SEATTLE HOUSING AUTHORITY

MOVING TO WORK DEMONSTRATION PROGRAM
FISCAL YEAR 2007 ANNUAL REPORT

MARCH 15, 2008

SEATTLE HOUSING AUTHORITY

Seattle Housing Authority Board of Commissioners

David Bley, Chair
Katie Hong, Vice Chair
Sybil Bailey
Yusuf Cabdi
Nora Gibson
John Littel
Juan Martinez

Seattle Housing Authority Cabinet

Tom Tierney, Executive Director
Al Levine, Deputy Executive Director
Andrew Lofton, Deputy Executive Director
Don Ashlock
Dean Barnes
Lisa Cipollone-Wolters
Virginia Felton
James Fearn
Ann-Marie Lindboe
Stephanie Van Dyke
Shelly Yapp

Prepared by:

Andria Lazaga

With contributions from: Liz Alzeer, Willard Brown, Joy Bryngelson, Marguerite Carlson, DeVonn Chambliss, Lisa Cipollone-Wolters, Mallory Day, Judy Fani, Virginia Felton, Paul Fitzgerald, Errol Flagor, John Forsyth, Martha Galvez, Sibyl Glasby, Dennis Hall, Russ Harvey, Janet Hayes, Terry Hirata, Judy Huertas, Helen Ibarra, Marcia Johnson, Judith Kilgore, Laura Lakings-Becvar, Wendy Lance, Al Levine, Ann-Marie Lindboe, Andrew Lofton, Claire McDaniel, Cathy Moray, George Németh, Carmine Pascucci, Kehau Pickford, Cheryl Sabin, Vincent Scott, Jodell Speer, Cindy Sribhibhadh, Barbara Strayer, Brian Sullivan, Eric Swenson, Linda Todd, Stephanie Van Dyke, Nancie White, Dueretha Williams, Scott Woo, Denise Wright, Bob Wyda, Betty Zielinski, Ellen Ziontz

Cover photos: (top) High Point youth preparing for a bike parade; (bottom left)University House West community room renovations as part of homeWorks; (bottom right) resident Lonnie Anderson in front of the newly revitalized Alder Crest Apartments.

TABLE OF CONTENTS

Page

Introduction 1

Section I: Households Served 11

Section II: Occupancy and Admissions Policies 13

Section III: Changes in Housing Stock 21

Section IV: Sources and Amounts of Funding 23

Section V: Uses of Funds 25

Section VI: Capital Planning 37

Section VII: Owned and Managed Units 41

Section VIII: Administration of Leased Housing 43

Section IX: Resident Services 46

Section X: Other Information Required by HUD 53

Appendix A: FY 2006 Audited Comprehensive Annual Financial Report
Appendix B: Households and Applicant Demographics
Appendix C: Consolidated Financial Statements
Appendix D: Capital Activities
Appendix E: Vacancy by Community
Appendix F: LIPH Rent Policy Evaluation

FISCAL YEAR 2007 MOVING TO WORK REPORT
SEATTLE HOUSING AUTHORITY

INTRODUCTION

What is Moving To Work?

The Seattle Housing Authority (SHA) is one of about 24 housing authorities across the country participating in the U.S. Department of Housing and Urban Development (HUD) "Moving To Work" (MTW) Demonstration.[1] MTW has three primary goals:

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

As an MTW agency, SHA is allowed to test innovative methods to improve housing delivery and better meet local needs. SHA may implement alternatives to national regulations for issues described in an agreement signed by SHA and HUD in 1999. FY 2007 was the ninth year of MTW.

Each year, SHA adopts a plan that highlights MTW initiatives and other activities planned for the following fiscal year.[2] SHA prepares an annual report describing the previous year's accomplishments.

What is in this report?

This report compares FY 2007 activities and performance to that anticipated in the FY 2007 Annual Plan. The report follows an outline established in the MTW agreement which mirrors the Annual Plan:

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

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

Section III: Changes in Housing Stock records how and why SHA housing resources have changed compared to projections in the FY 2007 Plan and since MTW began.

Section IV: Sources and Amounts of Funding compares the FY 2007 budget with actual revenues and explains variances.

Section V: Uses of Funds compares the FY 2007 budget with actual expenditures, explains variances and describes revitalization activities.

Section VI: Capital Planning lists capital, disposition, demolition, and home ownership activities in FY 2007.

Section VII: Owned and Managed Units covers required performance indicators for public housing: vacancy rates, rent collection, work

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

[2] The MTW annual plan takes the place of annual plans required of non-MTW housing authorities. In FY 2007, SHA's fiscal year was changed from October 1 through September 30 to January 1 through December 31.

orders and inspections; and discusses public safety in SHA communities.

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

Section IX: Resident Programs describes community and supportive services.

A copy of SHA's Audited Comprehensive Annual Financial Report for FY 2006 can be found in Appendix A.

Not all of SHA's activities and programs are part of MTW although they may benefit from some of the changes SHA is able to make because of MTW. Redevelopment of NewHolly, Rainier Vista and High Point, special purpose Housing Choice Vouchers, and locally-funded housing programs, such as the Seattle Senior Housing Program (SSHP) are not specifically covered in MTW. In the interest of providing a more comprehensive picture of SHA's activities, information on these programs is also provided.

Outcomes from Moving to Work priorities

The table below lists areas for innovation included in the MTW Agreement as well as additional areas of innovation and reports on their current status. In FY 2007 SHA focused on implementing and monitoring innovations developed in prior years.

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

Areas for Innovation	Status at the Close of FY 2007
Create new public housing rent policy to foster resident self-sufficiency and reduce administrative burden and intrusion into residents' privacy.	SHA approved an MTW rent policy in June 2000. After extensive evaluation, including a telephone survey of 200+ residents, and public input, the SHA Board adopted significant amendments to the MTW rent policy in FY 2005 (Resolution 4785) to emphasize effective self-sufficiency incentives and eliminate ineffective ones. Implementation of these changes began in FY 2006. In FY 2007 SHA conducted an initial evaluation of these changes (Section II and Appendix F).
Create site-based waiting lists (applicant choice policy).	The SHA Board and HUD approved the "applicant choice policy" in 2000. In FY 2005, SHA established site-based waiting lists for Rainier Vista and High Point (Resolution 4760, November 2004) and an affirmative fair marketing policy and protocol (Section II). In FY 2007, SHA closed the Next Available Unit waiting lists that proved to be very inefficient and eliminated the voluntary transfer policy (Section II).
Create mandatory self-sufficiency program participation requirements for residents who are employable but not currently employed.	Self-sufficiency requirements remain in place at NewHolly, Rainier Vista, and High Point. SHA continues implementation of the HUD Community Service Requirement.
Create a new lease and community rules based on proven private management models.	NewHolly, Rainier Vista, and High Point leases are based on private management models, emphasize curb appeal, and require residents to pay their own utilities. These leases also support community revitalization and incorporate private sector practices to assure investors that the communities will be well managed.

Areas for Innovation	Status at the Close of FY 2007
Create Jobs and Resource Centers in large SHA family public housing communities.	SHA operates job centers at NewHolly, Rainier Vista, High Point, Lake City and Yesler Terrace. Block granting under MTW has enabled SHA to serve residents from various housing programs with a more seamless and effective system. SHA's strategies for resident employment are described in Section IX.
Combine public housing operating and capital funds and tenant-based voucher assistance into a single fungible budget. Establish obligation and expenditure timelines in the Annual MTW Plan instead of adhering to HUD timelines.	SHA has created block grant budgets every year under MTW. In FY 2007, this flexibility enabled SHA to provide interim or bridge financing for property acquisitions that expanded replacement housing options for the HOPE VI redevelopments; acquire properties adjacent to SHA redevelopments that were a blight in the neighborhood by virtue of condition or uses; and maintain the timing continuity of redevelopment activities while permanent funding for redevelopment was put into place. The ability to use MTW block grant resources in combination with short term credit instruments has been pivotal to SHA's ability to achieve the most favorable long-term financing terms and to our ability to take advantage of key development opportunities to maximize our strategic objective to increase the number of low income housing.
Maintain an operating reserve consistent with sound housing management practices.	SHA has done this every year since the beginning of MTW. For more on the status of reserves, see Section V.
Merge Housing Choice vouchers and certificates into a single program.	In FY 2007 SHA converted the final three certificates to vouchers. No certificates remain.
Tailor the Housing Choice Voucher Tenant-Based Assistance Program to local needs.	In June 2005, SHA Commissioners approved Resolution 4784, setting new payment standards, modifying occupancy standards, requiring interim reviews to increase rent when income increases by $100/month or more and charging families and landlords for missed inspections. The policy uses MTW flexibility to disregard federal regulations requiring housing authorities to impute full TANF benefits for sanctioned families. Prior policy changes that required MTW flexibility include: a $50 per month minimum rent with no automatic hardship waiver, use of Section 8 funds for a down payment assistance pilot program, criteria defining when payment standards may be raised to 120 percent of Fair Market Rent (FMR) and calculation of rent burden for initial lease-ups to give participants more housing options.
Adopt a policy for project-basing Housing Choice Vouchers to meet local needs.	The FY 2000 policy permits SHA to project-base up to 25 percent of Housing Choice Voucher budget authority. In FY 2003, the policy was amended to allow the City of Seattle's competitive process for selecting projects for Housing Levy funds to also serve for project-based funding. In FY 2004, the policy was amended to clarify that tenants leaving project-based units are not eligible for exit vouchers. In FY 2007, SHA developed a pilot "provider-based" program. See Section II for information on FY 2007 project-based commitments.
Operate Family Self-Sufficiency (FSS) to meet locally-defined needs.	In FY 2005 and FY 2006, SHA implemented a number of administrative improvements that did not require MTW flexibility. In FY 2007, SHA began exploring use of MTW authority to better meet locally-defined needs for implementation in FY 2008 (Section IX).

Areas for Innovation	Status at the Close of FY 2007
Cooperate with other housing authorities to further MTW goals.	SHA participates in Sound Families with six regional housing authorities and several local governments. Through this program, the housing authorities agree to project-base Section 8 subsidy in new transitional housing approved by local governments and funded by the Gates Foundation. The other housing authorities were awarded HUD waivers for project-basing regulations modeled on SHA's MTW policy. See Section II for information on project-based commitments. In FY 2006, SHA and the King County Housing Authority completed a joint FY 2003 ROSS Section 8 home ownership grant.
Create a reasonable and less expensive process for determining, applying and reporting HUD-determined wage rates.	SHA has amended procurement policies to streamline administration of prevailing wage in bidding and contracting for contracts under $35,000 to incorporate by reference prevailing wages and federal labor standards information from relevant agency Web sites, rather than including the entire, lengthy text of these provisions in bid documents or contracts. Links to the appropriate sites are provided on SHA's Web site, www.seattlehousing.org.
Simplify and streamline HUD approval for home ownership, mixed-finance agreements, partnerships, property demolition and disposition.	In FY 2007, HUD approved disposition of 99 scattered site units under the streamlined disposition protocol. In FY 2004, SHA and HUD worked on a mixed-finance waiver similar to the one the Atlanta Housing Authority has. A formal waiver request was submitted to HUD in FY 2005. At the end of FY 2007, SHA was awaiting approval of the waiver or HUD's finalization of its proposed streamlined process.
Simplify, streamline and enhance management and maintenance.	SHA continues implementation of a portfolio-based property management system. In FY 2007, SHA continued reconfiguring the scattered sites portfolio to improve efficiencies in management.
Deploy a cost-benefit and risk management approach for property inspections in lieu of HUD requirements for comprehensive annual inspections.	In FY 2003, SHA implemented a new inspection protocol under which each public housing unit receives either a comprehensive or a critical item inspection annually. In FY 2007, 100 percent of required inspections were conducted including about 4,200 comprehensive inspections in public housing.
Deploy a cost benefit approach for resource conservation in lieu of the HUD-required energy audits every five years.	A MTW resource conservation protocol was finalized and implemented in FY 2003. See Section V for FY 2007 resource conservation activities.
Purchase properties without prior HUD approval as long as HUD site selection criteria are met.	In FY 2004, SHA developed a checklist for property purchases including replacement of scattered site units that will be sold. In FY 2007, SHA purchased five properties as scattered site replacement housing without prior HUD approval.
Use SHA's own form of construction contract rather than the HUD prescribed form.	SHA has exercised this flexibility for the last several years. The SHA construction contract retains HUD requirements. It also provides more protection for the housing authority, for example, by specifying alternative dispute resolution methods that reduce risk and cost.

Areas for Innovation from SHA's MTW Agreement – Not Currently Exercising MTW Authority

Areas for Innovation	Status at the Close of FY 2007
Adopt an alternative procurement system that is competitive, and results in SHA paying reasonable prices to qualified contractors.	SHA procurement policies are consistent with federal regulations and do not require MTW flexibility. In FY 2005, SHA amended procurement policies to allow consideration of involvement of Section 3 businesses in rating competitive bids for goods and services.
SHA may enter into contracts with any related nonprofit.	HUD's new rule on affiliates allows SHA to enter into contracts with any related nonprofit without exercising MTW flexibility.
Replace HUD's Total Development Cost (TDC) limits with reasonable limits that reflect the local market place for quality construction.	Because HUD published new TDCs in July 2005, SHA has not yet had to exercise this authority.
Establish reasonable, modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities.	Such guidelines have been established as part of each HOPE VI revitalization plan. SHA has not, however, exercised MTW flexibility in order to accomplish this.

