset management program on an ongoing basis. No significant changes have been made to Seattle Housing's LAMP, with the exception of updating the Indirect Service Fee (see below) and defining a new local housing program, SHA Tax Credit Properties (to reflect conversion of a tax credit limited partnership component unit to Seattle Housing ownership).

The agency has not created a Central Office Cost Center as described in HUD's Asset Management plans. Instead, Seattle Housing uses an indirect services fee (IDSF) that complies with the federal Office of Management and Budget (OMB) Circular A-87 requirements, but differs from HUD's prescribed options.

Seattle Housing's Indirect Service Fee is more comprehensive than HUD's asset management system. HUD's asset management and fee for service systems focus only on a fee for service at the LIPH property level. The agency's LAMP is much broader and includes local housing and other activities not found in traditional HUD programs. Seattle Housing's indirect services fee (IDSF) is based on anticipated indirect costs for the fiscal year and is updated as part of the annual budget process. Per the requirements of OMB Circular A-87, the IDSF is determined in a reasonable and consistent manner based on total units and leased vouchers. Thus, the IDSF is calculated as a per-housing-unit or per-leased-voucher fee per month charged to each program.

Seattle Housing's Indirect Service Fee is updated as part of the annual budget process. For 2012 the IDSF is $48.73 per unit month for housing units and $19.59 per unit month for vouchers. These fees compare to $52.25 and $21.70 for 2011. Per HUD's request and for their convenience and information, Seattle Housing's original LAMP, as submitted in the 2010 MTW Plan, is provided in Appendix C. The agency does so with the understanding that its LAMP is not subject to annual approval under the MTW Amended and Restated Agreement.

Single-fund flexibility

Seattle Housing established a MTW Block Grant Fund under the original MTW Agreement and continues to use single-fund flexibility under the First Amendment to the Amended and Restated MTW Agreement. Seattle Housing's flexibility to use MTW Block Grant resources is central to support its array of low-income housing services and programs. The agency exercises its authority to move MTW funds and project cash flow among projects and programs as the agency deems necessary to further its mission and cost objectives.

The agency analyzes its housing, rental assistance, community service, administrative, and capital needs on an annual basis through the budget process to determine the level of service and resource needs to meet the agency's strategic objectives. MTW flexibility to allocate MTW Block Grant revenues among the Authority's housing and administrative programs enables the agency to balance the mix of housing types, services, capital investments and administrative support to different low-income housing programs and different groups of low-income residents. It enables the agency to tailor resource allocation to best achieve our cost and strategic objectives and therefore maximize our services to low-income residents and applicants having a wide diversity of circumstances, needs, and personal capabilities.

The MTW Block Grant enables Seattle Housing to continue addressing some of the most urgent capital needs in other housing programs by augmenting local program funds with MTW Block Grant monies. The MTW Block Grant also continues to provide interim financing and support for development activities; to support community and supportive services to residents and participants; to augment our local housing special portfolio replacement reserves; and to support development and maintenance of common park areas in our family communities.

For 2012 Seattle Housing will transfer MTW Block Grant Funds of $8.7 million for the above purposes. The three largest MTW Block Grant transfers are for community and supportive services ($3.2 million); subsidy for public housing residents of tax credit properties ($2.8 million); and support of low-income housing new and redevelopment activities ($1.9 million).

Let us say a brief word on Seattle's approach to our Operating Cash Reserve and how it differs from HUD's. First, our financial policy related to reserves focuses on **cash** reserves – unrestricted, undesignated or committed, and unassigned cash reserves. We focus on cash because if we need to use our reserve, we need it to be fully liquid. This contrasts with HUD's definition of unrestricted reserves which include non-cash assets and exclude liabilities for which current year cash will be required. This leads HUD to an over statement of unrestricted reserves, when HUD is looking to isolate funds designed to substitute for a portion of the federal cash operating grant.

Seattle Housing's reserve policy is designed around the needs of the agency as a whole, and thus considers the entire agency's unrestricted, undedicated, and unassigned cash in relation to total agency expenditures. Our policy is to maintain cash reserves equal to one month of average expenditures plus one month of principal debt payments. This perspective is completely appropriate for an agency with MTW designation and single-fund authority.

HUD considers only LIPH property reserves on a property level basis. Given our single fund authority, measuring reserves on a narrow disaggregated basis is likely to be misleading, as our perspective, for example, is to have our LIPH properties receive sufficient subsidy to breakeven. Instead of building months of unrestricted reserves, we prefer to deploy our MTW Block Grant to maximize the number of low income residents and participants we can serve. Please see Appendix E for Seattle Housing's letter on Operating Reserves.

VIII. Administrative Information

This section provides documentation of Board of Commissioners action regarding this plan and describes agency-directed evaluations of MTW, if any.

Agency-directed evaluations

The agency is not currently engaged in any agency-wide evaluations of its MTW program.

SHA Board of Commissioners resolution

On October 10, 2011, the Board of Commissioners passed a resolution to approve this plan. The resolution approving the Plan and certification of compliance with regulations are provided as a separate attachment.

Appendix A – New public housing units

The following is a description of new public housing units to be added during 2012 by development.

Rainier Vista Northeast (Phase III)										
Rainier Vista Northeast will be comprised of 118 units, 75 of which will have public housing subsidy upon final completion in 2012. Construction is already underway. The numbers below reflect projected unit completions remaining for 2012.										
	Public Housing					**Straight Tax Credit / Other Affordable**				
Structure Type	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**
Row	0	6	11	3	2	0	4	4	2	1
Semi-Detached	0	1	5	4	0	1	0	2	3	0
Single Family	0	1	0	0	0	2	0	0	0	0
Subtotal	0	8	16	7	2	3	4	6	5	1
Total	**33**					**19**				
Accessible Features	There will be seven fully accessible units in the project. A number of the units will have entrances that are without steps or at a minimal grade. There will be bathrooms on the ground level in many units. Exterior doors will be 36 inches wide.									

Appendix B – New project-based voucher units

The following is a description of new project-based housing choice voucher units to be added during 2012 by project.

2012 commitments

Seattle Housing has committed project-based voucher assistance to the projects listed below.

Rainier Vista Northeast (Phase III)							
Project description	Rainier Vista Northeast will be comprised of 118 units, 23 of which will have project-based Housing Choice Voucher subsidy upon final completion in 2012. We anticipate that approximately 13 of the project-based units will be assigned in 2011 and approximately 10 in 2012 as outlined below; however, while the total number of project-based vouchers will total 23, assignment by year may vary.						
Total units in property	**Project-based units**						
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**5 Bedrooms**	**Total**
23 of 118	0	1	1	5	2	1	**10**

NewHolly (Phase III)						
Project description	Seattle Housing will likely dedicate 30 project-based vouchers at Phase III of NewHolly.					
Total units in property	**Project-based units**					
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**Total**
30 of 219	0	0	30	0	0	**30**

To be determined by City of Seattle NOFA process						
Project description	Seattle Housing has allocated up to 70 vouchers to be project-based in 2012 via the City of Seattle's competitive Notice of Funding Availability (NOFA) process. The results will be reported in the agency's 2012 Annual Report.					
Total units in property (ies)	**Project-based units**					
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**Total**
TBD*	TBD	TBD	TBD	TBD	TBD	**70**

**TBD = To Be Determined*

<table>
<tr><th colspan="7">To be determined by City of Seattle RFP process</th></tr>
<tr><td>Project description</td><td colspan="6">Seattle Housing has allocated 50 vouchers to be project-based in 2012 via a Request for Proposals process. These units will serve as replacement units for High Point. The results will be reported in the agency’s 2012 Annual Report.</td></tr>
<tr><td rowspan="2">Total units in property (ies)</td><td colspan="6">Project-based units</td></tr>
<tr><td>Studios</td><td>1 Bedroom</td><td>2 Bedrooms</td><td>3 Bedrooms</td><td>4 Bedrooms</td><td>Total</td></tr>
<tr><td>TBD</td><td>TBD</td><td>TBD</td><td>TBD</td><td>TBD</td><td>TBD</td><td>50</td></tr>
</table>

Any project-based commitments or potential commitments listed in a previous plan not completed by the end of 2011 may come on line during 2012.

