KING COUNTY HOUSING AUTHORITY

MAKING TRANSITION WORK

FISCAL YEAR 2008 PLAN

King County Housing Authority

Stephen J. Norman, Executive Director

Prepared by:
Judi Jones, MTW Program Director

Table of Contents

Introduction and Executive Summary

The King County Housing Authority (KCHA) is one of 24 high-performing housing authorities authorized by the United States Department of Housing and Urban Development (HUD) to participate in the Moving to Work (MTW) Demonstration Program. As mandated by Congress, the MTW Demonstration provides KCHA and other designated housing authorities with significant flexibility to develop local approaches to meet their jurisdiction's housing needs. This regulatory and financial flexibility is intended to increase the efficiency and effectiveness of Housing Authority programs.

The specific objectives of KCHA's MTW program participation include:

- Expanding KCHA clients' housing choices;
- Helping KCHA clients become increasingly self-sufficient;
- Ensuring cost effectiveness of KCHA operations;
- Preserving and increasing affordable housing opportunities while focusing on those in greatest need.

Since entering the demonstration program in 2003, KCHA has developed and implemented many innovative policies and programs in lieu of HUD rules and regulations and select provisions of the 1937 Housing Act. Reductions in federal funding and an increasing gap between housing costs and income makes MTW program flexibility a critical component in meeting the growing needs of the region's poorest households. A detailed analysis of program outcomes is found in previously published MTW Annual Reports, however, KCHA is particularly proud of its progress on the following issues:

- **Expanding its role as the safety net for homeless and special needs populations in King County**: In partnership with the Bill & Melinda Gates Foundation and local government, KCHA has created a network of service-enriched housing for homeless families. It has redefined tenant selection preferences to move more homeless families into public housing. KCHA's "Housing First" program, in partnership with local behavioral health care systems and the United Way, provides housing and services to chronically homeless individuals.

- **Deconcentrating poverty**: Utilizing the HOPE VI program, new project-basing rules for Housing Choice Vouchers developed under MTW and KCHA's bond and tax credit financed inventory, KCHA is giving low income households greater access to neighborhoods with strong school systems and ample entry-level job opportunities.

- **Property-based Management:** Working in advance of new Operating Subsidy rules, KCHA has shifted to site-based management. Each public housing development now has its own management office, site-based waiting list and utilizes site-based budgeting and accounting protocols. This approach provides more direct customer service, efficient operations and better long-term planning.

- **Environmental Sustainability:** Faced with rising utility rates and a strong regional focus on environmental concerns, KCHA has pushed to reduce its footprint on the environment. Using its MTW authority, it established an Energy Savings Company (ESCO) and implemented over $4 million in water and energy saving initiatives. Water usage alone is down 33% from FY 2005. KCHA completed its first solar electric installation at a public housing site in FY 2006 and is awaiting LEED certification for its Springwood Youth Center.

- **Encouraging Homeownership**: Using a Resident Opportunities and Self-Sufficiency (ROSS) grant and MTW flexibility, KCHA is helping Public Housing residents become homeowners. Exceeding the program target, 31 households purchased homes under the program, with 66% utilizing KCHA down-payment assistance grants of up to $15,000. An additional 16 families relocating from the Park Lake Homes HOPE VI site purchased homes in the last two years without KCHA down payment assistance.

Key FY 2008 MTW Initiatives

Under KCHA's MTW Agreement, the Authority is required to submit to HUD an Annual MTW Plan (adopted by the Board of Commissioners) outlining the framework of KCHA activity anticipated during the next fiscal year. This is KCHA's MTW Annual Plan for FY 2008, which begins on July 1, 2007 and ends on June 30, 2008. Fiscal Year 2008 will mark KCHA's fourth full year of participation in the MTW Program - which has been renamed "Making Transition Work" by the Authority to better reflect the program's intent. As described in this plan, in FY 2008 KCHA will continue prior year programs and undertake new initiatives in the following key areas:

- **Ending Homelessness**: KCHA will continue its leadership role in the region's efforts to end homelessness by expanding housing for homeless and special needs households, working to serve "hard-to-house" populations not traditionally served by mainstream housing programs, and coordinating rental subsidies with private and public service funding. This year, partnering with King County and behavioral health providers, KCHA will house up to 100 chronically homeless and mentally ill individuals who currently cycle between psychiatric hospitals, jails and the street. New contracts will be negotiated with local service providers and landlords, and new leased housing models will be developed.