SHA's Additional Commitments to HUD

At least 75 percent of the families assisted by SHA must have incomes below 50 percent of the area median.	Ninety-seven percent of households receiving SHA housing assistance have incomes less than 50 percent of the area median.
Assist substantially the same number of households and maintain a comparable mix of families (by family size).	In 1998 (pre-MTW), SHA assisted 10,560 households. In FY 2007, SHA assisted 12,077 households. See Appendix B for information on family size.

High Point Market Garden; seniors from several communities gather to celebrate Thanksgiving

Outcomes of other activities from the FY 2007 Plan

The FY 2007 Annual Plan spelled out major priorities for the year, in addition to the MTW activities listed above. Here is what happened in regard to those priorities.

Other activities

Meeting Seattle's housing needs

Community revitalization

Continue revitalization of Rainier Vista and High Point.

- Construction began on new low-income and workforce housing in Phase II of High Point. Units will start coming on line in March 2008;
- Construction began on the new Rainier Vista Boys and Girls Club and planning was completed for the new High Point Neighborhood Center; and
- By year end, builders completed approximately 92 percent of the planned 251 homes for sale in Phase I of High Point, 73 percent of the 140 planned in Phase I of Rainier Vista, and 92 percent of the 476 homes for sale throughout NewHolly.

Continue "homeWorks," a five-year capital program involving bond- and tax credit-financing to renovate 22 public housing high-rises, including comprehensive rehabilitation of building systems and common areas.

- Completed renovation in all eight Phase 1 buildings;
- Substantially completed renovations in three Phase 2 buildings and began construction in the remaining four building in this Phase;
- Completed Design Development documents and selected a General Contractor/Construction Manager for the seven Phase 3 buildings;
- Closed mixed-finance deals including for Phases 2 and 3.

Begin the community conversation about the future of Yesler Terrace. Involve Yesler Terrace residents, neighbors and local businesses in a process to create a vision for a new community.

- SHA worked extensively with Yesler Terrace residents and community members throughout FY 2007 to complete the first Phase of planning for this project.
- Working with the Yesler Terrace Citizens Review Committee, two documents were produced: Yesler Terrace Definitions & Guiding Principles and Yesler Terrace Planning Concepts.

Continue reconfiguration of the scattered sites portfolio by selling about 60-70 units and replacing them with others that are more efficient to manage and maintain.

- SHA sold 53 scattered sites units, bringing the total sales to 146 of the 196 units identified disposition.
- SHA purchased 54 scattered sites replacement units, bringing the total replacements to 108.

Plan the redevelopment of mixed-use sites at NewHolly on the corner of MLK and Othello Street.

- Pre-development feasibility and conceptual design for mixed-use projects on this property were initiated and the site was put on the market for development partners in December 2007.

Identify replacement housing options for Holly Court, and begin planning for the redevelopment of this poorly-designed and -constructed community and adjacent property that SHA owns.

- SHA continues to develop site design and replacement housing options for Holly

Court. This activity will continue in FY 2008.

Plan for and implement: improvements in marketability, security and building systems at Jefferson Terrace; redesign of the first floor and entry plaza of Bell Tower; possible expansion of Leschi House; and redevelopment of the Lake City Village site and adjacent property.

- Planning activity for the Jefferson Terrace and Bell Tower projects continues.
- In FY 2007, SHA determined it is not economically advantageous at this time to pursue an expansion of Leschi House.
- SHA furthered design and development strategies for the Lake City Village site submitted a HOPE VI application for property.

Continue to meet off-site replacement housing obligations for High Point (50 units).

- Construction started on AIDS Housing of Washington and Housing Resource Group's South Bozeman project which includes 18 units of replacement housing.

Meeting applicant and resident needs

Building on the successful lease-up of Tri-Court, decide whether to add a second smoke-free community to offer a choice of neighborhoods.

- In FY 2007, SHA secured funding for an additional 25 Breathe Easy Homes in the High Point community (bringing the total to 60). These units are, among other things, smoke-free.

Continue the successful mental health crisis intervention and case management programs in the public housing high-rises that were expanded during FY 2005:

- The mental health crisis intervention program prevented 100 percent of evictions of residents referred to them by property management staff.
- The case management program prevented 90 percent of evictions.

Continue to strengthen programs that give residents access to computers and the Internet. Expand partnerships and funding to support community technology centers in or near High Point, Rainier Vista, Westwood Heights, Yesler Terrace and Center Park:

- These technology centers served 600 participants in FY 2007.
- SHA continued to work with partners to move the centers toward financial independence. However, the High Point lab was forced to close its doors due to lack of funding and space.

Community members complete a course in the Rainier Vista Technology Center

Maintain the highest possible level of employment services for SHA residents and Housing Choice Voucher participants.

- The Job Connection made 242 job placements, 81 percent of which were full-time and 70 percent of which included benefits. The average hourly wage at placement was $12.39.

Promote best practices in self-sufficiency for SHA residents through Outcomes for Independence, a new initiative to evaluate strategies, recommend policy and program improvements, and seek out partnerships and additional funding for services.

- SHA, in partnership with six other agencies, began piloting the Seattle Asset

Building Initiative to help SHA residents achieve greater economic security.

Apply for Housing Choice Vouchers if any opportunities arise.

- SHA obtained 33 new vouchers in FY 2007. Details are provided in Section III.

Organizational improvements

Explore shifting SHA's fiscal year from October 1 through September 30 to January 1 through December 31.

- SHA's fiscal year was changed to coincide with the calendar year. To facilitate this transition FY 2007 was a 15-month fiscal year, extending from October 1, 2006-December 31, 2007.

Conduct a comprehensive assessment for office and maintenance shop space needs to plan for future organizational needs.

- SHA commissioned a comprehensive facilities study of office and maintenance facility needs in FY 2007. At year end, agency leadership was using the results to develop plans to meet both short and long range facility needs.

Continue to clarify and update the Section 8 Administrative Plan and the SHA Policy and Procedures Manual, particularly to incorporate low-income housing tax credit compliance requirements in public housing.

- Policy changed included lead-based paint, adding/removing people on an existing lease, security deposits, LIPH voluntary transfers, and LIPH admissions suitability.

Public housing reform initiative.

- Two senior staff participated in HUD's public housing reform initiative in 2007. Staff worked with other housing authority staff and industry experts to identify opportunities to lessen administrative requirements. Recommendations were made to HUD to relieve the growing administrative burden on housing authorities while allowing HUD to maintain essential oversight within statutory parameters.

SHA activities in the community

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

- SHA is well-represented on the Committee to End Homelessness and its various subcommittees by the Executive Director, Communications Director and Director of Housing Advocacy and Rental Assistance Programs.
- The Executive Director serves on the Board of the Workforce Development Council (WDC) of Seattle-King County. The WDC provides training and development systems to promote economic opportunity for residents and assure a viable workforce for area businesses. SHA staff are also on the WDC Youth Committee.
- The Executive Director served on the Board of the Seattle Central Community College Foundation, which provides scholarships, child care, and tutoring, to disadvantaged youth.
- In 2007 the Executive Director joined the Board of Seattle Jobs Initiative, which connects low-income people to job training and placements.
- In 2007 the Executive Director was appointed by the Governor to the State's Affordable Housing Advisory Board, which advises the Governor and the Department of Community Trade and

Economic Development regarding issues of affordable housing.

- In 2007 the Executive Director served as President of the Association of Washington Housing Authorities.
- The Deputy Executive Director for Development serves on the Urban Land Institute Seattle Executive Committee and the Common Ground and Housing Development Consortium Boards of Directors. He is also a member of the University of Washington Department of Urban Planning Professionals Council.
- The Deputy Director for Finance and Administration serves on the Seattle/ South King County Habitat for Humanity Board, is an honorary Board Member of the Rainier Vista Boys and Girls Club and was recently named by the Mayor to the Seattle Center Advisory Commission.
- The Housing Finance and Asset Management Director is a member of both the City of Seattle Credit Committee and the State Bond Cap Advisory Committee.
- The Communications Director represents SHA on the Governing Board of the Seattle CityClub, which sponsors public forums on civic issues, and serves as CityClub's expert on housing and homelessness issues.
- Human Resources Director is a member of the Breakfast Group, an African-American men's group that provides business mentorship and an education program aimed at young-at-risk males of color. The Director is a member of the Group's Education committee and has been a part of the Project MISTER program that serves young black males at local alternative high schools.
- SHA staff participates on the Seattle-King County Employment Council, whose focus is to find ways for displaced workers, immigrants or refugees and people with little or no work experience to be trained for living wage jobs.
- SHA staff continued as founding members of two City-wide coalitions that support economic self-sufficiency of low-income families: the Seattle Asset Building Collaborative and the Housing and Economic Security Project. These coalitions are described in Section IX.
- SHA Community Builders are active in neighborhood planning and civic groups including: Coalition of West Seattle Human Service Providers, South East and Delridge District Councils, Coalition to Undo Racism Everywhere, Project Advisory Team for the Van Asselt Community Center, and the Othello Neighborhood Association.

Other activities of note

Accessible housing

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

New Markets Tax Credits

Seattle Community Investments, SHA's Community Development Entity, closed $20 million of Qualified Low Income Community Investments in 2007. The projects financed were the planned High Point Neighborhood Center, the Greenbridge Learning Center under construction at the Greenbridge HOPE VI community, and rehabilitation of the YWCA's administrative offices in downtown Seattle.

SHA's performance in FY 2007

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

- The average vacancy rate among public housing properties was 3.99 percent.
- SHA responded to 99.2 percent of emergency work orders within 24 hours and 97.8 percent of regular work order requests within 30 days.
- In another year of excellent performance, SHA collected 97.8 percent of public housing rent due and other charges to tenants.

Special distinctions

Awards and Recognition

The High Point community was recognized for excellence in a number of areas through 13 awards in 2007. Perhaps the most prestigious of these is the Urban Land Institute: 2007 Global Award of Excellence — World which recognizes up to five projects globally that provide the best cross-regional lessons in land use practices. Other awards included:

- 2007 Washington Excellence in Concrete Construction: Sustainable Merit Award
- National Association of Home Builders National Green Building Award: 2007 Multifamily Project of the Year
- American Institute of Architects (AIA)/HUD Secretary's Award: 2006 Community Informed Design Award
- AIA: 2007 Housing Committee Award (Multifamily)
- 2007 Rudy Bruner Award for Urban Excellence: Silver Medalist
- 2007 Built Green Hammer Award (highest scoring community to date)
- Puget Sound Regional Council: 2007 Vision 2020 Award
- Pacific Coast Builders Conference (PCBC): 2007 Gold Nugget Award: Master-planned community of the year
- PCBC: 2007 Gold Nugget Award: Best Infill, Redevelopment, or Rehab site plan
- 2007 Governor's Smart Communities – Jury's Merit Award
- Urban Land Institute: 2007 Award of Excellence — Americas
- Environmental Protection Agency: 2007 National Award for Smart Growth Achievement—Built Projects

Planners from France tour High Point

Other distinctions include:

- For the tenth year in a row, SHA was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the U.S. and Canada for the fiscal year ending September 30, 2006.
- Audited Calendar Year 2006 financial statements for all of SHA's affiliated tax credit partnerships and HUD-assisted projects managed by SHA for other non-profits received clean opinions.

SECTION I: HOUSEHOLDS SERVED

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

Residents

Households and individuals served

In 1998, at the start of MTW, SHA served 10,560 households. By the end of FY 2007, this figure had increased to 12,077 households. SHA provides housing assistance to nearly 23,500 people.[3]

In FY 2007, SHA served 208 more households at the end of the year than at the beginning. Public housing saw a net decrease of 29 households due primarily to the reconfiguration of the scattered sites portfolio and a slightly higher vacancy rate. At the same time, the Housing Choice Voucher program saw a net increase of 237 households served, predominantly in the project-based program.

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

Resident income levels

The average income of public housing residents increased nearly four percent from $12,117 at the end of FY 2006 to $12,561 at the end of FY 2007.

The average income of tenant-based voucher holders increased five percent from $12,861 to $13,448. Agency-based participants' average income increased just 11 percent, from $12,015 to $13,374. Project-based program participants have significantly lower incomes. However, the average increased more than six percent for the third year in a row – from $8,498 to $9,009.

Average income in SSHP was $12,706, a more than six percent increase from FY 2006.

Average income in Section 8 New Construction was $9,337, a more than four percent decrease bringing the average to its lowest level in at least five years.

Income distribution as a percent of median income

Among SHA's housing programs, 81 to 96 percent of households have incomes below 30 percent of the area median income. These proportions have varied only a percentage point or two annually since MTW began, except in the SSHP program where there has been a concerted effort to reduce the percentage of extremely low-income households.

Racial distribution

Overall racial distribution of households has been similar for at least the last four years. Within programs, racial distribution of heads of households remained about the same as prior years.

Age groups and disability

The proportion of minors, non-elderly and elderly adults in public housing was 29, 52 and 19 percent respectively, similar to prior three years. Public housing saw a four percent increase in total population, almost entirely among non-elderly adults.

The number of disabled individuals in public housing was slightly lower for the second year – 2,559. However, people with

[3] SHA also houses about 1,000 households who are not included in the analysis or the reported totals here. These households do not participate in HUD-funded housing assistance programs or SSHP.

disabilities continued to comprise 29 percent of public housing residents.