Appendix C – Local Asset Management Plan

Original SHA LAMP Submitted as Appendix A with 2010 MTW Plan

I. Introduction

The First Amendment to the Amended and Restated Moving to Work (MTW) Agreement ("First Amendment") allows the Seattle Housing Authority (SHA or the Authority) to develop a local asset management program (LAMP) for its Public Housing Program. The agency is to describe its LAMP in its next annual MTW plan, to include a description of how it is implementing project-based management, budgeting, accounting, and financial management and any deviations from HUD's asset management requirements. Under the First Amendment, SHA agreed its cost accounting and financial reporting methods would comply with federal Office of Management and Budget (OMB) Circular A-87 and agreed to describe its cost accounting plan as part of its LAMP, including how the indirect service fee is determined and applied. The materials herein fulfill SHA's commitments.

II. Framework for SHA's Local Asset Management Program

A. Mission and Values

SHA was established by the City of Seattle under State of Washington enabling legislation in 1939. SHA provides affordable housing to about 26,000 low-income people in Seattle, through units SHA owns and operates or for which SHA serves as the general partner of a limited partnership and as managing agent, and through rental assistance in the form of tenant-based, project-based, and provider-based vouchers. SHA is also an active developer of low-income housing to redevelop communities and to rehabilitate and preserve existing assets. SHA operates according to the following Mission and Values:

Our Mission

Our mission is to enhance the Seattle community by creating and sustaining decent, safe and affordable living environments that foster stability and increase self-sufficiency for people with low-income.

Our Values

As stewards of the public trust, we pursue our mission and responsibilities in a spirit of service, teamwork, and respect. We embrace the values of excellence, collaboration, innovation, and appreciation.

SHA owns and operates housing in neighborhoods throughout Seattle. These include the four large family communities of NewHolly and Rainier Vista in Southeast Seattle, High Point in West Seattle, and Yesler Terrace in Central Seattle. In the past fifteen years, SHA has undertaken redevelopment or rehabilitation of three of our four family communities and 21 of our public housing high-rise buildings, using mixed financing with low-income housing tax credit limited partnerships.

SHA has approximately 590 employees and a total projected operating and capital budget of $220 million for Calendar Year 2010.

B. Overarching Policy and Cost Objectives

SHA's mission and values are embraced by our employees and ingrained in our policies and operations. They are the prism through which we view our decisions and actions and the cornerstone to which we return in evaluating our results. In formulating SHA's Local Asset Management Program (LAMP) our mission and values have served as the foundation of our policy/cost objectives and the key guiding principles that underpin SHA's LAMP.

Consistent with requirements and definitions of OMB Circular A-87, SHA's LAMP is led by three overarching policy/cost objectives:

- ***Cost Effective Affordable Housing:*** To enhance the Seattle community by creating, operating, and sustaining decent, safe, and affordable housing and living environments for low-income people, using cost-effective and efficient methods.
- ***Housing Opportunities and Choice:*** To expand housing opportunities and choice for low-income individuals and families through creative and innovative community partnerships and through full and efficient use of rental assistance programs.
- ***Resident Financial Security and/or Self-Sufficiency:*** To promote financial security or economic self-sufficiency for low-income residents, as individual low-income tenants are able, through a network of training, employment services, and support.

C. Local Asset Management Program – Eight Guiding Principles

Over time and with extensive experience, these cost objectives have led SHA to define an approach to our LAMP that is based on the following principles:

(1) ***In order to most effectively serve low-income individuals seeking housing, SHA will operate its housing and housing assistance programs as a cohesive whole, as seamlessly as feasible.***

We recognize that different funding sources carry different requirements for eligibility and different rules for operations, financing, and sustaining low-income housing units. It is SHA's job to make funding and administrative differences as invisible to tenants/participants as we can, so low-income people are best able to navigate the housing choices and rental assistance programs SHA offers. We also consider it SHA's job to design our housing operations to bridge differences among programs/fund sources, and to promote consolidated requirements, wherever possible. It is also incumbent on us to use our own and MTW authority to minimize administrative inefficiencies from differing rules and to seek common rules, where possible, to enhance cost effectiveness, as well as reduce the administrative burden on tenants.

This principle has led to several administrative successes, including use of a single set of admissions and lease/tenant requirements for Low Income Public Housing and project-based Housing Choice Voucher tenants in the same property. Similarly, we have joint funder agreements for program and financial reporting and inspections on low-income housing projects with multiple local and state funders.

An important corollary is SHA's involvement in a community-wide network of public, nonprofit, and for-profit housing providers, service and educational providers, and coalitions designed to rationalize and maximize housing dollars – whatever the source – and supportive services and educational/training resources to create a comprehensive integrated housing + services program city and county-wide. So, not only is SHA's LAMP designed to create a cohesive whole of SHA housing programs, it is also intended to be flexible enough to be an active contributing partner in a city-wide effort to provide affordable housing and services for pathways out of homelessness and out of poverty.

(2) ***In order to support and promote property performance and financial accountability at the lowest appropriate level, SHA will operate a robust project and portfolio-based budgeting, management, and reporting system of accountability.***

SHA has operated a property/project-based management, budgeting, accounting, and reporting system for the past decade. Our project-based management systems include:

- Annual budgets developed by on-site property managers and reviewed and consolidated into portfolio requests by area or housing program managers;
- Adopted budgets at the property and/or community level that include allocation of subsidies, where applicable, to balance the projected annual budget – this balanced property budget becomes the basis for assessing actual performance;
- Monthly property-based financial reports comparing year-to-date actual to budgeted performance for the current and prior years;

Quarterly portfolio reviews are conducted with the responsible property manager(s) and the area or housing program managers, with SHA's Asset Management Team.

SHA applies the same project/community based budgeting system and accountability to its non-federal programs.

(3) *To ensure best practices across SHA's housing portfolios, SHA's Asset Management Team provides the forum for review of housing operations policies, practices, financial performance, capital requirements, and management of both SHA and other housing authorities and providers.*

A key element of SHA's LAMP is the Asset Management Team (AM Team) comprised of upper and property management staff from housing operations, asset management, property services, executive, legal, finance and budget, community services, communications, and rental assistance. This interdisciplinary AM Team meets weekly throughout the year and addresses:

- All critical policy and program issues facing individual properties or applying to a single or multiple portfolios, from rent policy to smoke-free buildings to rules for in-home businesses;
- Portfolio reviews and follow-up, where the team convenes to review with property management staff how well properties are operating in relation to common performance measures (e.g. vacancy rates; turnover time); how the property is doing in relation to budget and key reasons for deviations; and property manager projections and/or concerns about the future;
- Annual assessment of capital repair and improvement needs of each property with property managers and area portfolio administrators in relation to five year projections of capital preservation needs. This annual process addresses the capital needs and priorities of individual properties and priorities across portfolios; and.
- Review and preparation of the annual MTW Plan and Report, where key issues for the future are identified and discussed, priorities for initiatives to be undertaken are defined, and where evaluation of MTW initiatives are reviewed and next steps determined.