- **Increasing Family Self-Sufficiency and Resident Opportunities:** KCHA will help Public Housing and Housing Choice Voucher clients achieve economic self-sufficiency through a comprehensive Resident Opportunities

Plan (ROP) - a 5-year plan to complement rent simplification and rent reform policies. Assessing residents' challenges and identifying available internal and external resources will assist families in their transition to unsubsidized housing or homeownership. In conjunction with the ROP, changes in rent and income policies, asset development, lease terms and work incentives also will be considered.

- **Rent Reform and Simplification:** During FY 2008, KCHA will undergo a comprehensive review of possible changes to current Public Housing and Section 8 rent policies and related regulations. Simplifying rent and income calculation procedures (including verification of data) and encouraging employment and wage progression, while maintaining KCHA's financial viability, is the goal.

- **Increased Investment in Public Housing**: The Authority will use a variety of funding approaches to address capital needs identified in its 10-year plan. With less than $24 million in capital grant funding (CFP) expected during the next five years - and identified repair needs in excess of $95 million - KCHA will use mixed-finance approaches to leverage private funds necessary to sustain its public housing inventory over the long term. In FY 2008, eight senior/disabled complexes will be refinanced to leverage over $27 million for the installation of fire/life safety systems and KCHA's largest public housing complex, Springwood Apartments, will be refinanced to begin renovations estimated at more than $45 million.

- **Administrative Efficiencies:** In the face of declining federal resources, KCHA will continue to improve efficiency and customer-friendly operations by reviewing and modifying administrative practices and program regulations. During FY 2007, KCHA began to re-engineer paper-flow and business processes for Section 8 HQS inspections. During FY 2008, KCHA will implement changes to inspection protocols that could save $100,000 annually. "Lean" engineering consultants will also review other highly paper intensive functions, including application and wait list processing in both the Public Housing and Section 8 programs and the public housing inspection process.

- **Development and Analysis of Performance Measurements:** During FY 2008, KCHA will establish locally relevant performance standards and benchmarks to evaluate the MTW program's impact on housing services. KCHA will also coordinate with national efforts to develop evaluative data for the MTW Demonstration Program.

- **Development of Local Funding Models:** Using the flexibility of the MTW Agreement, KCHA will develop its own local funding model for the Section 8 and Public Housing programs. The goal is to maintain program integrity while developing a system of budgeting and accounting that ensures property and program viability.

KCHA is committed to developing MTW program policies through an open and inclusive process and works closely with two (2) Resident Advisory Committees (RAC) comprised of Public Housing residents and Section 8 program participants. On April 5, 2007, following RAC and community stakeholders meetings, KCHA held a public hearing to receive comment on the proposed MTW Plan for FY 2008. A list of RAC, community stakeholder, and public comments obtained during this process is included in Section XI of this Plan.

Section I. Households Served

A. Number and Characteristics of Households Served

KCHA's Public Housing Program currently serves approximately 2,725 households in 48 developments and 12 scattered site single-family homes. The Section 8 Housing Choice Voucher Program serves nearly 9,000 households, including over 2,000 participants utilizing vouchers issued by other housing authorities ("port-ins"). These programs serve a culturally and linguistically diverse population; more than 20 languages are spoken in some public housing developments. Appendices A, B and C provide demographic information for KCHA residents and participants as of April 1, 2007. Exclusive of Section 8 port-ins, KCHA anticipates serving 10,341 households through its HUD funded programs by the end of FY 2008. This is 234 more than at the commencement of the MTW contract. An additional 103 units of public housing will be under development.

The tables in Appendix A and B show demographic information for Public Housing households by development type (family versus mixed populations), geographic area (KCHA's Public Housing Program is divided into four (4) geographic areas to maximize service delivery), and development. Appendix A provides information about residents in the family developments, while Appendix B covers information about the Authority's mixed-population buildings.

The tables in Appendix C provide demographic information for all Section 8 Housing Choice households, including voucher recipients funded through the MTW block grant, vouchers issued by other jurisdictions ("port-ins") and voucher holders utilizing Mainstream vouchers funded separately from the block grant.

B. Number and Characteristics of Applicants

Public Housing: Appendix D shows demographic characteristics for all Public Housing applicants. Because of KCHA's large geographic area, the Authority operates both regional waiting lists and site-based waiting lists throughout its Public Housing inventory. Applicants may elect to place their name on up to two regional or two site-based waiting lists. The demographic information in Appendix D represents a snapshot of the waiting lists as of April 1, 2007. Information regarding issues and proposed actions that could affect applicants on the waiting list are outlined in Section II and VII of this Plan.