With nearly 400 more individuals participating in the Housing Choice Voucher program there have been a few changes in age distribution compared to last year, namely few minors and more elderly adults. Of the 14,538 participants, the proportion of minors, non-elderly and elderly adults was 36, 51 and 12 percent in FY 2007, within one percent of FY 2006 distributions.

There was an increase in FY 2007 in the number of individuals who have a disability and benefit from Housing Choice Voucher for the second year, while the proportion remained stable at 28 percent.

People under 62 in SSHP made up 10 percent of SSHP residents, essentially level with the proportions in the last two years. The percent of people with disabilities in SSHP has declined slightly from 22 to 21 percent.

Applicants

Number of applicants

As of December 31, 2007, 3,985 households with an active applicant status were on one or more waiting lists for housing assistance. This is a two-thirds decrease from the 12,284 households on the waiting list at the beginning of the year. This large decrease is due primarily to:

- implementation of the automated monthly check in system for public housing;
- the HCV waiting list remained closed throughout the year; and
- in order to increase HCV utilization and fill the high number of vacancies in public housing during the year, SHA has had to call in large numbers of applicants.

Income levels

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

Income information on HCV applicants is not available. When SHA established the 4,000 household HCV waiting list by lottery in May 2006, due to the high volume of applications in such a short period of time, it was decided to enter income data into SHA's database after the applicant is called in off the waiting list and completes an income certification. When the HCV waiting list is re-opened in 2008, SHA will ensure that applicant income data will be captured electronically earlier in the process.

Racial distribution

The racial distribution among applicants to SHA housing programs changed in a few areas over the course of FY 2007. At the end of the year, the proportion of Caucasian applicants on the HCV and SSHP waiting lists had decreased five and eight percent, respectively, while the proportion of African American/African applicants had increased correspondingly.

SECTION II: OCCUPANCY AND ADMISSIONS POLICIES

Policies governing eligibility, selection, admissions, assignment and occupancy

Public Housing Applicant Choice (FY 2001)

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

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

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

Under applicant choice, all applicants may place themselves on up to two site-specific waiting lists. Applicants who are working with selected partner service agencies may qualify for the Expedited waiting list, which permits expedited processing. The fifteen agencies currently involved in the program serve a wide range of household types and needs. Most provide transitional housing or other services for homeless families or individuals.

In FY 2007, after consulting with stakeholders and resident leaders, SHA closed the Next Available Unit (NAU) waiting list. Applicants already on the NAU waiting list continue to be processed in the same manner. The NAU waiting list had proven inefficient and challenging to administer. As well, in FY 2005 SHA entered into an agreement with HUD regarding affirmative fair housing marketing which supersedes the need for the NAU waiting list.

Tenant Selection and Placement

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

Through the TSAP system, 804 applicants who rose to the top of their waiting lists were contacted for leasing opportunities in FY 2007. Final outcomes are summarized below.

Final Outcome	#	Site Specific	NAU	Expe-dited
Leased	551	68%	69%	83%
Cancel by request	115	14%	16%	0%
No response	92	14%	9%	7%
Refused unit	46	5%	7%	10%
Total applicants	804	474	301	29

The Expedited waiting list continues to be the most productive waiting list with the highest lease rates and lowest rates of cancellations, no-shows and refusals. Clearly, a subgroup of applicants benefits from having case management assistance in getting through the leasing process. Overall, the percent of households called off a waiting list that ended up leasing increased from 55 percent in FY 2006 to 69 percent in FY 2007. This is largely attributable to the implementation of the automated monthly check in system, detailed below.

The TSAP system also records applicants' reasons for refusing units. Of the 46 households whose final outcome in FY 2007 was "refused unit", the most frequent reasons (36 percent) had to do with building location,

and unit size. The second most common reasons (17 percent) had to do with unit/community characteristics.

Affirmative Fair Housing Marketing

In FY 2005, SHA implemented an Affirmative Fair Housing Marketing policy and procedure in response to a HUD Inspector General audit finding regarding SHA's implementation of one provision of the applicant choice policy.

SHA now conducts affirmative fair housing marketing of racially-identifiable buildings. Racial distribution of heads of households in public housing high-rises is monitored quarterly. If any buildings are found to be racially-identifiable, affirmative fair housing marketing is conducted. SHA provides quarterly reports to HUD detailing racial distribution by building and affirmative fair marketing activities.

Entry way to International Terrace, one of SHA's most popular high rise properties

Local preferences (FY 2003)

The term, "local preferences" refers to criteria for selecting applicants from a housing authority's waiting list. SHA's local preferences were adopted in FY 2003 (Resolution 4680):

- Households whose current income is at or below 30 percent of area median income;
- Applicants who are homeless; or
- Households who have been homeless or whose gross income has been at or below 30 percent of area median income at some point during the 12-month period prior to the eligibility determination.
- Several categories of applicants were given a specific preference: SHA live-in staff who leave, and applicants selected by non-profit operators of HOPE VI replacement housing units that receive public housing subsidy.

In FY 2005, the policy was amended so that in the event of a declared disaster, the Executive Director is authorized to adopt and implement procedures that provide a housing preference for disaster victims that supersedes other preferences. No changes were made in FY 2007.

Public housing admissions policies and procedures

Suitability criteria

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

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

The purpose of the point system is to maximize every applicant's opportunity to demonstrate suitability for SHA housing and to ensure fair treatment of applicants in similar situations. No changes were made in FY 2006.

Automated monthly check-in system

To improve the viability of the waiting list and reduce the number of non-responsive applicants, SHA is implementing an

automated monthly telephone check-in system. In FY 2005, the system was successfully piloted on two site-specific lists. Following this successful pilot, SHA planned a full roll-out of the automated check-in system beginning spring 2007.

SHA's Low Income Public Housing program successfully inaugurated its new waiting list check-in system on June 1, 2007. The check-in system is designed to help move people into housing more quickly by reducing the amount of staff time required for maintaining, updating, and checking waiting lists. It requires people on waiting lists to call in, or to check in on the Web site, once a month, on any day of the month, at any time--24 hours a day. People who use the telephone system can choose to hear instructions in any of nine languages besides English. The check-in requirement applies to all public housing waiting lists in Yesler Terrace, the Scattered Sites, and SHA's 29 high-rise buildings.

Tax credit compliance

In FY 2007 SHA made changes to application procedures and policies to ensure consistency with low-income housing tax credit requirements which will apply in some SHA communities. Significant changes involved tax credit income limits and ineligibility of full-time students.

Tri-Court smoke-free policy (FY 2001)

In 2001, SHA designated Tri-Court, 87 units of public housing for elderly and disabled households, a smoke-free environment. FY 2007 was Tri-Court's third full year operating as a smoke-free community. Property managers report a high degree of acceptance of the no smoking rule among residents, no enforcement issues and lots of interest among applicants. Based on these successes, SHA considered adding a second smoke-free property in FY 2007. SHA has been able to accomplish neighborhood and unit-type diversity in smoke-free units with the creation of Breathe Easy Homes in the High Point community (Section V). SHA will also continue to explore additional opportunities to create smoke-free buildings in new or redeveloped properties where relocation of existing residents would not be necessary.

Designation of elderly/near-elderly communities

In FY 2007, HUD renewed SHA's designation plan for two years. This plan designates two public housing high-rises – Westwood Heights in West Seattle and Ballard House in Seattle's north end – for elderly/near elderly.[4] SHA may establish suitability criteria specific to designated elderly buildings at a future time, but did not pursue this during FY 2007.

Community Service Requirement

During FY 2004, SHA implemented the community service requirement in all its public housing communities in accordance with QHWRA (Resolution 4716, October 2003).

Beginning with annual recertifications in FY 2005, household compliance was reviewed. For households who failed to comply with their community service hours, SHA initiated cure agreements. Some households chose to remove the non-compliant member instead of agreeing to sign a cure agreement. In FY 2007, no household was at risk of eviction.

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

Public housing occupancy standards

In FY 2005, SHA revised the public housing occupancy standard to two persons per bedroom, eliminating exceptions for marital status, gender and age. As in the prior policy,

[4] Elderly is defined as 62 years of age or older. Near elderly is 50 years of age or older.

an adult head of household is not required to share a bedroom with a minor dependent. This change was made in order to open up more housing units to more families. The new occupancy standards were implemented for new households and those transferring to a different unit in FY 2006.

Public Housing Occupancy Standards		
Unit Size	Persons in Household	
	Minimum	Maximum
Studio	1	2
1 Bedroom	1	2
2 Bedrooms	2	4
3 Bedrooms	3	6
4 Bedrooms	4	8
5 Bedrooms	5	10

Housing Choice Voucher tenant-based occupancy standards

In 2007 Seattle Housing Authority kept in place the occupancy standards that the Board of Commissioners adopted in June 2005. This Resolution 4784 made a variety of changes to occupancy and rent policies to maximize voucher utilization in order to assist more families. This goal was met in 2007 as SHA increased the number of families served since making this change by more than 1,000. The occupancy changes adopted in 2005 are:

- SHA established a minimum for the number of people per household that qualify for each voucher size. New households and those who move with continued assistance are subject to the new standards. The standards are within fair housing guidelines.
- Households do not qualify for subsidy for a larger unit when household size increases unless HQS occupancy standards are exceeded.
- Subsidy was eliminated for children away at college most of the year.

In FY 2006, SHA began applying these new occupancy standards to new participants and current participants who move to a new unit, for any reason. No current voucher holders will be required to move as a result of changes in occupancy standards. In 2007 these occupancy standards continued to be implemented.

HCV Occupancy Standards		
	Persons in Household	
Voucher Size	Minimum	Maximum
Studio	1	2
1 Bedroom	2	4
2 Bedrooms	3	6
3 Bedrooms	4	8
4 Bedrooms	6	10
5 Bedrooms	8	12
6 Bedrooms	10	14

Housing Choice Voucher project-basing policy (FY 2001)

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

By the end of FY 2007, SHA had 1,423 project-based units under contract, equaling 17 percent of authorized vouchers. Replacement units are not included in this count because they are not subject to the policy's 25 percent limit on Project-based vouchers, as HUD provides vouchers specifically for this purpose.

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

- Competitive process with housing goals defined by SHA – To date, three Request for Proposal (RFP) rounds have resulted in 741 contracted units in 31 projects.
- Supporting City of Seattle low income housing initiatives – At the end of FY 2007 SHA had 150 project-based units under contract in three City Levy-funded

projects. SHA has committed up to 500 Project-based vouchers for this purpose. SHA also has made a commitment to Sound Families of up to 400 Project-based units. At the end of FY 2007, 216 Sound Families units were under contract in 22 properties.

- Replace demolished or sold public housing – SHA has committed to 500 units in 34 properties.

SHA continues to use the City of Seattle for NEPA reviews for project-based vouchers.

Use of budget authority

In FY 2007 SHA began implementation of a pilot "provider-based program" to support the King County 10-Year Plan to End Homelessness. The pilot will test, on a small scale, the efficiency and effectiveness of using vouchers with community partners to meet the supportive housing needs of special needs, disabled, young adult, and chronically homeless households who require dedicated supportive services in ways that SHA's traditional subsidized housing programs are not designed to address. This new program allocates funding in tandem with partner publicly funded services and/or behavioral healthcare systems. At year end, selected service providers were still staffing up and working to secure cooperating landlords in Seattle's tight rental market. The project will continue into 2008.

Section 8 home ownership (FY 2004)

No changes were made to this policy in FY 2007. SHA's policy uses MTW flexibility to allow Section 8 resources to be used for down-payment assistance (see Section VI: home ownership activities).

Statement of Rent Policy

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

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

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

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

Several new goals were added:

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

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

- Expanding the Tenant Trust Account so more working households are eligible and

can accumulate savings faster for clearly-defined self-sufficiency purposes;

- Eliminating the first two rent steps because the 2004 survey results showed that residents did not see the steps as an incentive to get or keep a job;
- Eliminating the punitive rent formula for households whose only income is TANF;
- Requiring residents to report all increases in income above $100 per month, between annual reviews, so that SHA may increase rent accordingly;
- For households reporting zero income who appear to be eligible for TANF or unemployment benefits, imputing income from these sources until ineligibility is documented; and
- Allowing property managers to differentiate rents in studios and one-bedroom apartments to maintain high occupancy of studio units.

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

The revised rent policy was implemented in Phases, beginning in October 2005 and ending with the implementation of TTA program changes occurring in April 2006. In February 2008 SHA conducted an evaluation of the effects on the policy's goals including resident self-sufficiency, revenue generation, and administrative efficiency. A survey was conducted of 202 public housing households with at least one "work-likely" adult. Administrative data and feedback from management staff were also examined. Appendix F includes an analysis of outcomes.

Continuing MTW rent policy provisions

For households on fixed incomes (e.g., social security), the frequency of recertification has been reduced to once every three years except where annual certification is otherwise required (e.g., Low Income Housing Tax Credit financing). In the intervening years, rents are increased proportionately to the social security cost of living adjustment. This is intended to reduce the administrative costs of these reviews and SHA's intrusion into residents' privacy.

All residents pay an absolute minimum rent per month unless they face a hardship in making such a payment. The minimum rent is to be adjusted each year based on an inflation factor. To date, management has not made an adjustment to the minimum rent. At year end there were 316 residents paying minimum rent.