The richness and legitimacy of the AM Team processes result directly from the diverse Team composition, the open and transparent consideration of issues, the commitment of top management to participate actively on the AM Team, and the record of follow-up and action on issues considered by the AM Team.

(4) *To ensure that the Authority and residents reap the maximum benefits of cost-effective economies of scale, certain direct functions will be provided centrally.*

Over time, SHA has developed a balance of on-site capacity to perform property manager, resident manager and basic maintenance/handyperson services, with asset preservation services performed by a central capacity of trades and specialty staff. SHA's LAMP reflects this cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, pest control, and asset preservation as direct costs to properties. Even though certain maintenance functions are performed by central trade crews, the control remains at the property level, as it is the property manager and/or area or program manager who calls the shots as to the level of service required from the "vendor" – the property services group – on a unit turnover, site landscaping, and maintenance and repair work orders. Work is not performed at the property by the central crews without the prior authorization of the portfolio manager or his/her designee. And all services are provided on a fee for service basis.

Similarly, SHA has adopted procurement policies that balance the need for expedient and on-site response through delegated authorization of certain dollar levels of direct authority for purchases, with Authority-wide economies of scale and conformance to competitive procurement procedures for purchases/work orders in excess of the single bidder levels. Central procurement services are part of SHA's indirect services fee.

(5) ***SHA will optimize direct service dollars for resident/tenant supportive services by waiving indirect costs that would otherwise be born by community service programs and distributing the associated indirect costs to the remaining direct cost centers.***

A large share of tenant/resident services are funded from grants and foundations and these funds augment local funds to provide supportive services and self-sufficiency services to residents. In order to optimize available services, the indirect costs will be supported by housing and housing choice objectives.

There are a myriad of reasons that led SHA to this approach:

- Most services are supported from public and private grants and many of these don't allow indirect cost charges as part of the eligible expenses under the grant;
- SHA uses local funds from operating surpluses to augment community services funding from grants; these surpluses have derived from operations where indirect services have already been charged;
- SHA's community services are very diverse, from recreational activities for youth to employment programs to translation services. This diversity makes a common basis for allocating indirect services problematic.
- Most importantly, there is a uniform commitment on the part of housing and housing choice managers to see dollars for services to their tenants/participants maximized. There is unanimous agreement that these program dollars not only support the individuals served, but serve to reduce property management costs they would experience from idle youth and tenants struggling on their own to get a job.

(6) ***SHA will achieve administrative efficiencies, maintain a central job cost accounting system for capital assets, and properly align responsibilities and liability by allocating capital assets/improvements to the property level only upon completion of capital projects.***

Development and capital projects are managed through central agency units and can take between two and five or more years from budgeting to physical completion. Transfer of fixed assets only when they are fully complete and operational best aligns responsibility for development and close-out vs. housing operations.

The practice of transferring capital assets when they are complete and operational, also best preserves clear lines of accountability and responsibility between development and operations; preserves the relationship and accountability of the contractor to the project manager; aligns with demarcations between builders risk and property insurance applicability; protects warranty provisions and requirements through commissioning; and, maintains continuity in the owner's representative to ensure all construction contract requirements are met through occupancy permits, punch list completion, building systems commissioning, and project acceptance.

(7) ***SHA will promote service accountability and incorporate conservation incentives by charging fees for service for selected central services.***

This approach, rather than an indirect cost approach, is preferred where services can be differentiated on a clear, uniform, and measureable basis. This is true for information technology services and for Fleet Management services. The costs of information technology services are distributed based on numbers of personal computers, "thin clients", and printers; the fees differentiate the operating costs of these equipment items and provide incentives for shared equipment use for printers and use of the lower cost thin client computers.

The Fleet service fee encompasses vehicle insurance, maintenance, and replacement. Fuel consumption is a direct cost to send a direct conservation signal. The maintenance component of the fleet charge is based on a defined maintenance schedule for each vehicle given its age and usage. The replacement component is based on expected life of each vehicle in the fleet, a defined replacement schedule, and replacement with the most appropriate vehicle technology and conservation features.

(8) ***SHA will use its MTW block grant authority and flexibility to optimize housing opportunities provided by SHA to low-income people in Seattle.***

SHA flexibility to use MTW Block Grant resources to support its low-income housing programs is central to our Local Asset Management Program (LAMP). SHA will exercise our contractual authority to move our MTW funds and project cash flow among projects and programs as the Authority deems necessary to further our mission and cost objectives. MTW flexibility to allocate MTW Block Grant revenues among the Authority's housing and administrative programs enables SHA to balance the mix of housing types and services to different low-income housing programs and different groups of low-income residents. It enables SHA to tailor resource allocation to best achieve our cost objectives and therefore maximize our services to low-income residents and applicants having a wide diversity of circumstances, needs, and personal capabilities. As long as the ultimate purpose of a grant or program is low income housing, it is eligible for MTW funds.

III. SHA's Local Asset Management Program (LAMP) Implementation

A. Comprehensive Operations

Consistent with the guiding principles above, a fundamental driver of SHA's LAMP is its application comprehensively to the totality of SHA's MTW program. SHA's use of MTW resource and regulatory flexibility and SHA's LAMP encompass our entire operations; accordingly:

- We apply our indirect service fees to all our housing and rental assistance programs;
- We expect all our properties, regardless of fund source, to be accountable for property-based management, budgeting, and financial reporting;
- We exercise MTW authority to assist in creating management and operational efficiencies across programs and to promote applicant and resident-friendly administrative requirements for securing and maintaining their residency; and,
- We use our MTW Block Grant flexibility across all of SHA's housing programs and activities to create the whole that best addresses our needs at the time.

SHA's application of its LAMP and indirect service fees to its entire operations is more comprehensive than HUD's asset management system. HUD addresses fee for service principally at the low income public housing property level and does not address SHA's comprehensive operations, which include other housing programs, business activities, and component units.

B. Project-based Portfolio Management

We have reflected in our guiding principles above the centrality of project/property-based and program-based budgeting, management, reporting and accountability in our asset management program and our implementing practices. We also assign priority to our multi-disciplinary central Asset Management Team in its role to constantly bring best practices, evaluations, and follow-up to inform SHA's property management practices and policies. Please refer to the section above to review specific elements of our project-based accountability system.

A fundamental principle we have applied in designing our LAMP is to align responsibility and authority and to do so at the lowest appropriate level. Thus, where it makes the most sense from the standpoints of program effectiveness and cost efficiency, the SHA LAMP assigns budget and management accountability at the property level. We are then committed to providing property managers with the tools and information necessary for them to effectively operate their properties and manage their budgets.

We apply the same principle of aligning responsibility and accountability for those services that are managed centrally, and, where those services are direct property services, such as landscaping, decorating, or specialty trades work, we assign the ultimate authority for determining the scope of work to be performed to the affected property manager.

In LIPH properties, we budget subsidy dollars with the intent that properties will break even. Over the course of the year, we gauge performance at the property level in relation to that aim. When a property falls behind, we use our quarterly portfolio reviews to discern why and agree on corrective actions and then track their effectiveness in subsequent quarters. We reserve our MTW authority to move subsidy and cash flow among our LIPH properties based on our considered assessment of reasons for surplus or deficit operations. We also use our quarterly reviews to identify properties whose performance warrants placement on a "watch" list.