Housing Choice Vouchers: KCHA's waiting list was last opened on April 25, 2006, for a two-week period. From more than 10,800 submitted applications, KCHA held a "lottery" to award 2,500 available positions to qualified applicants. Over the year, KCHA used the resulting waiting list to extend voucher assistance to applicants as funding became available. Appendix E provides information for applicants remaining on the Housing Choice Vouchers waiting list as of February 28, 2007. Information regarding issues and proposed actions that could affect Section 8 program applicants is located in Section II and VIII of this Plan.

C. Changes in Populations to Be Served at End of Period and Explanation

Public Housing: By the end of FY 2008, the Authority expects to be serving slightly fewer households in Public Housing. Factors likely to influence the number of households include:

- The status of capital projects (discussed in Section VI) that may require temporary tenant relocation;
- Completion and occupancy of Seola Crossing II, a 105 unit Mixed-Finance development (including 37 public housing units) constructed through the redevelopment of Park Lake Homes into the new Greenbridge community;
- Redevelopment of the Springwood Apartments (projected to begin in late 2007). While the work will decrease the public housing inventory, approval for 324 Section 8 replacement vouchers to offset that loss has been received.

Changes in the demographics of KCHA's Public Housing households resulting from other policy and program changes are expected to be minor.

Housing Choice Vouchers: During FY 2008, the Authority expects between 3% and 6% more Section 8 households to be served in its jurisdiction, partly the result of replacement vouchers brought on-line from the Springwood Apartments redevelopment (noted above). Any remaining increase will result from a decision by the Authority (currently under review) to establish a higher baseline utilization target. With KCHA issued vouchers nearing 6,900 households as of March 1, 2007, the program is currently operating at 102% of the allocated Annual Contributions Contract (ACC). The ability to lease up to baseline has been enormously facilitated by the creation of a one-month operating reserve under the MTW Program.

While the program's demographic make-up is not expected to significantly change next year, a shift in resident profiles may result as the Authority partners with behavioral health care systems to address priorities outlined under the county's 10-Year Plan to End Homelessness.

Project Based Assistance: Since 2003, KCHA has converted nearly 500 housing choice vouchers to Project Based Assistance to:

- Create new supportive housing opportunities; and
- Deconcentrate assisted housing opportunities in the county.

During FY 2008, KCHA will continue expanding its Project Based program, seeking to project base up to 600 additional vouchers for similar purposes.

Provider Based Supportive Housing Program: In FY 2007, the Authority established a Provider Based Supportive Housing Program through innovative use of MTW block-grant funds. Rental housing payments, coupled with supportive service funding, is channeled through direct contracts with service providers. They, in turn, provide housing to chronically homeless individuals and families. In FY 2007, this new, local leased-housing program housed 25 individuals under a “housing first” model. This number is anticipated to increase by approximately 70-100 units during FY 2008. Because these individuals are not Housing Choice Voucher recipients, the number of households served and other demographic data will be reported separately in the annual MTW Report.

Section II. Occupancy and Admissions Policies

A. Statement of Admissions and Occupancy Policies:

Prior to becoming an MTW program participant, KCHA implemented Public Housing and Section 8 Program policies that were consistent with the 1937 United States Housing Act and subsequent amendments, including the Quality Housing and Work Responsibility Act of 1998 (QHWRA). During fiscal years 2004 through 2007, KCHA adopted a number of new policies consistent with the Authority's MTW Agreement that depart from the 1937 Act. The following highlights on-going policy and program changes already implemented:

Public Housing Policies:

- ***Allocation Plan***. During FY 2004, KCHA's new Allocation Plan created a set-aside preference of 78% of the units in each of the Authority's mixed population buildings for elderly and near elderly (55 to 62 years old) applicants. This percentage equals the overall percentage of elderly residents in the mixed-population buildings at the time the policy was adopted.

- ***Admissions Preferences.*** Under MTW, KCHA adopted a policy to allows applicants with incomes lower than 75 % of 30 % of the Area Median Income (AMI) to self-certify their qualification for a local preference.   During FY 2006, KCHA expanded this measure, qualifying all families with incomes below 30% of the Area Median Income (not currently receiving another source of housing assistance) as having an "urgent need" for housing. These households now have a local preference for admission to KCHA's public housing developments without additional documentation requirements. The Authority also offers former federal preferences as local preferences for admissions, including a preference to assist victims of domestic violence.