In FY 2007 the current rent policy was revised so that the maximum rent charged will not exceed the maximum tax credit rent for residents in public housing units with tax credit funding. Residents in tax credit units are required to complete an annual income review, making them ineligible for the "Fixed Auto Review" for residents on fixed incomes.

Seattle Senior Housing Program rent policy (FY 2003)

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

Income group	Adopted Percent of Units Goal	Actual FY 2007
< 20% AMI	31%	33%
20-30% AMI	36%	29%
Vouchers (<30% AMI)	15%	16%
30-40% AMI	14%	12%
40-80% AMI	4%	9%

SSHP continues to meet its operating financial goals and the flat rent structure has not proven a barrier to access for most applicants.[5] SSHP moved closer to the sustainable distribution of incomes during FY 2007. Implementation is monitored by an advisory committee of residents and industry experts.

Housing Choice Voucher Program (FY 2005)

A number of policy revisions adopted in FY 2005 (Resolution 4784) were implemented in FY 2006 and continued in FY 2007 including:

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

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

Voucher Payment Standard

Payment standards for one-, two-, and three-bedroom vouchers were lowered to 110 percent of Fair Market Rent (FMR) or less in FY 2005. The previous standards for these unit sizes fell between 113 and 117 percent of FMR. In FY 2006, this impacted new participants and current participants who moved to a new unit, for any reason. Effective November 1, 2006, all participants began changing to the new payment standard at the time of their annual review. This process was to be completed in October 2007.

However, due to the tightening rental market, it became increasingly difficult for participants to secure and maintain housing and many families became rent burdened. In FY 2007 a rent burden analysis was conducted and it was determined there was a need to raise the Voucher Payment Standard. The voucher payment standard was, therefore, increased in FY 2007 with the commitment to still be able to maintain 95 percent utilization.

Other *Policy and Procedure Manual* updates

In addition to rent and occupancy policies described elsewhere in this section, the following *Policy and Procedure Manual* sections were updated in FY 2007:

Lead-based paint (LBP): The LBP compliance policy regulates what actions need to be taken around LBP and reported elevated blood levels in children.

Adding or removing people to an existing lease: The policy was revised to clarify requirements for adding or removing members to an existing household. It centralized the screening of people requested to be added to the lease to ensure consistency in the review.

Electronic pre-application storage: To improve access to stored pre-applications,

procedures were changed to image all pre-applications. This has proven extremely beneficial in reducing physical storage space requirements and improving ease of retrieving a pre-application when needed.

Security deposit: Security deposits were increased for each bedroom size by $50. This was the first security deposit increase since 2005.

LIPH transfers: The voluntary transfer policy was eliminated in FY 2007. This resulted from regulatory requirements associated with tax credit funding that do not allow administrative fees on transfers for residents living in tax credit units. Rather than require some residents to pay a fee, but not others, Seattle Housing Authority chose to eliminate the policy and its fees altogether. Current residents can seek opportunities to move by applying for the communities of their choice, just like any other applicant.

LIPH admissions suitability: SHA updated suitability criteria in accordance with the Violence Against Women's Act of 2005.

PIH Information Center (PIC): SHA began submitting public housing resident and unit data to HUD's PIC system in January 2007. SHA is now enjoying the benefits of the Earned Income Verification tool. With all the tools of receiving income and benefit information, the rate of discovering undisclosed income has increased substantially.

Emergency preparedness

SHA completed a corporate disaster operations plan and implemented the Incident Command System (ICS) for use in disaster operations. SHA has established five emergency command centers and is now in the process of creating standard operating procedure documents for use in those command centers during disaster operations. Employees have already been trained to operate out of those centers and refresher training is ongoing. In FY 2007, more than a dozen residents received Red Cross "train-the-trainer" classes so that they can help with further outreach by teaming up to give presentations to other residents and be knowledgeable in the subject of disaster preparedness. SHA continues to partner with the local American Red Cross chapter and the Seattle Office of Emergency Management to improve the preparedness and self-reliance of residents and staff. Community emergency supply cabinets were also restocked in FY 2007 to provide basic supplies to residents and staff for use in the initial response in the event of a major emergency or disaster.

University House residents to proper use of fire extinguishers

Poverty deconcentration

SHA is addressing the issue of deconcentration of poverty by:

- Continuing to create mixed-income communities in previously distressed public housing family developments;
- Helping residents to get a job or improve their employment situation to "create a mix of incomes from within;" and
- Through acquisition and project-basing Housing Choice Vouchers, SHA is also supporting creation of affordable housing in non-poverty neighborhoods.

SECTION III: CHANGES IN HOUSING STOCK

This section compares the number and types of housing resources SHA had at the start of MTW (December 31, 1998), and at the end of FY 2006 and FY 2007.

In the FY 2007 Plan, SHA forecasted a net increase of 107 units and tenant-based housing opportunities over the year. The actual change was an increase of 126 units. Changes are described below.

Housing Program	Pre-MTW 1998	October 1, 2006 Actual	January 1, 2008 Projected	January 1, 2008 Actual	2007 Hsg. as a Percent of 1998 Hsg.
Housing Choice Vouchers	4,517	8,309	8,309	8,342	185%
Section 8 New Construction	159	100	100	100	63%
Low Income Public Housing	6,144	5,242	5,269	5,250	85%
Seattle Senior Housing Program	1,198	993	993	993	83%
HOPE VI non-public housing rental	5	423	423	423	8460%
Other affordable housing	282	923	1,003	1,008	357%
SHA-managed, owned by others	0	37	37	37	n/a
Total	**12,305**	**16,027**	**16,134**	**16,153**	**131%**

Housing Choice Vouchers

SHA received 33 new Housing Choice Vouchers in FY 2007. In FY 2007, SHA converted the final three Section 8 certificates to Housing Choice Vouchers. A total of 55 vouchers were converted from special purpose to MTW as shown in the table below:

Housing Choice Vouchers	FY 2006 Total	Converted to MTW in FY 2007	New in FY 2007	FY 2007 Total
MTW Vouchers & Certificates	7,724	55	0	7,779
Mainstream Disability	75	0	0	75
Welfare to Work	510	(55)	0	455
Burlingame Opt Out	0	0	15	15
Relocation vouchers	0	0	18	18
Net Total	**8,309**	**0**	**33**	**8,342**

Section 8 New Construction

As expected, the Section 8 New Construction unit count remained the same, 100.

Public housing

During FY 2007, SHA sold 53 scattered sites units and purchased 54 replacement units in five properties. Another seven units were added to the portfolio that are not counted as replacement units. Total public housing units were slightly lower than expected as purchase of scattered sites replacement units continues to trail overall sales due to a strong housing market throughout most of FY 2007.

Scattered sites replace-ment housing 6-plex in Seattle's Central Area

Seattle Senior Housing Program

The SSHP unit count remained the same, 993, as anticipated.

Other housing

Changes to other housing in FY 2007 include:

- SHA purchased the 31-unit Baldwin Apartments on the same block as The Ritz Apartments. During 2008 SHA will determine the long-term use for this property.
- SHA purchased the 68-unit Douglas Apartments, adjacent to SHA's Villa Park property. In late 2007, SHA began relocation efforts to vacate Douglas Apts. in preparation for revitalization activities.
- SHA sold five units south of NewHolly to nonprofits for redevelopment.

SECTION IV: SOURCES AND AMOUNTS OF FUNDING

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

Planned vs. actual revenues – MTW budget

Funding Sources – MTW	Budget Revenues (15 mo)	Actual Revenues (15 mo)
Dwelling Rental Income	$12,120,540	$12,890,000
Investment Income	369,270	1,300,000
Other Income	1,487,361	1,370,000
Housing Choice Voucher Block Grant	82,765,063	92,360,000
Capital Block Grant	14,192,881	14,190,000
Public Housing Block Grant	14,944,383	15,058,000
Use of Reserves	1,759,696	0
Total Sources	**$127,639,194**	**$137,168,000**

Note: Capital Block Grant revenues represent SHA's FY 2007 allocation plus a portion of its 2008 allocation. No funds from prior year capital grants are included.

Differences between projected and actual funding

Dwelling rental income: Actual dwelling rental income exceeded budget primarily due to the success of the third party income verification program.

Investment income: Income from investments was more than budget because of a higher than anticipated average reserve level. Reserves benefited from the positive Housing Choice Voucher proration change that occurred in 2007.

Other income: Income associated with one of SHA's maintenance facilities was initially budgeted as part of the MTW program. However, the accounting for this facility was later moved to "Other Programs" and consolidated with SHA's other facilities.

Housing Choice Voucher block grant: The SHA budget anticipated HCV block grant funding to be prorated to 95 percent, similar to the funding for calendar 2005 and 2006. Actual funding for calendar 2007 was prorated to 105 percent, or more than full funding.

Public housing block grant: The funding proration applied by HUD to this block grant was less than 100 percent, however the final proration was slightly better than projected.

Use of reserves: Use of reserves was not required for operations due to a favorable revenue variance.

Planned vs. actual revenues – other programs

SHA operates a number of housing programs not included in the consolidated MTW budget: Special Purpose Housing Choice Vouchers, Seattle Senior Housing Program, Section 8 New Construction and a large and growing Other Affordable Housing Portfolio, as well as HOPE VI and other grant-supported programs. The following table compares projected with actual revenues for 2007 non-MTW activities.

Funding Sources – Other Programs	Budget Revenues (15 mo)	Actual Revenues (15 mo)
Dwelling Rental Income	$14,752,371	$14,850,000
Investment Income	2,843,981	3,480,000
Other Income	12,431,409	12,630,000
External HAP Contracts and Subsidy	16,828,020	13,940,000
Community Services Grants	1,109,655	1,600,000
HOPE VI Mixed Financing	117,907,347	85,330,000
homeWorks	83,117,963	74,120,000
Other Capital	47,410,743	27,260,000
Total Sources	**$296,401,489**	**$233,210,000**

Differences between projected and actual funding

Dwelling rental income: Rental income ended the year close to budget.

Investment income: SHA has redevelopment loans with many non-profit housing developers for replacement housing obligations. These loans accrue interest at the rate of one to two percent. None of this interest income was budgeted.

Other income: Other income ended the 15 month time period slightly above budget.

External HAP Contracts and Subsidy: Revenue associated with external Housing Assistance Payment contracts was budgeted for the entire 15 month period. This program was transferred to another housing authority during 2007.

Community Service Grants: Three grants were awarded to SHA that were not included in the budget, causing most of the variance. These include a grant for Sound Families Initiatives, one for Disaster Housing Assistance Payments that includes a case management component, and the Seattle Asset Building Initiative. Several other grants were spent at a slower pace than planned in the budget, especially the ROSS 2004 grant for the Job Connection.

HOPE VI Mixed Financing: Most of this variance is related to the planned start date as opposed to the actual start date of the rental housing construction programs for Phase II redevelopment at Rainier Vista and High Point. SHA anticipated that $17 million would be drawn in FY 2007 for HOPE VI. High Point II had only $3.9 million instead of the projected $11 million. HUD recently made the Phase II funds available. Rainier Vista II is in development and a mixed finance close originally scheduled for mid-2007 is currently planned for 2008. The High Point delay and the Rainier Vista postponement represent the majority of this variance.

homeWorks: Overall, the rehabilitation project's sources are less than expected because cash demand for Phase 2 is less than projected.

Other Capital: This group of expenditures includes increases in housing stock and property improvements. Lake City redevelopment of $15 million was planned but delayed.

Investment policy

Under MTW, SHA follows Washington State Investment Policies instead of adhering to HUD Investment Policies. As a result, SHA has the flexibility to invest its financial resources productively and efficiently, without regulatory duplication. SHA invests only in securities authorized under Washington State Housing Authority Law (RCW 35.82.070).

SECTION V: USES OF FUNDS

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

Planned vs. actual expenditures – MTW budget

Expenses	Budget (15 mo)	Actual Expenditures (15 mo)
Administration and General	$22,154,105	$21,920,000
Housing Assistance Payments	75,811,585	67,460,000
Utilities	4,212,519	4,370,000
Maintenance and Contracts	13,166,689	12,620,000
Capital and Development Projects	10,692,881	11,790,000
Capital Equipment and Non-Routine	1,601,415	640,000
Total Expenses	**$127,639,194**	**$118,800,000**

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

Housing Assistance Payments: Policy changes for occupancy and voucher payment standards that were adopted in 2005 took full effect in mid-2006. These changes brought down average housing assistance payments for 2007 below what had been budgeted. Also, utilization reached 95 percent in February 2007, somewhat later than was planned.

Utility Expenses: Gas and steam expenses were higher than planned, both from actual rate increases and higher than anticipated utilization. Surface Water Management was higher than budgeted due to the timing of payments. There was some offsetting savings from a lower rate for water than anticipated.

Maintenance and Contracts: The under spending in Maintenance and Contracts is primarily due to less than expected janitorial, landscaping, and maintenance repairs. In anticipation of Yesler redevelopment, maintenance and repair is kept at the minimum needed. The landscaping decrease is mostly in Scattered Sites and is due to restructuring of the Scattered Sites portfolio.

Capital and Development projects: Current year and prior year capital and development expenditures exceed the budgeted amount because the budget represents only the current year grant, while actuals reflect expenses against open capital fund years.

Capital Equipment and Non-Routine: Information technology spending was under budget because of a change in the planned speed and scope of the Document Imaging project. Rather than develop an application based on a model pilot, SHA chose instead to do a business processes analysis and redesign before moving to a Document Imaging project.

Volunteers install landscaping in Rainier Vista's View Point Park.