C. Cost Allocation Approach

Classification of Costs

Under OMB Circular A-87, there is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances, either as a direct or an indirect cost. Consistent with OMB Circular A-87 cost principles, SHA has identified all of its direct costs and segregated all its costs into pools, as either a direct or an indirect cost pool. We have further divided the indirect services pool to assign costs as "equal burden" or hard housing unit based, as described below.

Cost Objectives

OMB Circular A-87 defines cost objective as follows: *Cost objective means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.* The Cost Objectives for SHA's LAMP are the three overarching policy/cost objectives described earlier:

- Cost Effective Affordable Housing;
- Housing Opportunities and Choice; and,
- Resident Financial Security and/or Self-Sufficiency

Costs that can be identified specifically with one of the three objectives are counted as a direct cost to that objective. Costs that benefit more than one objective are counted as indirect costs**.**

SHA Direct Costs

OMB Circular A-87 defines direct costs as follows: *Direct costs are those that can be identified specifically with a particular final cost objective.* SHA's direct costs include but are not limited to:

- Contract costs readily identifiable with delivering housing assistance to low-income families.
- Housing Assistance Payments, including utility allowances, for vouchers
- Utilities
- Surface Water Management fee
- Insurance
- Bank charges
- Property-based audits
- Staff training

- Interest expense
- Information technology fees
- Portability administrative fees
- Rental Assistance department costs for administering Housing Choice Vouchers including inspection activities
- Operating costs directly attributable to operating SHA-owned properties
- Fleet management fees
- Central maintenance services for unit or property repairs or maintenance
- Central maintenance services include, but are not limited to, landscaping, pest control, decorating and unit turnover
- Operating subsidies paid to mixed income, mixed finance communities
- Community Services department costs directly attributable to tenants services
- Gap financing real estate transactions
- Acquisition costs
- Demolition, relocation and leasing incentive fees in repositioning SHA-owned real estate
- Homeownership activities for low-income families
- Leasing incentive fees
- Certain legal expenses
- Professional services at or on behalf of properties or a portfolio, including security services
- Extraordinary site work
- Any other activities that can be readily identifiable with delivering housing assistance to low-income families
- Any cost identified for which a grant award is made. Such costs will be determined as SHA receives grants
- Direct Finance staff costs
- Direct area administration staff costs

SHA Indirect Costs

OMB Circular A-87 defines indirect costs as *those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.* SHA's indirect costs include, but are not limited to:

- Executive
- Communications
- Most of Legal

- Development
- Finance
- Purchasing
- Human Resources
- Housing Finance and Asset Management
- Administration staff and related expenses of the Housing Operations and Rental Assistance Departments that cannot be identified to a specific cost objective.

SHA Indirect Service Fee – Base, Derivation and Allocation

SHA has established an Indirect Services Fee (IS; ISF) based on anticipated indirect costs for the fiscal year. Per the requirements of OMB Circular A-87, the ISF is determined in a reasonable and consistent manner based on total units and leased vouchers. Thus, the ISF is calculated as a per-housing-unit or per-leased-voucher fee per month charged to each program.

Equitable Distribution Base

According to OMB Circular A-87, *the distribution base may be (1) total direct costs (excluding capital expenditure), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.* SHA has found that unit count and leased voucher is an equitable distribution base when compared to other potential measures. Testing of prior year figures has shown that there is no material financial difference between direct labor dollar allocations and unit allocations. Total units and leased vouchers are a far easier, more direct and transparent, and more efficient method of allocating indirect service costs than using direct labor to distribute indirect service costs. Direct labor has other complications because of the way SHA charges for maintenance services. Using housing units and leased vouchers removes any distortion that total direct salaries and wages might introduce. Units leased vouchers is an equitable distribution base which best measures the relative benefits.

Derivation and Allocation

According to OMB Circular A-87, where a grantee agency's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefitted functions by means of a base which best measures the relative benefits. SHA divides indirect costs into two pools, "Equal Burden" costs and "Hard Unit" costs. Equal Burden costs are costs that equally benefit leased voucher activity and hard, existing housing unit activity. Hard Unit costs primarily benefit the hard, existing housing unit activity.

Before calculating the per unit indirect service fees, SHA's indirect costs are offset by designated revenue. Offsetting revenue includes 10 percent of the MTW Capital Grant award, a portion of the developer fee paid by limited partnerships, laundry revenue and antenna revenue.

A per unit cost is calculated using the remaining net indirect costs divided by the number of units and the number of leased vouchers. For the 2010 budget, the per unit per month (PUM) cost for housing units is $52.10 and for leased vouchers is $21.21.

Annual Review of Indirect Service Fee Charges

SHA will annually review its indirect service fee charges in relation to actual indirect costs and will incorporate appropriate adjustments in indirect service fees for the subsequent year, based on this analysis.

D. Differences – HUD Asset Management vs. SHA Local Asset Management Program

Under the First Amendment, SHA is allowed to define costs differently than the standard definitions published in HUD's Financial Management Guidebook pertaining to the implementation of 24 CFR 990. SHA is required to describe in this MTW Annual Plan differences between our Local Asset Management Program and HUD's asset management program. Below are several key differences:

- SHA determined to implement an indirect service fee that is much more comprehensive than HUD's asset management system. HUD's asset management system and fee for service is limited in focusing only on a fee for service at the Low Income Public Housing (LIPH) property level. SHA's LAMP is much broader and includes local housing and other activities not found in traditional HUD programs. SHA's LAMP addresses the entire SHA operation.
- SHA has defined its cost objectives at a different level than HUD's asset management program. SHA has defined three cost objectives under the umbrella of the MTW program, which is consistent with the issuance of the CFDA number and with the First Amendment to the MTW Agreement. HUD defined its cost objectives at the property level and SHA defined its cost objectives at the program level. Because the cost objectives are defined differently, direct and indirect costs will be differently identified, as reflected in our LAMP.
- HUD's rules are restrictive regarding cash flow between projects, programs, and business activities. SHA intends to use its MTW resources and regulatory flexibility to move its MTW funds and project cash flow among projects without limitation and to ensure that our operations best serve our mission, our LAMP cost objectives, and ultimately the low-income people we serve.
- HUD intends to maintain all maintenance staff at the property level. SHA's LAMP reflects a cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, and asset preservation as direct costs to properties.

HUD's asset management approach records capital project work-in-progress quarterly. SHA's capital projects are managed through central agency units and can take between two and five or more years from budgeting to physical completion. Transfer of fixed assets only when they are fully complete and operational best aligns responsibility for development and close-out vs. housing operations.

Balance Sheet Accounts

The following balance sheet accounts will be reported in compliance with HUD's Asset Management Requirements:

- Accounts Receivable
- Notes Receivable

- Accrued Interest Receivable
- Leases
- Fixed Assets
- Reserves
- Advances
- Restricted Investments
- Notes Payable – short term
- Deferred credits
- Long Term Liabilities
- Mortgages
- Bonds

Appendix D – Community Options Program Entry System (COPES) Policy

MTW Activity #9.H.20

Seattle Housing will consider the following participants to be zero income for the purpose of calculating their Housing Assistance Payment (HAP): residents who are living in project-based units at assisted living properties where Medicaid payments are made on behalf of the resident through COPES (Community Options Program Entry System). The COPES program helps people who, without COPES, would need to be in nursing homes.