- ***Site-Based Waiting Lists.*** During FY 2004, the Authority set up site-based waiting lists for its two most geographically remote sites. During FY 2006, KCHA expanded this model to all public housing developments, letting applicants place their names on the waiting list for up to two specific sites. Alternatively, families with urgent housing needs and no specific building preference can apply for up to two regional lists and receive the first available unit within the selected region(s). To assist families as they work toward self-sufficiency, KCHA has set up a separate waiting list for graduates of the Sound Families transitional housing network for homeless families. Under policies adopted in 2006, eligible public housing applicants are selected to fill vacant units by rotating between each of the three waiting list types: Site-based, Regional and Sound Families.

- ***Deconcentration Policies.*** KCHA's deconcentration strategies include targeted self-sufficiency programs, flat rents, HOPE VI redevelopment and the siting of replacement housing in Eastside suburban communities. In combination with exception rent policies in the Housing Choice Voucher Program, these strategies have created mixed-income communities without KCHA having to target higher income applicants. Therefore, KCHA hasn't had to skip applicants on the waiting list, implement affirmative marketing strategies and/or create other incentives to achieve the desirable income mix in affected buildings.

Housing Choice Voucher Policies:

- ***Admissions Preferences.*** During FY 2004, KCHA adopted a policy under MTW that allowed Section 8 applicants with income below 75% of 30% of the Area Median to self-certify their qualification for a local preference. The Authority currently uses former federal preferences as local admission preferences, but may exercise MTW program flexibility during FY 2008 to make additional changes to the preference system.

- ***Occupancy Standards:*** During FY 2005, the Authority's Board adopted new occupancy standards in response to Section 8 funding reductions. The occupancy standards determine the size of the voucher (number of bedrooms). The FY 2005 changes generally reduced the number of bedrooms a family qualified for by allocating one bedroom per two adults or two minors. These changes were to become effective on the second annual review of participating households. During FY 2006, when Housing Choice Voucher funding levels stabilized, the Authority determined that these standards could be partially loosened, allowing bedroom voucher size to again reflect such family characteristics as sex, age, and disability status.

- ***New Payment Standards:*** In an additional response to the FY 2005 funding cuts, the Authority adopted lower payment standards – the maximum amount of subsidy a tenant may receive for a given voucher size (number of bedrooms). The new payment standards (set at 104 % of the HUD established Fair Market Rent) started at the time of the annual review for current Section 8 participants. Near the end of fiscal year 2006, based on housing market trends, growing rent burdens and the partial restoration of federal funds, these payment standards were revised upward. During FY 2007, KCHA used MTW authority to make two additional changes relating to payment standards: (1) to increase its "base range," providing the ability to establish payment standards between 90% and 120% of the FMR; and (2) self-approval of Exception Payment Standards to accommodate a disabled household's needs.

- ***Inspections:*** During FY 2004, KCHA increased program efficiency and reduced costs. Changes included allowing KCHA staff to complete inspections and Rent Reasonable studies on properties KCHA owned, in lieu of these functions being completed by outside contractors. In addition, KCHA substituted owner self-certification for correction of minor fail items, reducing the number of reinspections necessary. During FY 2007, KCHA further streamlined the inspection process by decoupling the inspection date from the annual review, allowing units to be grouped by area rather than by date. This "clustering" greatly reduces daily travel time, allowing for more efficient use of an inspector's time.

Project Based Assistance Policies

In FY 2003, the Authority adopted a Project Based Assistance Policy. In FY 2006, it made further changes, following the release of a final rule for the Project Based Voucher program. Housing choice increased by pairing Project Based Assistance with supportive services for homeless and special needs populations. Automatic provision of exit vouchers was eliminated. The Authority also changed the operating guidelines for Project Based Assistance, conforming government operating subsidies in developments containing more than one type of federal subsidy. Neighboring residents now get equal treatment and administration is more efficient.

During FY 2007, KCHA changed inspection procedures for project-based transitional housing units, which have significantly higher turnover rates than permanent units. The Authority now trains owners of these developments and certifies them to complete initial inspections. This reduces turnover time for KCHA, owners, and homeless households waiting to be housed. In FY 2008, KCHA will pursue even more operational efficiencies.