Planned vs. actual expenditures – other programs

Expenses	Budget (15 mo)	Actual Expenditures (15 mo)
Administration and General	$21,737,580	$22,830,000
Housing Assistance Payments	15,509,826	12,840,000
Utilities	1,755,325	1,900,000
Maintenance and Contracts	7,064,238	7,410,000
Community Service Grants	1,109,655	1,020,000
HOPE VI Mixed Financing	82,447,932	44,910,000
Other Capital	49,400,076	27,810,000
homeWorks	35,439,846	61,030,000
Total Expenses	**$214,464,478**	**$179,750,000**

Administration and General: Interest expense exceeds the budget because predevelopment and redevelopment opportunities arose that SHA took advantage of which increased its need to borrow. In addition, some line of credit and scheduled interest expense for redevelopment properties were under estimated in the 2007 budget.

Housing Assistance Payments: Most of the expense variance is due to the loss of Housing Assistance Payment contracts at the end of June 2007. The remainder is due to policy changes for Housing Choice Voucher occupancy and voucher payment standards, which decreased average HAP below the budgeted level.

Utility expenses: Various utility accounts exceed budget because predevelopment and redevelopment opportunities arose that SHA took advantage of which increased the utility expense.

Maintenance and contracts: Costs associated with the homes for sale program, such as marketing, legal and architectural and engineering costs were over budget. These costs were covered by property sales revenue and marketing fees. Predevelopment and redevelopment properties incurred maintenance and contract costs in excess of budget. Park maintenance costs were added this year without a corresponding budget or source of income.

Community Service Grants: Most operating grant expenditures were close to the budget.

HOPE VI Mixed Financing: Funds were not available as projected due to delay of the mixed finance close for High Point. Rainier Vista funds will not be available until 2008, at the earliest. Redevelopment work for Phase II at Rainier Vista and High Point was planned to begin in FY 2007. High Point began later in the year than anticipated and Rainier Vista has been rescheduled to 2008.

Other Capital: Expenditures are less than planned because the Lake City redevelopment of $15 million was deferred and acquisitions were $5 million less than originally projected.

homeWorks: Phase 2 was ahead of schedule and Phase 3 acquired assets sooner than anticipated in the projection.

Block grant fungibility

SHA has created block grant budgets every year under MTW. In FY 2002 and FY 2003, SHA used this flexibility to acquire property, obtain better financing terms and preserve housing affordability in newly-acquired units. In FY 2004, the MTW block grant and Housing Choice Voucher funding formula, along with reserves, enabled SHA to sustain voucher program participation despite high costs. In FY 2005, block granting enabled SHA to meet commitments to the City of Seattle for stormwater management and to

Sound Transit for SHA-requested infrastructure improvements at Othello Station and Rainier Vista. In FY 2006, SHA continued to utilize our ability to block grant funds and reserves under the MTW agreement to provide bridge financing for HOPE VI and other affordable housing development activities, pending the receipt of permanent financing in the form of bond proceeds, grant, and other equity funds. SHA has also been able to leverage more favorable financing terms for its bonds and lines of credit by utilizing its flexible MTW reserves.

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

Level and adequacy of Net Current Assets

Net Current Assets	Year End FY 2007 (projected budget)	Actual
Total Consolidated MTW Net Current Assets	**36,243,321**	**$14,090,000**
Other Program Net Current Assets	**$13,268,844**	**$9,190,000**

Total consolidated MTW net current assets represent resources available to cover public housing and Housing Choice Voucher operating expenses. Net current assets will also be used for the replacement and reconfiguration of Scattered Sites properties and urgent capital work. Additionally, these resources are needed to cover changes in local conditions that affect the utilization and payments associated with the Housing Choice Voucher program. A small portion of this funding source serves as an *insurance reserve* that is required by SHA policies and the Housing Authority Risk Retention Group (HARRG), SHA's insurance carrier, for general liability. In 2008, SHA will review its reserve policies and practices and formalize/revise reserve policies and implementation plans to conform with best prudent practices and guidance. Net current assets were less than budgeted because of a lower than anticipated balance related to scattered sites activity. Also contributing to the variance is the use of funds for short and intermediate-term bridge financing of capital projects.

Net current assets of all other programs represent available funding sources for those programs.

Status of FY 2007 Plan activities

Community revitalization

NewHolly

Housing

All the rental units at NewHolly have been complete and occupied since 2005. Construction, marketing and sale of new homes for sale continued in FY 2007. Bennett-Sherman, LLC, began construction on the final 40 NewHolly homes for sale.

Called "Village Homes," these high-density single-family homes will be located close to the light rail station in NewHolly Phase II. Construction will be completed and the units sold in 2008.

SHA has also purchased several residential properties just south of Othello Station.[6] This area was a crime hot spot, with drug activity, prostitution and illegal dumping. The properties were purchased to improve public safety and ensure that Othello Station would be a desirable neighborhood for renters and home owners. In FY 2007, SHA worked with two nonprofit partners, Inter*Im Community Development Association and AIDS Housing of Washington to redevelop these properties. The sale of both sites closed in December 2007.

- Inter*Im Community Development Association will build at least 29 apartments for low-income families on 39th Avenue S.
- AIDS Housing of Washington will develop 18 units of housing with supportive services for people with disabilities on S. Bozeman and S. Kenyon Streets.

Mixed-use development

As the HOPE VI revitalization moved into on-going management, SHA's focus shifted to revitalization of the underdeveloped commercial area adjacent to NewHolly. In prior years, SHA purchased several properties on the corner of Martin Luther King Jr. Way S. and S. Othello Street to complete the northeast corner of Othello Station.[6] During FY 2007, pre-development feasibility and conceptual design for mixed-use projects on this property were initiated and the site was put on the market for development partners in December 2007.

[6] No HOPE VI funds were used for these purchases.

Community facilities

Fundraising was completed for the rehabilitation of the *Harry Thomas Community Center at Lee House* in honor of Mr. Thomas, a long-time Seattle Housing Authority Executive Director who grew up in Holly Park. Mr. Thomas, volunteers and contributors to the Lee House were recognized at grand opening event in October. The Center is now operating as a neighborhood meeting place and provides office space for Neighborhood House staff.

Harry Thomas Community Center at Lee House volunteer work party

Rainier Vista

Housing

SHA's 184 units of rental housing in Phase I and Providence Health System's 78-unit Gamelin House for seniors were completed and leased up in 2004 and 2005. Housing Resource Group's 50-unit Genesee House for people with disabilities was completed and occupied in early 2006. Remaining old units in Phase II were demolished in mid-2006.

In FY 2007 revisions to the Phase II plan were explored to substantially reduce an estimated $40 million funding gap for SHA to complete Rainier Vista Phase II as originally planned. SHA submitted a grant correction to HUD reducing the required public housing replacement. If approved, SHA will submit a

corresponding revised revitalization plan to HUD.

All 481 extremely low-income units will be replaced either on-site at Rainier Vista or off-site.

By the end of FY 2007, all but 38 of the 140 for-sale homes being developed by four builders in Phase I were completed. Habitat was in final design development for 12 homes for low-income buyers in Phase I. The affordable home ownership strategy is further described in Section VI.

Mixed-use development

In December 2007, SHA began marketing the east and west corner sites of Martin Luther King Jr. Way South and South Alaska Street. Proposals are due from developers in early 2008. It is anticipated that the sites will be developed as mixed-use with first floor retail and apartments or condominiums on the floors above.

Volunteer-installed landscaping in a Rainier Vista park

Community facilities

During FY 2007 the old Rainier Vista Boys and Girls Club was demolished and construction of the new Club began in the fall. The new facility will offer more than 40,000 square feet of community space serving youth and teens.

High Point

The year 2007 brought unprecedented acclaim and recognition for High Point. Visitors from over 30 countries came to High Point to observe and study its progressive features. The project received many prestigious awards, among them the land use industry's highest: The Urban Land Institute Global (World) Award of Excellence.

Housing

Phase I:

The **rental** component of Phase I includes 344 SHA-managed units (200 public housing and 144 tax credit units affordable to households at 50 or 60 percent of area median income). All 344 units have been occupied since summer 2006.

Thirty-five of the 344 are *Breathe Easy Home*s (BEH) with design features to minimize the incidence of asthma in low-income families. Residents of Breathe Easy Homes participate in an on-going scientific study, conducted by Public Health Seattle/King County, which explores the affects of housing quality on health. The first results became available at the end of 2007, and they show dramatic improvements in the health of BEH residents.

The second component of rental housing in Phase I is Providence Health Systems' Elizabeth House. The building includes 75 Section 202-funded rental units for low-income seniors. It has been fully occupied since 2006.

The third component of Phase I rental housing is the 160-unit market-rate senior housing building developed and owned by Holiday Retirement Corporation, one of the largest providers of senior housing in the country. The building will offer independent living and full meal service. Meeting and activity spaces will be available to the High Point community. At the end of 2007 the building, now called "The Bridgepark," was 80 percent

complete. Holiday will start the lease-up process in mid-2008.

The **homeowner** component of Phase I housing includes 251 units built by six different builders, representing a variety of styles, types, and designs. As of the end of 2007, approximately 230 homes were occupied. The remaining homes will be completed in the first quarter of 2008.

The sale prices of homeowner units ranged on a broad scale from about 50 to 140 percent of the Seattle median home price. Eight units, built by Habitat for Humanity, are occupied by low-income homeowners. Consequently, as with rental residents, homeowners also represent an unusually broad range of income levels. The resulting resident mix creates a neighborhood that is, in all likelihood, Seattle's most economically diverse community.

Youth at High Point learning about water quality

Phase II:

Construction of the 256 SHA-built affordable **rental** units is on schedule, following the signing of the mixed-finance package in July 2007. The completed units will be delivered between April 2008 and March 2009. Of the 256 units, 150 will be designated as affordable at the public housing level, and 106 will be workforce housing.

SHA secured funding for the upgrade of 25 Phase II rental units to Breathe Easy standards. The funding is provided by Enterprise Community Partners.

For the Phase II home builder program, SHA has contracts with two private builders for a total 105 units.

High Point has three management associations – Homeowners, Neighborhood and Open Space – designed to ensure that the entire community contributes to building community and maintaining the natural drainage and recreational features of the open space system. All three associations were up and running as of the end of 2007.

Infrastructure

The natural drainage system at Phase I has proven its efficiency in two record-braking storm events in December 2006 and December 2007. While reports on flooding and landslides dominated the local news at those times, at High Point, all systems worked as planned and no flooding or damage occurred.

At Phase II, infrastructure construction was underway throughout 2007, and as of the end of the year, it was approximately 85 percent complete. The contractor is building a completely new street system that includes underground utilities and natural drainage swales. Among the most significant accomplishments is the complete reconstruction of the SW Sylvan/Morgan arterial, which bisects the Phase II land area. The redesigned and rebuilt street was made safer for pedestrians by the narrowing of the street, the inclusion of a traffic light, and a landscaped median. The beautiful natural drainage swales at the sides of the street will make it an attractive and pedestrian friendly new boulevard.

Construction of the Commons Park, a two-block open space with several play areas for children of different ages, an open field, and a

community gathering place with an elevated view point and amphitheater, was 80 percent complete at the end of 2007. To allow for the vegetation to grow, following completion, the park will continue to be fenced-off until the 2008 Memorial Day grand opening.

Community facilities

Planning for the new Neighborhood Center, located at the south end of Commons Park on the SW Sylvan/Morgan arterial, was completed by Neighborhood House in 2007. The building, among its many cutting edge green features, will be built with a solar panel roof to generate on-site power. Neighborhood House raised the building's LEED rating to Gold, and wants the building to be a demonstration project for environmentally responsible construction and operation. Completion is planned for 2009.

Mixed-use development

Negotiations on the sale of the mixed-use site, located on a five-acre parcel at 35th Avenue SW and SW Graham Street, had not been completed by the end of 2007. The site is being used as a staging area for the Phase II rental housing construction, and as a result, there was a reduced price for the Phase II rental housing contract.

SHA continued to negotiate with the site's prospective developer throughout 2007, and expects to sign a purchase and sale agreement in 2008. The current plan envisions a high quality mixed-use building.

Off-site replacement housing

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

Holly Park

In FY 2007 SHA's replacement housing commitments for Holly Park were fulfilled with the completion of the following projects:

- Thirty-five units at the Stone Way Apartments developed by Housing Resources Group.
- Ten units at Capitol Hill Housing Improvement Program's Broadway & Pine project.
- Seven of 34 units at One Community Commons developed by the Delridge Neighborhoods Development Association.

Stone Way Apartments – 35 units of Holly Park replacement housing

Rainier Vista

In FY 2007, SHA committed to 12-14 units in Inter*Im Community Development Association's project in the area south of NewHolly. Upon completion of this project, Rainier Vista's off-site replacement housing commitments will be met.

High Point

In FY 2007 construction started on AIDS Housing of Washington and Housing Resources Group's project on South Bozeman, south of NewHolly. These 18 units of housing with supportive services for people

with disabilities will be High Point replacement housing.

Yesler Terrace

Yesler Terrace redevelopment is a key component in SHA's strategy to continue to serve Seattle's low-income residents. Planning will likely take three years or longer.

The first step, beginning in FY 2006 and concluding in winter 2007, was to engage residents, immediate neighbors and the wider community in the creation of a vision for the new neighborhood. Working with the Yesler Terrace Citizens Review Committee two documents were produced: Yesler Terrace Definitions and Guiding Principles and Yesler Terrace Planning Concepts.