If Seattle Housing used the traditional method of calculating Total Tenant Payment (TTP) by first calculating gross rent and then subtracting deductions and medical expenses greater than 3 percent, most residents in the COPES program would have a current monthly TTP of $15. Therefore, this activity costs the agency an additional $180 per person in Housing Assistance Payments annually, but provides a greater benefit by increasing housing choice for participants and reducing community-wide costs, as it serves participants more cost effectively than placing them in a nursing home.

Targeted MTW Statutory Objective:
Housing choice: allows individuals to live in assisted living who would otherwise need to live in a nursing home.

Schedule:
Seattle Housing implemented this policy in 2002.

Outcome Measures:

Metric	Baseline	Benchmark
Number of low-income households housed in assisted living units	Prior to this policy there were 0 households who were housed in assisted living where 100 percent of their income was exempted	145 (There are currently 151 households living in these units; of these 145 have their income exempted. We hope to maintain this number.)
Increased cost to the agency	$0 increased cost to the agency under the traditional rent calculation method	$26,100 (for 145 families. We hope to see the agency cost remain stable.)

Data Sources:
Emphasys Elite is the data system currently used to operate the HCV Program. Elite maintains records of households receiving subsidy through the HCV program, which includes household characteristics and income calculation. A catalog of project-based vouchers is maintained, which identifies the units that are assisted living units.

Authorizations Cited:
Moving to Work Agreement, Attachment C (B)(2), Attachment C (D)(5), Federal Regulations for Housing Quality Standards at 24 CFR 982.401

Hardship Policy:
This policy benefits the resident; there is no foreseeable reason that a hardship would be requested. However, if a hardship is requested we would review and approve under our reasonable accommodations policy.

Appendix E – Memo on Operating Reserves

Seattle HOUSING AUTHORITY

Location 120 Sixth Avenue North, Seattle, WA
Mailing P.O. Box 19028, Seattle, WA 98109-1028
Telephone 206-615-3300
TTY 1-800-833-6388
Website www.seattlehousing.org

Via E-mail
June 22, 2011

MEMORANDUM

To	:	Alison Smith, Moving to Work Coordinator Laurel Davis, Moving to Work Coordinator
From	:	Shelly Yapp, Chief Financial Officer
Subj.	:	**MTW Operating Reserves**

This memo is a follow-up to your site visit with Seattle Housing Authority (SHA) on May 25, 2011. Its purpose is to provide you with the perspective of a local MTW housing authority on how we view and define reserves, why reserves are important to us, and how reserves are used.

Local MTW Agency Perspectives

It may be difficult to communicate effectively on the question of reserves without understanding each other's frame of reference when considering reserves, so let me start with our local policy on reserves and the very different way we look at reserves from the way HUD does.

Our Board of Commissioners recently affirmed the Unrestricted Cash Balance policy developed by the Authority's internal Financial Policy Oversight Committee to oversee and guide management of our cash and ensure that the Operating Cash Reserve is maintained at a minimum of one month of expenditures. The Board resolution and the Unrestricted Cash Balance Policy are enclosed as Attachment 1. The 2010 year-end status of our Unrestricted Cash Reserves is included with Attachment 1.

As the policy reflects, the focus of SHA's view of operating reserves differs from HUD's definition and perspective:

First, our focus is on cash reserves, instead of a construct that comingles cash and non-cash balance sheet entries. This is because uses of reserves invariably require cash or immediately liquid assets.

Second, our focus is on SHA as a whole, including all of our low income housing programs, and not on individual projects or programs. This is because SHA's creditworthiness is generally judged not on individual projects, but on the agency as whole. Lenders and investors alike look to SHA as an entity when considering lending terms or investment risk, and often rely on a pledge of support from the Authority rather than the revenues of a project.

Third, we have established the policy range of the level of our Unrestricted Cash Reserves based on months of operating and debt service (including principle payments) expense, as opposed to months of a single revenue stream (such as operating subsidy). This perspective is an outgrowth of the two preceding perspectives – we are focused on cash reserves and on the agency as a whole in order to ensure we can maintain programs/services and our financial obligations, i.e. expenditures, over time.

Memo on Operating Reserves
June 22, 2011

HUD's Calculation of Operating Reserves

As we are interested in looking at our financial condition from a variety of standpoints, we also review our reserve position using a variant of HUD's definition. Under this method, we look at the Low Income Public Housing Program (LIPH), the MTW Program without LIPH, the MTW Program in total, and SHA in total, separately.

HUD's formula for calculating reserves is a hybrid of working capital and non-cash balance sheet items. We do not believe it is appropriate for the purpose of calculating operating reserves to include in current assets prepaid expenses; these are not liquid assets and will be expenses within the current year for their designated purpose, such as insurance. Second, FDS does not provide any place to record long term unrestricted investments, except in the current assets unrestricted investments line; these assets are not available for current expenditure. It is unclear why the current portion of long-term debt for capital projects (Line 343) is excluded from current liabilities. SHA intends to pay these obligations from current assets. Thus, as a practical matter, HUD's formula for PH Operating Reserves, we believe, overstates Current Assets – by both prepaid assets and long term unrestricted investments -- and understates Current Liabilities – by excluding the current portion of long term debt; and, therefore, HUD's calculation method **overstates** Operating Reserves.

In addition, we find HUD's formula, based as it is on the Balance Sheet, to be academic when it comes to identifying operating reserves that are in cash/liquid form comparable to appropriations. This is because it is highly likely that HUD's formula includes non-cash/non-liquid items, on both the Current Asset and Current Liabilities sides.

In adapting HUD's operating reserve calculation, we have excluded pre-paid expenses and long-term unrestricted investments from Assets and have included the current portion of long term debt. We believe these changes address overstatement of reserves. We have included in Attachment 2 our calculation of operating reserves using HUD's formula with these modifications, based on our 2010 FDS unaudited submission with preliminary audit adjustments.

Finally, regarding HUD's calculation and its definition of "excess reserves", we do not find a definition based on months of subsidy versus months of expenses to be useful from a practical financial management perspective, particularly from the perspective of an MTW agency with single-fund authority. HUD is obviously viewing its formulation from a revenue perspective and from single projects, while actual use of an operating reserve relates to expenditures and, for an MTW agency, encompasses all of our low income housing programs collectively.

MTW Need for and Uses of Reserves

I have several comments regarding language in the 2012 Proposed HUD Budget concerning use of "MTW agency reserves" and how that language affects the need for and uses of reserves by an MTW agency.

(1) Creditworthiness and Long-term Contractual Commitments

As an MTW housing authority, SHA has specific funding provisions detailed in our contract with HUD. This contract sets baseline funding levels and formulas over a 10 year contract period. The intent is to enable participating housing authorities to strategically institute program and policy changes that increase efficiencies and enable more effective approaches and uses of baseline funding to increase service, in many cases through local partnerships, to accomplish core mission objectives.

The proposed FY 2012 HUD budget for both Public Housing Operating Grants and for Tenant-Based Rental Assistance contains language that would allow the Secretary to use MTW "excess reserves" to offset appropriations of funding under these programs, contrary to the funding provisions provided in MTW contract agreements.

Specifically, the language pertaining to Tenant-Based Rental Assistance provides that the Secretary may "...offset public housing agencies' calendar year 2012 allocations by the excess amount of agencies' net restricted assets accounts as established by the Secretary by notice published in the Federal Register: Provided further, That MTW agencies may also be subject to an offset, as determined by the Secretary, from the agencies' calendar year 2012 Moving to Work funding allocation". This would appear to authorize HUD to off-set Section 8 funding levels by "excess" MTW (not net restricted asset) reserves held by an MTW housing authority.