B. Rent Policies

KCHA's current rent policies are based on the Brooke Amendment to the 1937 Housing Act, which limits a household's cost of rent and utilities to 30 % of their adjusted income. Over the years, this policy has helped many households afford housing under KCHA assisted programs. However, this basic "30 % of income" policy has some unintended consequences, including a disincentive for households to increase their income through employment. In addition, current federally designed rent formulas are excessively complicated, and are not easily understood by program participants or Authority staff.

To date, KCHA has made only modest policy changes relating to Rent and Income calculations, including:

- **Bi-annual Rent Recertifications for Fixed-income Participants Receiving Housing Voucher and Project Based Assistance.** Under this policy change, full rent reviews can be conducted every two years. In the intervening year, rents are adjusted based on cost of living increases, if any, for Social Security recipients. Residents may request a full review at any time if and when their financial circumstances change. Making this change reduced administrative costs in response to funding cuts.

- **Forty Percent of Gross Income Limitation on New Leases under the Housing Choice Voucher program.** In FY 2005, lower payment standards reduced choice in the rental market. Under MTW, KCHA allowed households to pay up to 40 % of gross income, instead of adjusted income, toward their housing costs in the initial year of their lease. This change expanded the potential number of rentable units under the Section 8 Program.

- **Payment Standards and Exception Payment Standards.** In late FY 2007, KCHA used its MTW authority to expand the payment standards' basic range to 120% of FMR without prior HUD approval. In addition, KCHA streamlined its ability to offer higher payment standards to a disabled client as a reasonable accommodation. It did so by allowing the Authority's 504 Coordinator to approve requests up to 120% of FMR and the Executive Director to approve increases over 120%, without seeking individual approvals from HUD.

.

C. Planned FY 2008 Policy and Program Initiatives

During FY 2008, KCHA will explore, develop, adopt and/or implement a number of policy and program changes. Some continue existing initiatives approved under previous Annual Plans, while others reflect new initiatives:

Joint Program Initiatives

- **Public Housing and Section 8 Rent Policy**: During FY 2008, KCHA will review current Public Housing and Section 8 rent policies and related regulations to simplify rent and income calculation and verification procedures for staff and residents, help households achieve economic self-sufficiency and strengthen KCHA's financial viability. KCHA will engage residents (through focus groups, the Resident Advisory Committees and surveys) and other community partners throughout the process. Participants will have every opportunity to respond to policy options or propose their own. Comments and responses to policy recommendations will be gathered at public hearings and meetings with residents before final recommendations are submitted to the Board of Commissioners. Potential changes include alterations in the basic rent formulas and all related policies, definitions of household income and deductions and the calculation of utility allowances that collectively determine how much rent a resident pays. Policy alternatives based on differing household income and household types, and shifts in subsidy levels over time may also be considered.

- **Public Housing and Section 8 Admissions Preferences:** During FY 2008, KCHA may explore new or modified preferences for the Public Housing, Section 8 Housing Choice Voucher and Project Based Assistance programs. Each program's policies will be developed in concert with other admissions-related policies. During FY 2008, KCHA will continue to monitor the impact of the Public Housing Site-based, Regional and Sound Families waiting lists and use MTW authority where needed to address problem areas.

- **Family Self-Sufficiency (FSS) Program:** Possible changes to the Section 8 FSS Program will increase resident incentives and decrease the costs of managing individual escrow accounts and other administrative costs. KCHA will also seek to coordinate FSS policies with rent and income calculation policies and expand and modify the FSS Program for both Section 8 and Public Housing.

- **Communicating with Clients with Limited English Proficiency:** Ensuring that applicants and residents understand program requirements is essential to program compliance and efficiency. Public housing residents speak more than 20 languages, so KCHA's diverse population presents significant challenges to effective communication. During FY 2008, KCHA will consider the use of MTW program flexibility to address the limited English proficiency of client households and the need to create more effective communication strategies for all housing programs.

Section 8 Housing Choice Voucher and Project Based Assistance Program Initiatives

- **Payment Standards:** Under a new rent formula, rent payment standards may need to be revised and redesigned, or may become unnecessary. The underlying basis and/or method for setting rent payment standards may have to be changed. Further modification of rent payment standards may also help the Authority address issues of poverty concentration, rent burdens and housing choice.