The Definitions and Guiding Principles form the foundation for all redevelopment activity based on four core values:

- Social equity;
- Economic opportunity;
- Environmental stewardship and sustainability; and
- One-for-one housing replacement.

One of several Citizens Review Committees, with additional community members in attendance

The Planning Concepts serve as a bridge between policy (the Guiding Principles) and site planning. The Planning Concepts presents eight concepts that will be further developed during Phase II of planning for this project.

Based on extensive resident input during Phase I of planning, the SHA Board of Commissioners made two commitments to this community.

- Every unit at Yesler Terrace will be replaced, one-for-one, within or near the community.
- Residents who remain public housing eligible will have first priority to return to the redeveloped Yesler Terrace.

Due to the extensive public process and planning involved with this project an official "start date" will not be determined for at least two years.

Other public housing revitalization activities

Ballard House: To support the senior designation, building systems and living units were rehabilitated and common areas and community spaces enhanced in FY 2006-2007 as part of homeWorks Phase 1. SHA continues to work with residents and service providers to tailor services to the needs of elderly residents, with a focus on exercise and nutrition, and emergency preparedness, which is especially challenging for seniors who often have limited mobility and complex medical needs that are difficult to meet in an emergency.

Bell Tower: In 2007 SHA comprehensively assessed the capital needs of Bell Tower and continued exploration of the concept of redeveloping the ground floor to include commercial space, a redesigned and renovated management office and a new community room. SHA will include rehabilitation of Bell Tower major building systems in upcoming capital planning.

Jefferson Terrace: SHA continues to study the feasibility of making the 300-unit Jefferson Terrace more livable and manageable. In particular, in 2007 SHA began to look at how Jefferson Terrace can be used to help fulfill

the King County 10 Year Plan to End Homelessness, given the community's location next to Harborview Hospital and proximity to downtown.

Stewart Manor: Stewart Manor is included in Phase 3 of homeWorks. The major building systems will be modernized.

Lake City Village site: The 16-unit Lake City Village public housing complex was demolished in 2002. SHA has since acquired several adjacent properties to assemble a parcel large enough for a meaningful redevelopment.

In 2007 SHA submitted a HOPE VI redevelopment grant application for this Lake City project. The new plan includes a full-scale medical and dental clinic to be built by Puget Sound Neighborhood Health Centers. The housing mix consists of 103 total units: 51 public housing–level, 35 affordable (tax credit), 12 market-rate homeowner, and 5 affordable homeowner units. If the HOPE VI application is not successful in this round, SHA may apply again.

Vacant Lake City Village site in need of redevelopment

Holly Court: SHA's plans to identify replacement options for Holly Court and plan for the re-use of the site and adjacent properties that SHA owns were moved to 2008. Holly Court was constructed to low standards and has aluminum wiring and other flawed building systems that make rehabilitation impractical. In addition, the design of the community detracts from public safety and the overall revitalization of the NewHolly neighborhood.

Other community revitalization activities

New Markets Tax Credits: In FY 2006 SHA formed a Community Development Entity (CDE) called Seattle Community Investments (SCI). SCI's primary purpose is to promote economic development activity near HOPE VI sites. SCI closed $20 million of Qualified Low Income Community Investments in 2007. The borrowers were affiliates of Neighborhood House and the YWCA of Seattle-King-Snohomish Counties. The projects financed were the new neighborhood center in the High Point HOPE VI community that will be owned by Neighborhood House, the Greenbridge Learning Center under construction at the Greenbridge HOPE VI community and rehabilitation of the YWCA's administrative offices in downtown Seattle.

Martin Luther King Jr. Way South vacant parcels: In FY 2006, SHA purchased a vacant lot on the same block as another piece of vacant property that SHA has owned for several years on Martin Luther King Jr. Way S. in Seattle's Central Area. Due to lot-size limitations, SHA determined in 2007 that it is not economically feasible to develop rental housing on these sites. SHA will retain one lot as parking for the adjacent maintenance facility and will sell the other lot.

Leschi House: SHA has commissioned a study to determine whether more units can be built at Leschi House, a very popular Seattle Senior Housing Program building. Due to lot-size limitations, SHA determined that it is not economically feasible at this time to expand Leschi House.

Alder Crest: SHA purchased this apartment near High Point in 2004 to improve public safety, property management and curb appeal,

provide additional affordable housing and protect the public's investment in the new High Point. The building had significant deferred maintenance needs. Rehabilitation included replacement of storm and sewer lines, exterior siding and insulation; plumbing and electrical system upgrades; and structural and site work. All units have been fully rehabbed with energy-efficient appliances. Eight accessible units were created.

The grand reopening of the building was celebrated in March 2007 with over 100 attendees at the event. The project provides 36 one- and two- bedroom units serving households with a range of incomes up to 50 percent of the area median. Eight two-bedroom units serve homeless families needing supportive services with funding from Sound Families. Eight other units are set aside for people with disabilities.

Alder Crest resident Lonnie Visor

Villa Park area revitalization: During FY 2007, SHA purchased two adjacent properties near Villa Park—the Henderson and the Douglas Apartments. The Henderson, an 11-unit apartment building, was largely uninhabitable owing to structural concerns, and residents were relocated out of the building in 2007. The Douglas, comprising 68 apartments in four buildings, is in need of significant capital improvements. Relocation activities to vacate The Douglas began in late 2007. SHA began to plan for the redevelopment of these properties and submitted applications for renovation financing. Revitalization activities will continue in 2008.

Other development opportunities: SHA continues to actively pursue partnerships with major for-profit developers to provide affordable housing in mixed-income developments. Several opportunities to add significantly to the affordable housing stock arise from the re-use of public property on which local government owners are requiring mixed-income developments.

Organizational and administrative improvements

Adjust fiscal year dates: In FY 2007 SHA changed its fiscal year from October 1 through September 30 to January 1 through December 31. FY 2007 was extended to a 15-month transition year. Increasingly, the housing stock that SHA manages is part of tax credit partnerships, all of which start their fiscal years January 1. Having all of SHA's programs and properties on the same fiscal year is anticipated to simplify accounting and reporting.

Performance measurement: SHA continues to use the pre-MTW HUD performance benchmarks: vacancy percentage, rent collection, work order response and voucher utilization. For several years now, SHA has been budgeting and tracking expenses at the project level. Project budgets are rolled up into property management portfolios. In quarterly performance reviews, SHA examines portfolio-level performance using typical private sector measures such as expenses compared to budget and vacancy loss.

Total Development Cost limits: The new TDCs HUD published in July 2005 continue to be adequate, so SHA did not have to exercise its MTW authority to develop local TDCs.

Streamline HUD approval of mixed-finance deals: SHA continues to await HUD-approval of it's proposed streamlined process or of SHA's proposal to allow mixed-finance closings to occur without review of evidentiary material by a HUD attorney, based on a model developed by HUD and the Atlanta Housing Authority.

Streamline demolition/disposition: The Seattle MTW Disposition Protocol was included in the FY 2004 report. SHA and HUD have negotiated and implemented a streamlined protocol based on the Atlanta mode. Use of this protocol continued in FY 2007.

Resource conservation: Many of the business practices spelled out in the resource conservation protocol are being implemented. In FY 2007:

- Extended through 2008 the agreement with Seattle Public Utilities to receive $190 for every toilet installed in a newly purchased property with existing inefficient toilets;
- Replaced 285 inefficient fluorescent light fixtures at PorchLight with energy efficient T-8 fixtures and received a $5,825 rebate from Seattle City Light; and
- Received a Resource Conservation Management grant from Puget Sound Energy (PSE) for $13,720 that included energy accounting software enabling SHA to receive electronic downloads from PSE of gas consumption and billing data.

Procurement policies: During FY 2005, SHA adopted a procurement policy amendment that provides an incentive for potential bidders and contractors to hire low-income people and involve Section 3 businesses as defined in 24 CFR 135.5 (Resolution 4793, July 2005). Contractors who bid on SHA contracts for goods and services are given incentive points in the scoring of their proposals if they are business entities owned by Section 3 qualified persons; commit to subcontract a certain percentage of the work with other Section 3 businesses; or commit to employing Section 3-eligible people.

In FY 2006, the Preference Program was added to non-roster consultant contracts and construction contract solicitations with only a few exceptions. Since program inception, SHA has awarded six professional service contracts to Section 3 firms. FY 2007 Section 3 outcomes are outlined in Section IX of this report. No policy changes were made in FY 2007.

Streamline wage rate administration: During FY 2005, SHA streamlined administration of prevailing wage requirements in bid documents and contracts for projects less than $35,000. Contract and bid documents now incorporate, by reference to SHA's Web site, the required prevailing wage rates and applicable labor standards provisions for non-routine maintenance projects of less than $35,000. In addition to paperwork reduction, this change improves the clarity of bid and contract documents by eliminating redundant or inapplicable prevailing wage requirements. The HUD Seattle Regional Labor Relations Officer concurred with these revisions.

Electronic Document Management System (EDMS): This is a multi-year technology initiative to make documents immediately accessible via computer to staff, and reduce the amount of paper handled, copied and stored. "Document imaging" is the conversion of paper documents into electronic images, through computer-based forms or scanning paper documents.

Ultimately, EDMS will be quite comprehensive, including document imaging and management, electronic forms and forms management, electronic reporting and workflow streamlining. The Mod Rehab Pilot was implemented in January 2005 and resulted in significant efficiencies (outlined in the FY 2005 MTW Report).

In FY 2007 SHA conducted business process reviews for three areas: project-based Housing Choice Vouchers, public housing admissions, and HOPE VI admissions. These process reviews will be used to determine the most efficient and effective way to expand the Mod Rehab pilot functionality into these other areas. In addition, these process reviews resulted in the identification of a number of process improvements that can be implemented without new technology.

SECTION VI: CAPITAL PLANNING

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

Modernization and rehabilitation

homeWorks, the public housing high-rise renovation program

For the past three years, SHA has been planning and implementing the rehabilitation of many public housing high-rises by leveraging HUD capital subsidy with private investment, such as low-income housing tax credits. SHA's intent is to rehabilitate major building systems and address deferred maintenance in about 22 high-rises in three Phases over the next several years. To that end, during FY 2007, SHA:

- Completed renovations in all eight Phase 1 buildings;
- Substantially completed renovations in three Phase 2 buildings and began construction in the remaining four building in this Phase;
- Completed Design Development documents and selected a General Contractor/Construction Manager for the seven Phase 3 buildings; and
- Closed mixed-finance deals including for Phases 2 and 3.

Community room improvements at University West

Exterior stucco work at Cal Mor Circle

Public housing capital work items

Public housing capital obligations for FY 2007 totaled $87,558,447. This amount includes sources from Mixed-Finance as well as HUD.

*Redevelo*pment: $62,081,771 supported HOPE VI redevelopment activities as follows:

- $58.4 million in infrastructure and construction costs and $1.2 million in design costs for High Point
- $1.9 million in design costs plus $.8 million in grading costs for Rainier Vista.

Other purposes: $25,476,676 was obligated for the following purposes:

- $937,087 in CFFP Bond Proceeds to repay homeWorks Phase I bonds.
- $1,183,287 in CFFP Bond Proceeds to repay homeWorks Phase II bonds.
- $22.2 million toward the construction of homeWorks Phase II.
- $1.2 million toward the design of homeWorks Phase III.

SSHP capital work items

SSHP capital obligations for FY 2007 totaled $459,515. FY 2007 capital funds were reprioritized to address significant water intrusion incidents identified in several buildings. A list of projects by community can be found in Appendix D.

Other facilities capital work items

See Appendix D.

Federal capital funding expenditures

To reflect the actual time needed to plan, design, procure contractors and implement capital activities, public housing capital fund and HOPE VI grant funds are normally used over several years. The table below shows the funds obligated through FY 2007 from each allocation.

Program	Fund Source	FY 2007 Budget	Funds Obligated Through FY 2007
Public Housing Modernization	SHA FY 2005/ FFY 2004 HUD Capital Fund	$13,574,458	$13,574,458
	SHA FY 2006/FFY 2005 HUD Capital Fund	$12,783,776	$12,783,776
	SHA FY 2007/FFY 2006 HUD Capital Fund	$11,974,807	$1,107,172
	SHA FY 2008/FFY 2007 HUD Capital Fund	$12,628,777	$128,540
HOPE VI	Holly Park Revitalization Grant	48,116,503	48,116,503
	Rainier Vista Revitalization Grant	35,000,000	24,722,339
	High Point Revitalization Grant	35,000,000	31,577,051

Disposition and demolition

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

SHA listed several potential dispositions in the FY 2007 MTW Plan. Of these, the following were actually requested:

- Disposition of seven public housing high-rises to Seattle High Rise Limited Partnership in order to combine capital subsidy and low income housing tax credits.
- Disposition of seven public housing high rises to Seattle High Rise Rehabilitation Phase III Limited Partnership in order to combine capital subsidy and low income housing tax credits.
- Disposition of High Point Phase II land to High Point South Limited Partnership, Neighborhood House, and private home builders.
- Disposition of 99 scattered site units to increase management efficiency, bringing the total to 196.

Other potential dispositions or demolitions outlined in the SHA's FY 2007 MTW Plan but not requested in FY 2007 may be requested in future years.