The proposed FY 2012 HUD Budget contains offset language as well related to the Public Housing Operating Fund: "...provided that in determining public housing agencies' (PHAs), including MTW agencies' CY 2012 funding allocations .. the Secretary shall take into account PHAs' excess operating reserves, as determined by the Secretary; provided further that if sufficient reserve level data is not available... the Secretary may make a pro rata reduction in funding, including for MTW agencies."

In combination, these approaches, if implemented, would undermine the intent of the MTW program, be inconsistent with our single fund authority, have potentially serious financial consequences, especially where we have long-term commitments, and unravel local partnerships and program initiatives that are based upon HUD's 10 year contractual commitments - now in midstream.

For example, as an active developer of low income housing, SHA has revolving debt outstanding and general revenue pledges based on the strength of our credit and the contractual commitments of HUD for our MTW authority over 10 years (see Attachment 3). We have relied on our contract with HUD and its single fund authority in our representations to lenders and investors. To the extent the market perceives a retrenchment on HUD's part from the degree of certainty and flexibility reflected in our MTW Agreement with HUD, this could adversely affect access to credit and to borrowing rates or investment dollars.

(2) Creating Efficiencies and Expanding Housing Opportunities

We believe the basic concept of the MTW program is to encourage participating housing authorities to utilize set baseline funding levels and program flexibility to design more efficient programs that increase housing choice for low-income families and reflect local approaches and priorities. The program also enables housing authorities to function more like businesses – to develop multiyear and strategic investment strategies rather than simply receiving and immediately spending each year's funding allocation. Differing strategies have been developed by each authority in the program, but in virtually all cases MTW agencies have instituted program efficiencies and have reprogrammed savings into multi-year reinvestment strategies.

One example of this is SHA's (and many other MTW agencies') approach to redeveloping distressed public housing communities under the HOPE VI programs. All of our new mixed income communities under this program have been self-developed. Using this self-development approach, which avoids outsourcing control of valuable public assets to private real estate companies and expending public dollars to pay significant private sector development fees, Seattle Housing Authority has assumed development risk and incurred significant expenses and risks around infrastructure and other development costs. We currently have significant short-term financing obligations that are intended to be repaid through the proceeds from lot sales to private homebuilders. The availability of MTW reserves has been a critical element in allowing access to the private capital market. With the continuing recession in the housing market, without these reserves SHA and other housing authorities may not be able to meet obligations on short-term lines of credit or renew short-term lines of credit. Even the possibility that these reserves are actually not under the housing authorities' control, and could be recaptured by HUD, could threaten renewal of these instruments. You will see our three short-term lines of credit with an outstanding balance of $16 million on Attachment 3.

Another example of our engagement in long-term strategies and investments to achieve cost savings is represented by a partnership between SHA and the City of Seattle, first undertaken in 2002. Working with the City, the Housing Authority has facilitated expansion of the number of housing units available to extremely low income individuals and families over the past nine years and has made commitments for the provision of additional project-based vouchers over the next five years. Through a competitive process, Seattle Office of Housing provides funds to non-profit housing developers/operators for the development of new affordable housing. In order to make the housing affordable to residents with incomes below 30 percent of median, SHA dedicates approximately 70 vouchers per year in tandem with City of Seattle development financing. Through this partnership, the City and SHA have supported 500 new low income housing units and SHA has a commitment with the City over the current levy (2009-2015) to support another 500 new low income housing units.

This program is an extremely effective combination of Housing Authority resources, local government/taxpayer funding, and private non-profit development and operating commitments to expand and maintain new low income housing for the next 30 years. This investment and use of MTW flexibility has a value over the two levies of $150.0 million. Without the MTW contractual commitment and the ability to control its reserves, SHA will be unable to meet these long term commitments and to develop new partnerships that leverage SHA resources and other funds to create new low income housing. This partnership has also enabled SHA to provide modern new replacement housing units for SHA housing that is under redevelopment in a cost effective manner.

(3) Serving the Same Number or More Low Income Households

Funding for tenant based rental assistance provided to housing authorities is generally provided through an annual funding formula that takes into account the cost of operating the program in the prior year, changes in rent and utility costs in the local housing market (the Annual Adjustment Factor or AAF), and the amount of funding made available by Congress (the pro-rate). Block-grant funded MTW housing authorities have our baseline amount frozen in the base year of our MTW contract. The only adjustments we receive in subsequent years are the AAF, generally an increase, and the pro-rate, generally a decrease, along with adjustments for changes in voucher authority. MTW agencies have the contractual obligation to continue serving at least the same number of low income households as they would without MTW. The intent and design of the MTW program gives participating housing authorities the responsibility for managing our own program costs. If we change programs or policies in ways that reduce costs, we can use the savings to serve additional households or pursue other MTW eligible activities. If costs for programs spike, however, we are expected to maintain base-line service levels without increases in our funding levels from HUD.

Memo on Operating Reserves
June 22, 2011

A current example of this in the Pacific Northwest is the recent reduction in entitlement funding provided by Washington State. Beginning in February, the State has instituted across the board reductions in TANF and Disability Lifeline (Washington State's general assistance to disabled single individuals) and has sanctioned thousands of TANF families off the program entirely. In order to avoid severe shelter burdens or in many cases eviction, and pursuant to HUD guidelines, SHA (and other northwest MTW authorities) increased subsidy levels for affected households holding vouchers and reduced rents for affected Public Housing residents.

For SHA, the combined projected cost increase in Section 8 rental subsidy costs and reduced Public Housing rental income is $1.3 million annually. If we were not a MTW agency, the increased Section 8 subsidy and reduced resident rental income in Public Housing would be factored into our Section 8 and Section 9 renewal formula for the following year. As an MTW agency, however, there is no change in funding levels in these circumstances and the only available funding source to absorb these changes is MTW reserves accrued through program savings.

Over the current term of our MTW contract, SHA will incur $10.4 million in increased subsidy outlays from this one set of external effects on our costs. The financial risks assumed by MTW Housing Authorities were agreed to contractually as part and parcel of agreements that explicitly enabled participating housing authorities to accrue and utilize program reserves pursuant to our contract. It creates an untenable situation: MTW housing authorities are required to cover increases in baseline program costs, such as the reductions in tenant incomes that we are presently seeing due to both the economy and State entitlement cuts, while at the same time any reserves accumulated to handle these liabilities could be "swept" through off-setting funding reductions.

Conclusion

Thank you for the invitation and opportunity to convey some of our thoughts and concerns about use of our MTW reserves and conformance with our MTW contractual agreements. The vast majority of the obligations and initiatives described above simply do not show up in HUD's accounting systems and the MTW funding committed to these projects could be viewed by HUD as available reserves when in fact they have been pledged to important MTW purposes.

I will be happy to discuss any of this memo or enclosed materials with you. Again, thanks for listening.

cc: Tom Tierney, SHA Executive Director
SHA Cabinet members
Scott Woo, Budget Manager
Janet Hayes, Controller

Attachment 1

RESOLUTION NO. 4987

RESOLUTION ADOPTING THE SEATTLE HOUSING AUTHORITY (SHA) FINANCIAL POLICY REGARDING THE MAINTENANCE OF PRUDENT UNRESTRICTED CASH BALANCES.