- **Housing Choice Vouchers Waiting List Assignment:** As outlined in last year's plan, and earlier in this plan, KCHA's lottery system selected 2,500 households for waiting list positions from the more than 10,800 households seeking assistance. Current projections indicate that the list will be fully utilized by June 2007, prompting a reopening of the list in the near future. KCHA plans a similar application format and lottery system for the new Section 8 waiting list; however, eligible applicants will be limited to households not currently receiving federal housing assistance to ensure that limited resources are targeted to those with the greatest housing need.

- **Utility Allowances:** Considering alternatives to the current utility allowance system may help the Authority simplify local programs, accurately reflect usage and encourage conservation, while keeping housing costs affordable.

- **Inspections:** During late FY 2007, KCHA consultants completed stage one of a multi-stage "lean" analysis of the HQS inspection process. This preliminary analysis identified areas where streamlining could save in excess of $100,000 and increase productivity by nearly 25%. In FY 2008, KCHA anticipates instituting the following changes: (1) sampling inspections in buildings with large numbers of Section 8 participants; (2) bi-annual inspections for qualified landlords; and (3) approval of initial HAP payments to landlords who agree to correct minor fail items within 30-days. Changes to the inspection protocols will ensure safe, decent, and sanitary housing.

- **Designation of Housing Choice Vouchers and Project Based Assistance to Support Specific Populations**: In consultation with organizations serving homeless and disabled households, KCHA will seek to coordinate Section 8 resources with providers targeting specific disabilities and at-risk populations, such as youth and those exiting institutions. Changes to eligibility criteria for certain populations may be explored. Adoption of such policies will comply with all applicable Fair Housing laws and regulations and, at the same time, address housing needs in the local community and the region's 10-Year Plan to End Homelessness.

Changes to other aspects of the Section 8 program may include those authorized under Section V.A. of KCHA's MTW Agreement (as amended) and listed in Section VIII of this MTW Plan. KCHA intends to continue using outside consultants this year to review and re-engineer internal business processes as described in this Plan.

Public Housing Program Initiatives

- **Inspections:** KCHA staff may recommend changes to current inspection protocols for public housing to reduce costs and increase program efficiency, while maintaining the viability of housing units and community safety.

- **Utility Allowance:** Alternatives to the public housing utility allowance system will be considered, including both KCHA and tenant-paid utilities. This will simplify program administration and encourage conservation, while keeping housing costs affordable. Strategies include possible sub-metering and billing for excess usage in public housing complexes.

- **Public Housing Waiting List Administration:** During FY 2006, KCHA restructured its waiting list system, allowing applicants to determine where they would like to reside and providing a local preference for households whose total family income fell below 30% of the Area Median Income. It also established a separate waiting list for families graduating from the Sound Families transitional housing network. While these changes increased housing choice and efficiency, the revised system has been challenging to administer. During FY 2008, KCHA will again analyze current waiting list policies and procedures to identify and implement additional changes. It is hoped that these changes will eliminate wasteful duplication and ensure more efficient service delivery to KCHA clients.

- **Transfers:** In consultation with stakeholders, KCHA will propose changes to existing transfer policies. The intent is to create greater administrative efficiencies, increased response to reasonable accommodation requests, more economic self-sufficiency and enable transfer of tenants between the Housing Choice Voucher, Public Housing and subsidized housing that KCHA controls.

In addition, KCHA may consider changes to other aspects of the Public Housing program as authorized under KCHA's MTW Agreement (as amended) and/or as listed elsewhere in this MTW Plan.

Section III. Changes in Housing Stock

The Authority is committed to providing the same or increased subsidized housing opportunities for low-income households than before its MTW Demonstration participation. The table below details the total number of Section 8 vouchers issued and the number of federally subsidized housing units available through KCHA's programs as of July 1 of each year of MTW participation, as well as the number projected at the end of FY 2008.

Housing Program	**7/1/2003**	**7/1/2004**	**7/1/2005**	**7/1/2006**	**7/1/2007**	**7/1/2008**
Section 8 Vouchers	6,374	6,730	6,850	6,850	6,909	7,304
Low Income Public Housing (LIPH) Units	3,288	3,288	2,985	2,854	2,763	2,467
Section 8 New Construction	174	174	174	174	174	174
Preservation Program	271	271	271	271	271	271
Provider Based Program	0	0	0	0	25	125
Total Subsidized Units	**10,107**	**10,463**	**10,280**	**10,149**	**10,142**	**10,341**

The number of Section 8 vouchers projected for July 2008 (7,304) represents 102% of KCHA's current block grant baseline. It is possible KCHA will further increase the baseline through over-issuance of vouchers funded with MTW block grant resources. All told, KCHA's voucher program is projected to increase between 3% and 6% over the coming year. These numbers do not reflect the additional 2,000+ "port-ins" that the Authority administers.