Home ownership activities

HOPE VI

Affordable home ownership is part of the strategy for creating mixed-income communities at NewHolly, Rainier Vista and High Point. With the sale of land to private builders, SHA has added a new strategy for developing homes affordable to low-income households (with incomes up to 80 percent of area median income) or up to a purchase price of about $335,000. Selected builders are required, as a condition of purchase of the land, to produce homes at affordable prices and provide a bank or mortgage company certification that buyers for the specified number of units are low-income. This "set

aside" ensures that affordable home ownership units go to the target market.

Habitat for Humanity is an important partner of the Seattle Housing Authority in enabling households with incomes less than 50 percent of area median income to become homeowners. Using its sweat equity model, Habitat is providing housing at all three HOPE VI communities and they continue to work with SHA to investigate new strategies for providing affordable home ownership opportunities.

NewHolly: The NewHolly home ownership program is complete and the affordable home ownership targets for Phases I, II and III have all been met. More than 100 homes at New-Holly were purchased by low-income households.

Habitat completed the construction of 31 homes in the community and their last units were occupied by the end of 2006. Polygon Northwest, the largest for-sale builder at Othello Station also sold 15 affordable units to low-income buyers. Polygon, SHA and the Seattle Office of Housing partnered to identify qualified buyers for these units, and to provide them with home ownership counseling and access to City down payment assistance of up to $45,000.

Rainier Vista: The Rainier Vista redevelopment plan calls for 40 percent of all homes sold to be affordable to low-income households. The Phase I affordable strategy combines builder set-asides, Habitat for Humanity homes and an offering of land to other non-profits to build affordable homes.

Two blocks at Rainier Vista have been set aside for affordable home ownership. One block is for 12 Habitat units and the second for another 10 to 12 units for low-income buyers. These units will not be available until late 2008 or early 2009. Bennett Sherman has set aside 13 affordable homes within their parcels for low-income buyers. These should be completed and sold by the summer of 2008. This brings the Phase I total to between 35-37 affordable homes for low-income buyers. Additional strategies for affordable homes are currently being studied for other parcels.

High Point: Eighty affordable homes–for-sale are planned for High Point. The production strategy at High Point involves a total of 20 Habitat units and another 60 builder set-aside units similar to Rainier Vista and NewHolly strategies.

For sale homes in Phase I of High Point

Construction of Habitat's first eight homes in Phase I of the redevelopment is nearly complete with 5 homes occupied in 2007. The remaining units will be ready for occupation by the spring of 2008. Another 12 Habitat units will be located in Phase II and construction could begin as early as June 2008. All of the High Point Habitat homes are attached townhomes and were built from designs used elsewhere on site guaranteeing that these units would blend with the other housing in the community. Several of the units are for four and five bedroom families, a target group that Habitat has not been able to provide housing for in other communities.

Polygon Northwest with 15 units and Lyle Homes with 10 units have provided another 25 units to low-income buyers in Phase I.

In Phase II, 47 affordable homes for sale will be provided including the 12 Habitat homes mentioned earlier. The remaining 35 homes will be provided by builder set-asides and should be available for sale in 2009.

Resident Home ownership

Section 8 home ownership: SHA and King County Housing Authority completed a ROSS-funded Section 8 home ownership pilot program at the end of FY 2006 which funded home ownership counseling. At the outset, SHA anticipated providing 30 households with down payment assistance of up to $15,000 and allocated $450,000 in MTW block grant funds for this purpose. Due to the high cost housing market in this area (most homes purchased by program participants cost between $250,000 and $300,000) and strict eligibility guidelines under the ROSS grant, the target of 30 households was not met. Twelve public housing households received down payment assistance.

In FY 2007 SHA continued to use the balance of the $450,000 to provide additional households with down payment assistance after the ROSS home ownership pilot project was complete. This down payment assistance is governed by less stringent eligibility requirements than under the HUD ROSS grant. For example, households do not have to have received TANF assistance in the previous five years. The down payment assistance is also available to eligible Housing Choice Voucher participants. The Urban League, International District Housing Alliance and El Centro de la Raza continued to screen residents for eligibility and provide home ownership counseling. A total of six households purchased homes in FY 2007. The following table provides a snapshot of the residents who became homeowners in FY 2007 through SHA's down payment assistance program:

Wage Earners	Household Income	Purchase Price	Down-payment
1	$34,946	$221,500	$123,493
1	$63,048	$240,000	$18,000
1	$36,732	$249,000	$79,920
3	$98,135	$442,100	$90,314
2	$70,975	$362,790	$96,767
2	$37,560	$235,000	$37,666

The lack of affordable housing in the City of Seattle continued to limit the number of residents who were able to purchase homes.

Family Self-Sufficiency: In FY 2004, SHA was awarded an FSS Coordinator Grant to hire a staff person to work with FSS participants interested in home ownership. The FSS Home ownership Specialist:

- Provides home ownership workshops on topics such as credit, home ownership basics and predatory lending specifically for FSS participants, but any interested SHA residents may attend;
- Pre-qualifies participants and helps them create home ownership plans, and
- Partners with lenders, realtors, and non-profit home ownership counseling agencies to support participants in their efforts to become homeowners.

There were four FSS participants who became homeowners in FY 2007.

Wage Earners	Household Income	Purchase Price	Down Payment
1*	$36,732	$249,000	$79,920
1	$55,208	$294,000	$65,000
1	$37,168	$199,000	$60,000
2	$53,118	$208,500	$39,528

Tenant Trust Account (TTA): Two TTA participants purchased homes in FY 2007.

Wage Earners	Household Income	Purchase Price	Down Payment
2*	$37,560	$235,000	$37,666
3*	$98,135	$442,100	$90,314

***** Also SHA down payment assistance participant.

SECTION VII: OWNED AND MANAGED UNITS

This section reports on management performance indicators for FY 2007.

Vacancy percentage

The average vacancy rate among public housing properties was 3.99 percent. Target and actual vacancy percentages by community can be found in Appendix E.

FY07 Target	FY07 Actual
2.00%	3.99%

The increase in vacancies over target rates is primarily attributable to two challenges experienced in FY 2007:

- When rehabilitation was completed in homeWorks buildings, several units being used for construction work were turned back by the contractors at one time. These clusters of vacancies, in addition to regular resident turn over, stretched the capacity of admissions, maintenance, and management staff to fill vacancies in other properties.
- In the first half of FY 2007, SHA's efforts to increase HCV utilization resulted in the issuing of a large number of vouchers. Many of the new voucher recipients were public housing residents and, therefore, created a greater than usual number of vacancies.

Rent collection

SHA collected 97.8 percent of public housing rents assessed and other tenant charges in FY 2007, up from 97.4 percent collected in FY 2006.

FY07 Target	FY07 Actual
98.8%	97.8%

Work orders

Emergency work orders: SHA responded within 24 hours to all but 10 requests for emergency maintenance work.

FY07 Target	FY07 Actual
100%	99.2%

This represents an improvement from 98.7 percent in FY 2006.

Regular maintenance work orders: Although the target of 100 percent was not met, SHA continues to be a high performer in terms of responding to regular work orders within 30 days.

FY07 Target	FY07 Actual
100%	97.8%

This represents a significant improvement over 95.4 percent in FY 2006. The average time to complete regular work orders was less than seven days.

Inspections

SHA conducted 100 percent of inspections in public housing during FY 2007 in accordance with its public housing inspection protocol.

FY07 Target	FY07 Actual
100%	100%

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

Security

During FY 2007, 28 households were evicted for cause as a result of lease violations other

than non-payment of rent, while another nine left SHA housing under threat of eviction for cause.

Security in public housing

Community policing: In FY 2007, SHA continued to work with the Seattle Police Department Community Police Team (CPT).

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

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

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

Private security: SHA has contracted with a private security firm for selected communities affected by trespassing, drug trafficking or uncivil behavior. These communities are regularly patrolled to help keep out unauthorized persons and enhance resident safety. The same firm is on call for immediate response to a variety of emergency situations, such as fire-watch and lockout patrols, in all SHA communities.

At NewHolly and the rebuilt portions of Rainier Vista and High Point, private security patrols residential blocks and open spaces. It also provides home owners and builders, renters and agencies a contact point for parking lot surveillance and enforcement, parking violators, disturbances, graffiti, deterring youthful mischief or loitering in the parks, as well as lockout and door check services upon request.

SECTION VIII: ADMINISTRATION OF LEASED HOUSING

This section compares performance targets for the Housing Choice Voucher Program for FY 2007 with actual performance.

Leasing information

Housing Choice Voucher utilization

SHA's percent utilization of voucher authority in FY 2007 was as follows:

FY07 Target	FY07 Year End Actual
95%	95.7%

MTW voucher budget authority: In FY 2007 SHA developed a pilot "provider-based program" to support the King County 10-Year Plan to End Homelessness. The pilot will test, on a small scale, the efficiency and effectiveness of using vouchers and with community partners to meet the supportive housing needs of these populations in ways that SHA's traditional subsidized housing programs are not designed to address. This new program will allocate funding in tandem with partner publicly funded services and/or behavioral healthcare systems.

Waiting list activity

The Housing Choice Voucher (HCV) waiting list was closed at the end of FY 2007. In May 2006, for the first time since 2003, SHA opened the Housing Choice Voucher waiting list for a brief period in order to establish a new waiting list of 4,000 applicants through a lottery-based system. SHA estimated that a waiting list of this size would last approximately three years. In order to increase voucher utilization from 88 percent at the end of FY 2006 to 95 percent by February 2007, SHA processed a majority of the households on the HCV waiting list. Plans are being developed to reopen the HCV waiting list in 2008.

Ensuring rent reasonableness

In FY 2007 the HCV program continued to follow the process outlined in the Section 8 Administrative Plan.

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

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

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

Expanding housing opportunities and deconcentration of low-income families

In FY 2007 SHA continued efforts to deconcentrate Housing Choice Voucher families. These efforts include marketing SHA-owned or -managed tax credit and bond financed units on its website. These units are dispersed all over town by City policy, and typically structure rents to be affordable to households at 50-60 percent of area median income, which is generally consistent with payment standards. Families who use their vouchers in tax credit properties are much more likely to find affordable units in non-poverty and non-minority neighborhoods, and much less likely to experience rent burden over time if the rental market heats up with no corresponding increase in HUD fair market rents or funding.

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

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

SHA currently works with more than 2,700 landlords, a nearly four percent increase over last year. Approximately 35 landlords list available units with SHA each week. With the tight Seattle rental market in FY 2007, the rate of new landlords expressing interest in the program each month has declined. SHA continues to attend professional association meetings and work in the community to expand the number of Housing Choice Voucher landlords.

Also due to the tight rental market, it has become increasingly difficult for participants to secure and maintain housing; causing many families to become rent burdened. Market rents increased four percent in 2007 and are anticipated to continue to rise another seven percent in the 2008. In FY 2007 the voucher payment standard was increased to expand housing opportunities for program participants.

Inspection Strategies

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

SHA continued in FY 2007 to explore ways to streamline and automate inspections. In FY 2005 SHA purchased handheld computers to allow inspectors to conduct paperless inspections and upload the results directly into the work order system. It was determined after an in depth analysis that anticipated efficiency gains were not possible due to software limitations. SHA switched to the Elite inspection software in early 2007. The Elite system is the same system the HCV occupancy and application teams use, enabling data sharing that was not possible with the previous software system. The use of handhelds with Elite needs further exploration as only a limited number of housing authorities have used this device with the Elite inspection module.

HQS enforcement

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

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

Performance indicators

In FY 2007, SHA met or exceeded all HQS inspection targets.

Annual HQS inspections

FY07 Target	FY07 Actual
100%	100%

Pre-contract HQS inspections

FY07 Target	FY07 Actual
100%	100%

Quality control inspections

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

FY07 Target	FY07 Actual
5%	5%

Housing Choice Voucher MTW policy changes

Tenant-based Housing Choice Voucher Program

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

Project-based Housing Choice Voucher Program

SHA continues to meet its outstanding commitments for project-basing Housing Choice Vouchers in off-site HOPE VI replacement housing, Sound Families transitional housing for homeless families and Seattle Housing Levy-funded projects. In FY 2007, 162 project-based units came on-line.

Merging of the Section 8 Certificate and Voucher Programs

The final three certificates were converted to vouchers. At the end of FY 2007, there were no certificates left to be converted.

SECTION IX: RESIDENT SERVICES

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

Sustainability of Services

Financial sustainability of supportive services

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

OFI works in collaboration with local anti-poverty initiatives to promote informed policy making, program design, and resource distribution. These endeavors involve applied research and evaluation of programs and strategies that advance economic self-sufficiency among low-income individuals and families; identifying and tracking key indicators and benchmarks for economic self-sufficiency on an ongoing basis; quantifying the costs and benefits of various economic self-sufficiency strategies; and, widely disseminating results. The research and evaluation of specific strategies are being conducted to align with SHA's existing self-sufficiency programs, including the Family Self-Sufficiency (FSS) Program, The Job Connection employment program, and the Tenant Trust Account Program. These SHA programs have proven track records in increasing residents' economic security.

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

A pilot project, entitled the Seattle Asset Building Initiative (SABI), is testing various asset building strategies and service delivery models with two distinct Seattle Housing Authority populations - recently homeless families participating in Sound Families, a program to develop new housing with support services for homeless families, and residents whose incomes are nearing levels that would eliminate their housing subsidy. Sound Families requires at least one adult family member to participate in The Job Connection, and each family will also receive a slot in the FSS Program where they can establish an escrow account for training, education, business development or home ownership.