WHEREAS, it is prudent for SHA to maintain an adequate level of Unassigned Cash Balance (Operating Cash Reserve) to mitigate current and future risks from revenue shortfalls and unanticipated expenses and to ensure stable service levels; and

WHEREAS, SHA's Unrestricted Cash Balance represents Committed and Assigned purposes, as well as Unassigned cash; and,

WHEREAS, transparent financial planning and the ability to assess liquidity and financial flexibility require that SHA distinguish Committed, Assigned, and Unassigned balances within its Unrestricted Cash Balance;

WHEREAS, SHA's creditworthiness in the assessment of rating agencies, financial institutions, and potential investors is judged, in part, by SHA's record of long-term financial planning to meet current and future obligations and by the adequacy of SHA's unrestricted fund balance; and,

WHEREAS, the Board of Commissioners of Seattle Housing Authority wish to clearly affirm that the designation and maintenance of an adequate Unrestricted Cash Balance is central to SHA's financial stability, strength, and creditworthiness;

NOW, THEREFORE, BE IT RESOLVED that the Executive Director and his delegates, acting as Director's Financial Policy Oversight Committee, are authorized to establish and modify *Committed* and *Assigned* designations of Unrestricted Cash Balances;

BE IT FURTHER RESOLVED that the Executive Director shall provide a report twice a year to the Board of Commissioners on the status of SHA's Unrestricted Cash Balance, including Committed, Assigned, and Unassigned Cash Balances;

BE IT FURTHER RESOLVED that the Board of Commissioners supports a minimum Unassigned Cash Balance equal to at least one month of operating and debt service expenses;

BE IT FURTHER RESOLVED that the Board of Commissioners acknowledges that SHA's total Unrestricted Cash Balance will generally range at greater than one month and less than six months of operating and debt service expense; provided, that Committed and Assigned balances may exceed this range as necessary to adequately reflect SHA's obligations; and,

Resolution No. 4987
Page 2

BE IT FURTHER RESOLVED that the Board of Commissioners wishes to increase total Unrestricted Cash Balances to include a Stabilization or Rainy Day Fund; the Board requests that the Executive Director assess the feasibility of including such a reserve in SHA's Committed Cash Balance and report his recommendations by December 2011.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners adopts Resolution No. 4987, including Exhibit 1, SHA's Unrestricted Cash Balance Policy.

ADOPTED by a majority of members of the Board of Commissioners and signed by me in open session in authentication of its passage this 18th day of April 2011.

Chair

CERTIFIED BY:

James M Tierney
Secretary-Treasurer

EXHIBIT 1 TO RESOLUTION NO. 4987
SEATTLE HOUSING AUTHORITY
UNRESTRICTED CASH BALANCE POLICY

Purpose
The purpose of this policy is to establish guidance for promoting SHA's financial strength and creditworthiness by ensuring that SHA maintains its Unrestricted Cash Balance at a prudent level to allow SHA to meet its obligations and mitigate current and future risks and ensure stable services.

Definitions
Unrestricted Cash Balance: From the Balance Sheet, the combination of Cash and cash equivalents, Current Investments, and Noncurrent Investments. The Unrestricted Cash Balance is made up of Committed, Assigned, and Unassigned funds.

Committed Funds: That portion of unrestricted cash balance that SHA's Financial Policy Oversight Committee (FPO Committee) has identified as constrained to a specific purpose; funds cannot be used for an alternative purpose unless FPO determines the commitment has been met or changes/removes the commitment.

Assigned Funds: That portion of unrestricted cash balance for which the FPO Committee has designated an intended use(s); such uses can be for contingency purposes, or for such purposes that, if they materialize, SHA desires to have the funds available.

Unassigned Funds: Also called *Operating Cash Reserve*; that portion of the Unrestricted Cash Balance that is available for any purpose and that is held specifically to mitigate current and future risks of revenue shortfall, unexpected expenses, principally affecting cash flow.

Financial Policy Oversight Committee: The Committee Designated by the Executive Director to guide and monitor SHA's policies, procedures, and actions to ensure SHA's financial stability and to promote strengthening SHA's financial condition and creditworthiness. The FPO membership includes: the Executive Director, the Deputy Executive for Finance and Administration, the Deputy Executive for Development and Asset Management, the Chief Financial Officer (Committee Lead); the Director of Housing Finance and Asset Management; the Director of Development; the Controller; and the Budget Manager.

Policies Regarding Unrestricted Cash Balance
(1) In order to meet SHA's Committed, Assigned, and Unassigned Cash Reserve requirements, SHA's total Unrestricted Cash Balance shall generally be greater than one and less than six months of operating plus debt service expenses (including principal payments); provided that as circumstances dictate, the Committed and Assigned Cash Balances may be greater than six months of operating plus debt service expenses.

Exhibit 1 to Resolution No. 4987
Page 2

(2) *Designation of Committed and Assigned Cash Balances shall be confirmed quarterly by the FPO Committee; removal of a Committed Cash Balance item shall be determined by action of the FPO. Unless specifically designated otherwise by the FPO, these Committed and Assigned obligations are expected to come due within 12 months.*
(3) *The FPO shall approve a semi-annual report to the Board of Commissioners on the status of SHA's Undesignated Cash Balance.*

Policies Regarding "Operating Cash Reserve" (Unassigned Cash Balance)
(1) *SHA shall maintain an Operating Cash Reserve, the Unassigned Cash Balance, equal to a <u>minimum</u> of one month of operating expenses plus debt service (including principal Payments).*
(2) *The purpose of the Operating Cash Reserve is to mitigate current and future risks of temporary or one time revenue shortfalls or unexpected operating expenditures. The policy intent is to ensure a bridge, when unexpected and temporary circumstances arise, for continuity of ongoing services and operations.*
(3) *SHA's Operating Line of Credit can provide a secondary source of cash flow in the event of temporary revenue or operating fluctuations.*
(4) *The Operating Cash Reserve is not intended to fund operating deficits or expenditures in excess of adopted budgets, without the express agreement of the Executive Director.*
(5) *The minimum level of Operating Cash Reserve does not provide for a rainy day or stabilization fund in the event of long term reductions in revenues or extraordinary increases in costs. SHA should consider creating a Rainy Day Fund as part of its Committed or Assigned Cash Balances.*

Policies Regarding Development Activities and Financing
(1) *It is the intent of the FPO Committee to develop financial policies and designate cash resources to address the financial needs of SHA's development activities. Specifically, to define a Predevelopment Revolving Fund to get new development projects off the ground; to define a Core Level of Ongoing SHA Development Staff Support; and to define a Development Reserve to provide a contingency reserve to address the volatility of development financing.*
(2) *The Operating Cash Reserve is not intended to support cash flow needs or revenue gaps of Development projects. In unusual circumstances, the Operating Cash Reserve may be used for short term loans to fund cash flow gaps in development projects or short-term loans to component units, provided there are specific plans to repay such loans; that such loans generally do not accumulate to more than a quarter to a third of the Operating Cash Reserve; and, the FPO Committee has considered and approved the short-term use.*

2010 YE UNRESTRICTED CASH BALANCES, PER FPO ACTIONS AT 4.4.11 MEETING

Cash Reserve Analysis as of 12/31/10 Plus Actions of FPO 4/4/11

Per Balance Sheet			
Equity in Pooled Cash & Investments		1,395,859	
Investments - Current		45,248,384	
Unrestricted Cash & Investments		**46,644,243**	
Less: Security Deposits -- 102 & 104		already excluded	restricted cash
Less:TTA (211804)		already excluded	restricted cash
Less: FSS (211801/211802)		already excluded	restricted cash
Committed Funds			
SSHP Intercompany		(1,268,864)	committed
SSHP Investments		(1,921,296)	committed
Denny Terrace ARRA Grant Match (Weatherization funds)		(1,326,967)	committed
Scattered Site Sale Proceeds	(15,673,648)		committed
Less: Loans to Component Units	2,326,528		
Less: Internal Infrastructure LOC Loan	7,267,624		
CASH Scattered Site Proceeds as of 12/31/10		(6,079,496)	committed
Section 8 Deferred Revenue for Non-MTW Vouchers		(1,764,717)	committed
Collateral Reserve for Rainier Vista NE Mixed Financing		(3,500,000)	committed
Insurance Claims Reserve		(800,000)	committed
Tamarack Equity Contribution		(700,000)	committed
Total Committed Funds		**(17,361,340)**	
Assigned Funds			
Required HUD Community Facilities Grant application match		(1,874,000)	assigned
Proceeds from Othello City Property Loan Not Yet Disbursed		(1,000,000)	assigned
2009 Contb. to Reserves -- Assigned to Contingent Reserve for BofA Note		(2,500,000)	assigned
2010 Contb. to Reserves -- Assigned to Contingent Reserve for BofA Note		(2,500,000)	assigned
2011 Payments on Lines of Credit		(4,000,000)	assigned
Total Assigned Funds		**(11,874,000)**	
UNCOMMITTED/UNASSIGNED CASH BALANCE -- 12/31/10		**17,408,903**	
UNASSIGNED CASH BALANCE -- Per FPO Actions 4/4/11 **Represents 1 month 6 days of Expense Coverage**		**17,408,903**	

Per Income Statement	
Operating Expenses 1/1-12/31/2010	157,631,344
Less: Depreciation & Amortization	(10,059,962)
Plus: Interest Expense	7,604,431
Total Cash Operating Expense	155,175,813
Avg. One Month Cash Expense	**12,931,318**
2010 Estimated Principal Payments	2,990,068 ^
Avg. Principal Payments Per Month	**249,172**
Total Minimum Cash Reserve Target	**13,180,490**

Attachment 2

SHA 2010 Operating Reserve and Unrestricted Net Asset Calculations
Unaudited FDS with Preliminary Audit Adjustments

Operating Reserves SHA Variant on HUD Methodology -- MTW and SHA

#	FDS #	MTW programs w HCV, Capital, w/o LIPH AMPS	All LIPH AMPS	MTW programs w HCV, Capital, and all LIPH AMPS	Total SHA without Component Units
1	111 Cash - Unrestricted	-	-	-	$ 1,726,016
2	114 Cash - Tenant Security Deposits	-	$ 575,780	$ 575,780	1,104,992
3	120 Total Receivables, Net of Allowances for Doubtful Accounts	$ 1,329,725	407,433	1,737,158	8,556,363
4	131 Investments - Unrestricted	6,000,609	-	6,000,609	44,918,227
5*	(removed prepaid expenses)				
6	144 Inter Program Due From	797,563	5,441,115	6,238,678	-
7	145 Assets Held for Sale	-	-	-	-
8	**Total (1+2+3+4+5+6+7)**	**8,127,897**	**6,424,328**	**14,552,225**	**56,305,598**
9*	310 Total Current Liabilities	1,342,379	1,627,463	2,969,842	45,758,499
10**	(removed 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds)				
11	**Total (9-10)**	**1,342,379**	**1,627,463**	**2,969,842**	**45,758,499**
12	**TOTAL Operating Reserves** (8-11)	**$ 6,785,518**	**$ 4,796,865**	**$ 11,582,383**	**$ 10,547,099**

* Removed prepaid expenses because they are typically for expenses one year or less and short term assets like insurance would not be recovered from insurance companies in a time of financial distress. If anything, the assets are at greater risk in a time of uncertainty and financial distress than during other, normal business times.

** Removed Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue Bonds because these liabilities would be covered by current assets under times of normal business operations.

Attachment 3

General Revenue Pledged Financing of SHA

As of 12/31/10

	Project Name	Balance	Est. Annual Debt Svc	Date Issued	Term
1	Villa Park Townhomes **	$1,450,000	$148,769	11/1996	4.5%-6.5%, final due date 11/2026
2	Telemark Apartments (Telemark, Stone, N 104th) **	$2,605,000	$207,744	5/2001	3.5%-6.125%, final due date 6/2031
3	Montridge Arms Apartments **	$1,590,000	$128,140	1/2002	2.5%-6%, final due date 2/2032
4	Wakefield /PorchLight Office Buildings **	$7,235,000	$603,565	4/2002	2.85%-6.1%, final due date 5/2032
5	Market Terrace Apts/Mary Avenue Townhomes **	$2,740,000	$216,205	8/2002	2.35%-5.8%, final due date 8/2032
6	Replacement Housing (Lam Bow, Rox Apts, Decker) **	$8,770,000	$737,162	12/2002	6.125%, final due date 12/2032
7	Longfellow Creek Apartments **	$3,245,000	$248,410	06/2003	1.9%-5.35%, final due date 10/2033
8	Yesler Community Center Replacement Housing**	$1,855,000	$131,115	04/2004	5.8%-5.95% final due date 4/2034
9	BVT-LCC Apartments (Refinancing) **	$3,340,000	$259,858	08/2004	5.45%-5.8%, final due date 7/2034
10	Guyer Building (Wallingford Property)	$229,265	$65,585	1/2000	7%, final due date 1/2015
11	Wedgewood Estate - Variable Rate Bonds ##	$2,415,000	$276,600	07/2001	0.85% as of 12/31/10 final due 8/2036
14	HPLP - Fixed Rate Bonds(FRB) ***	$4,540,000	$388,700	4/1998	4.7%-5.9%, 1/2030 maturity (Holly I)
12	Gamelin & Genesse Commercial Series A&B	$3,560,000	$292,720	10/2005	5.7% & 7.5%, due 10/2020 & 12/2035
	Subtotal:	$43,574,265	$3,704,573		
13	ELP - VRB Portion Fixed by Swap - L/C ***	$4,850,000	$204,229	10/2003	4.13% Swap Rate, 12/2036 maturity (R. Vista)
15	OSLP - Component Unit FRB ***	$2,175,000	$193,650	6/2000	7%, 1/2032 maturity (Holly II)
16	DLP - Component Unit FRB ***	$7,370,000	$582,545	8/2003	3.1%-6.25%, 12/2035 maturity (Holly III)
17	HPNLP - Component Unit Adjustable FRB***	$9,851,340	$705,953	6/2004	5.295% fixed next 18 yrs - Due 6/2036
18	Highpoint South - Component unit FRB	$16,265,000	$665,142	3/2007	3.51%, 3/2039 maturity (Highpoint Phase II)
19					
	Subtotal:	$40,511,340	$2,351,519		
	The following are LOC/LC with variable rate/revolving balances:				
20	SHA Taxable Line of Credit ($7mm)	$6,060,908	$166,069	11/2004	Prime less 0.9%
21	SHA Operating Line of Credit ($6mm)	$1,843,489	$50,512	8/2002	59% of prime
22	Real Property Line of Credit ($15mm)**	$8,173,027	$192,066	07/2003	65% of (prime less .058%).
23	Infrastructure loan	$25,375,000	$8,989,729	12/09	Interest is tied to LIBOR
	Rainier Vista NE LLLP - component unit ($13mm)	$1,561,666	$0	2013	under construction
	Subtotal:	$43,014,090	$9,398,376		
	Total:	$127,099,695	$15,454,468		