Six ABC agencies are providing case management for SABI participants and partnering with the University of Washington Evans School of Public Affairs and School of Social Work to develop a tracking and evaluation system.

The ABC is also working on initiatives to facilitate usage of public benefits through employers, access to financial services through a Bank on Seattle program (based on the successful Bank on San Francisco project) and changes in public policy related to asset limits, predatory lending, and other identified barriers to economic security for low-income residents.

Housing and Economic Security Project (HESP): HESP is a collaborative effort among eight public and non-profit organizations. This group was formed in 2006 to identify and implement innovative approaches to increase the economic security of low-income people living in subsidized

housing. In FY 2007, a HESP Concept paper was finalized and is being used to seek funding to develop a pilot project targeting SHA residents with a goal of reducing poverty and expanding Seattle's middle class through effective strategies that integrate housing stability, workforce development, asset building, and service systems. This project, if funded, would closely resemble SABI and would expand to include social services which address the personal and societal barriers of low-income families.

Grant funding: SHA and its service partner received more than $1.3 million in services grants during FY 2007:

Grant	Population served	Award
HCV Participants		
FSS Program Coordinators & Home ownership Specialist		$295,119
Public Housing		
FSS Program Coordinator	Yesler Terrace, scattered sites	57,230
ROSS Neighborhood Networks	Yesler Terrace	233,525
Other		
Sound Families	30 Homeless Families	800,000*
DOJ-OVW Transitional Housing	18 DV-affected Families	255,000
United Way Venture Funds	SABI Participants (Public Housing & Section 8)	22,053
WA State Dept. of Community, Trade and Economic Development	SABI Participants and other low-income residents for the ABC	85,000
Total		$1,747,927

**$400,000 for services and $400,000 for capital expenses.*

Employment Services

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

A young student participates in tutoring

Employment outcomes

The Job Connection's placement goal for FY 2007 was 180 placements. That goal was achieved and exceeded as shown in the table below:

Outcome	Number
Job Connection Enrollment	221
Enrolled TANF recipients	21
Enrolled Section 8	30
Total placements	242
Total regular placements	224
Total AWE placements*	18
AWE to permanent placement	9
Total Section 8 placements	17
Unduplicated placements	156
Average hourly wage	$12.39
Benefits after probationary period	83%
Full time jobs as of hire date	81%
Six-month retention rate	70%
Raises or career advancement	25
Percent increase in wages	15%

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

Career advancement

Once placed into a job of choice, SHA residents are encouraged to take advancement opportunities as they arise. Career advancements may include raises, new positions within the company, promotions, or obtaining a new job at a higher wage. In FY

2007 there were 25 documented wage/career advancements among The Job Connection participants. Through these advancements, the average hourly wage increased from $12.39 to $14.25. The number of positions offering benefits increased nine percent.

Adult Work Experience

SHA residents with limited English language skills, no work history and no documented education often come to The Job Connection. To help these clients make their way into long term, permanent employment, an "Adult Work Experience" (AWE) is offered. In FY 2007, 18 new job seekers had the opportunity to obtain short term training for a maximum period of 24 months. As experience is gained, opportunities for permanent employment are pursued with the support of The Job Connection.

In FY 2007, nine AWE participants moved on to permanent employment. Four primary employers were leaders in working with The Job Connection staff to create short term training opportunities for the AWE program. The demand for seasonal and intermittent workers is a good fit for people who are just learning about the demands of the workforce in the United States.

Section 3 employment opportunities

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

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

In FY 2007, the Section 3 program continued progress on both fronts. Employment and business development outcomes included:

- Sixty-Eight Section 3 eligible individuals were placed either in construction jobs at High Point or in-house positions offered by SHA.
- SHA worked with the Northwest Labor Employment Law Office (LELO) to actively recruit qualified Section 3 applicants for available job openings.
- 27 percent of SHA's 600 employees were hired while they lived in SHA housing; another 16 percent were low-income people living elsewhere in the community.
- SHA maintains an online registry on *seattlehousing.org* to recruit residents for clerical and landscaping positions.
- Forty-four Section 3 qualified businesses were added to the Small Works Roster.
- SHA and the King County and Tacoma Housing Authorities continue to work together to share Section 3 information and processes and build toward a regional collaboration that could mean Section 3 certification of a business by one public agency would be recognized by other agencies. SHA has also worked to recruit the City of Seattle and King County to participate in this collaborative.
- In addition to procurement policies described in Section V, Section 3 certification has been strengthened to now require verification of the economic/ personnel elements that enable businesses to be Section 3 certified. In FY 2007, five businesses were certified.

Casey Greeenlee, hirde by Tri-State Construction at High Point as a Construction Laborer. Casey went on to become a Laborer Apprentice for another company.

Leveraged funds

Partner agency financial resources that complement employment services enable participants to maintain their jobs or housing. In FY 2007 childcare, education, job training and utility assistance were the top leveraged resources.

Leverage Type	Amount
Childcare	$49,676
Education	30,194
Job Training	45,583
Transportation	770
Clothing	2,650
Food	4,670
Utilities	18,635
AWE	13,924
Miscellaneous (rent assistance, immigration fee waivers, legal assistance)	20,523
Total:	**$136, 949**

Family Self-Sufficiency

The Family Self-Sufficiency (FSS) Program currently had 216 Housing Choice Voucher and 56 public housing participants as of the end of FY 2007, for a total of 272 FSS participants.

In FY 2007, SHA competed for and was successfully awarded a renewal of its FSS case manager grants. In order to increase the success of the FSS Program and participants, FSS staff continued to:

- Strengthen the Program Coordinating Committee and its sub-committees (employment and training, home ownership, small business, and resources).
- Provide comprehensive case management through contact with participants and coordination of services with local providers.
- Improve tracking and reporting tools and processes to streamline access to participant outcomes.
- Provide home ownership counseling and home buyer workshops such as credit repair, budgeting, financial literacy and home ownership basics.

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

In FY 2007, SHA developed policy and other programmatic changes to the Family Self-Sufficiency (FSS) Program that will improve participant outcomes and increase program efficiencies. These changes, if approved, will be implemented in FY 2008. The changes may include, but are not limited to:

- Selection process and preference for FSS slots;
- Length, form, and other terms of FSS participation contracts;
- Program incentives;
- Structure and requirements of the Program Coordinating Committee (PCC)
- FSS graduation requirements; and,
- Escrow calculation, investment, accrual, and withdrawal policies.

FSS outcomes

The following information demonstrates the education and work activities of the FSS participants enrolled at the end of FY 2007:

Current FSS participant status	Number
Employed Full-Time	87
Employed Part-Time	61
Small Business	9
School/Training Full-Time	17
School/Training Part-Time	13

Of the 24 FSS graduates in FY 2007:

- 11 entered FSS without income from wages, but had employment income when they graduated.
- 13 increased their income from employment.
- 5 left TANF and obtained employment.

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

FSS household income as a percent of area median		
Income Group	On entry	On exit
< 30%	14	2
30%-50%	6	5
50%-80%	1	15
80%-100%	0	2

Tenant Trust Account Program

In FY 2005, SHA redesigned its Tenant Trust Account (TTA) Program to enhance public housing resident economic self-sufficiency by helping them save for home ownership, education or to start a small business. SHA establishes a TTA on behalf of eligible households who choose to participate, depositing a portion of the household's monthly rent payment into the account. Deposits range from $10 to $170 per month depending on household income and rent paid, up to a lifetime maximum of $10,000. During FY 2007, SHA focused on growing the program and analyzing its effect on participants' self-sufficiency. Throughout FY 2007, many TTA participants provided feedback to improve the TTA Program. These suggestions will be used as possible ways to increase the participation rate and effectiveness of the program. The TTA Specialist worked with SHA Property Management staff in several public housing communities to market the program to residents. Through these efforts the following TTA Program outcomes were achieved during FY 2007:

- 171 new residents enrolled;
- 304 residents were enrolled in the program at year end;
- Average rent payment increased nine percent to $625;
- Average monthly TTA deposit increased 35 percent to $50;
- Average TTA balance increased more than 12 percent to $971; and
- Two TTA participants purchased homes (TTA home ownership activities are described in Section VI).

Bridging the digital divide

In 2007 SHA continued to partner with various community agencies to support five technology centers in or near SHA communities. SHA had four HUD Neighborhood Networks grants that support computer labs at Rainier Vista, High Point (completed in spring 2007), Yesler Terrace (new HUD-funding began in fall 2007), and a special lab designed for people with disabilities at Center Park. Together, the labs served about 600 clients during FY 2007. They were operated in partnership with public and nonprofit agencies: Seattle Public Schools (High Point), Neighborhood House (Rainier Vista), Seattle Parks and Recreation (Yesler Terrace), and Digital Promise (Center Park).

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

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

During FY 2007 SHA continued to work with partners to move the labs toward financial independence. The lab at High Point Elementary closed its doors in July 2007. Seattle Public Schools consolidated another elementary school with High Point Elementary and was no longer able to make space available for the technology center. Future technology needs will be addressed in the new High Point neighborhood center that is scheduled to open in September 2009.

Rainier Vista Technology Lab participants

Community Building

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

In FY 2007, Community Builders partnered with community members, neighborhood organizations and service providers to promote engagement of individuals in their communities across economic, ethnic and age lines. Particular focus has been on communities undergoing revitalization. Strategies included:

Social networking: Support for neighbor-to-neighbor social networking such as Tea Time at Rainier Vista and Beacon Tower, coffee hours and community celebrations, collaborations with Seattle Neighborhood Group to provide crime prevention education, pedestrian safety groups at New Holly and High Point, multicultural communication committees at NewHolly and Rainier Vista, and walking groups at several highrises and revitalized communities.

Beacon Tower Tea Time

Multi-cultural competence: Work with community leaders to strengthen multi-cultural competence and inclusiveness in community councils and other leadership groups to address racism and other barriers to collaboration. In 2007 use of translation and interpretation services increased by 64 percent with at least 15 communities utilizing services on a regular basis to reach non-English speaking residents. A resident-based work group created a translation and interpretation outreach tool in ten languages to assist Duly

Elected Resident Councils in their outreach efforts to non-English speaking residents and will begin using it in 2008. In addition fifteen (15) resident leaders participated in training related to racial justice and civil rights issues.

Partners in Caring: Continued Partners in Caring with Solid Ground (Formerly Fremont Public Association). In 2007 Partners in Caring provided a variety of services at Bell Tower, Denny Terrace and Harvard Court highrises. During 2007 the program transitioned out of Denny Terrace and added Olive Ridge. They expanded food bank delivery, health, nutrition and personal safety programs at each of the buildings served.

Mixed-income community governance: The High Point Neighborhood Association (HPNA) serves as an example of a governance body designed to facilitate resident leadership and increase community involvement and ownership. The newly elected HPNA trustees continue to work together to develop the vision and operations of the association and increase neighborhood participation. The trustees hold monthly community meetings and have formed six neighborhood committees in FY 2007.

Resident participation funds

SHA signed a Memorandum of Understanding with the public housing duly-elected councils for the use of $157,500 in Resident Participation Funds (RPF) and met with this group quarterly to plan and monitor activities. Funding was used for items similar to those in previous years (e.g., computers, office supplies, training, etc). In 2007 the council leadership took greater ownership in managing the budget and ensuring that more money was spent on interpretation and translation. A resident leadership training group was developed to advise on how to most effectively utilize training dollars. Over half of the quarterly RPF meeting agenda items were presented by resident leaders.

Targeted services

Sound Families: In December 2006, SHA received Sound Families grant. The $800,000 grant is for case management ($400K), and capital funding ($400K) needed to help construct twenty new units at High Point. The units in High Point will come on line in 2008. There are also ten units at Wisteria Court that have been designated for this program which serves recently homeless households. In partnership with the non-profit Family Services, SHA started to lease the ten Sound Families units to families at Wisteria Court in 2007 and to provide wrap around services to help families stabilize and begin to develop an array of economic assets.

Case Management Services: During FY 2007, 14 case managers from the City of Seattle Aging and Disability Services provided over 1,600 residents with case management services and referrals and spent over 10,800 hours in the buildings to meet the supportive service needs of the residents. Eviction prevention continues to be a major focus of the Case Management Program in the form of intervention and additional services to help residents stay in independent housing or move to more appropriate settings. In FY 2007, the Case Management Program received a high number of referrals from SHA property managers and successfully prevented 90 percent of evictions.

Complementing the traditional Case Management Program, mental health case managers continue to provide extensive services to residents in SHA public housing high-rises. Community Psychiatric Clinic (CPC) provided services elderly and non-elderly disabled residents in mental crisis. CPC spent over 1,000 hours in FY 2007 in outreach and engagement, and enrolled over 180 new clients and responded to incidents typically within 24 hours. One hundred percent of evictions referred to CPC were prevented.

SECTION X: OTHER INFORMATION REQUIRED BY HUD

This section documents SHA Board of Commissioners approval of this MTW Annual Report in Board Resolution No. 4897 (attached).

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

Appendix A: Audited Comprehensive Annual Financial Report for FY 2006, dated March 15, 2007.

Appendix B: Households and Applicant Demographics

Appendix C: Consolidated Financial Statements

Appendix D: Capital Activities

Appendix E: Vacancy Rates by Community

Appendix F: Public Housing Rent Policy Evaluation