The Public Housing numbers in the table above include units available for resident occupancy as well as 9 units currently accommodating agencies serving KCHA residents. The reduction in the number of Public Housing units from 2004 to 2006 reflects units demolished at the Park Lake Homes HOPE VI site. These units are scheduled to be replaced on a one-for-one basis with either new public housing units or project based replacement housing choice vouchers issued by HUD. The table also reflects changes in inventory anticipated at the end of FY 2008 resulting from continued re-occupancy of the Greenbridge development and the redevelopment of the Springwood Apartments. The number of Public Housing units projected as of July 1, 2008 does not include 103 units that will be under development at that time.

Using block-grant funds, the Provider Based Supportive Housing Program has increased the subsidies that KCHA administers. In FY 2008, the Authority intends to add an estimated 70 to 100 subsidies through this program.

Section IV. Sources and Amounts of Funding

This section details the sources and amounts of funding in the Authority's MTW budget statement, the funding for federal housing programs outside this budget and a Consolidated Budget Statement.

A. Sources and Amounts of Funding in the MTW Budget

The following table shows the FY 2007 budget adopted by the Board of Commissioners and FY 2008 projected revenues for housing program operation included in the MTW Demonstration. The Section 8 Housing Choice Voucher funding is reported under two line items, one for funding received for Section 8 vouchers in the form of a block grant and one for mainstream and portable voucher administration fees.

PROJECTED REVENUES	FY 2007 BUDGET	FY 2008 BUDGET
Dwelling Rental Income	$ 7,063,433	$ 6,861,174
Investment Income	819,012	1,285,356
Other Income	734,082	500,202
Section 8 Block Grant	59,303,861	58,818,000
Section 8 Subsidy and Port/Admin Fees	3,203,571	2,555,888
Capital Subsidy (CFP all years)	7,992,260	3,603,700
Operating Subsidy (PH)	6,901,391	7,158,659
Bond Proceeds and Tax Credit Equity		28,227,920
Total Revenues	**$ 86,522,696**	**$109,010,899**

B. Sources and Amounts of Funding for HUD Programs Outside the MTW Budget

The table below shows the FY 2007 budget and projected 2008 revenues for the Section 8 New Construction and Preservation programs, grants that fund services to KCHA residents and program participants and the HOPE VI redevelopment grant for Park Lake Homes.

PROJECTED REVENUES	FY 2007 BUDGET	FY 2008 BUDGET
Dwelling Rental Income	$ 1,341,546	$ 1,569,268
Investment Income	309,580	376,094
Other Income	56,871	57,008
Section 8 Subsidy and Admin Fees	3,180,284	2,958,356
Capital Subsidy	0	82,500
Operating Subsidy	0	175,000
Grants (non CFP)	13,567,510	7,487,602
Bond Proceeds and Tax Credit Equity		39,582,217
Total Revenues	**$ 18,445,791**	**$ 52,288,045**

C. Consolidated Budget Statement for HUD Programs

PROJECTED REVENUES	FY 2007 BUDGET	FY 2008 BUDGET
Dwelling Rental Income	$ 8,404,979	$ 8,430,442
Investment Income	1,128,592	1,661,450
Other Income	790,953	557,210
Section 8 Block Grant	59,303,861	58,818,000
Section 8 Subsidy and Admin Fee	6,383,855	5,514,244
Capital Subsidy	7,992,260	3,686,200
Operating Subsidy	6,901,391	7,333,659
Grants	13,567,510	7,487,602
Bonds and Tax Credit Equity		67,810,137
Total Revenues	**$ 105,191,617**	**$ 161,298,944**

Categories of Revenues

- Dwell Rent includes rents received from residents at both existing public housing properties and at properties such as Greenbridge, which contain public housing units but are now owned by private Tax Credit Partnerships.
- Investment income is earned on all KCHA reserves; most reserves are invested in the Washington State Local Government Investment Pool (LGIP). Such investments are allowable under previously granted MTW authority.
- Other Income generally includes other tenant charges, such as work orders and legal fees.
- Section 8, Capital and Operating Subsidy are amounts received directly from HUD to support the Public Housing and Section 8 programs.
- The majority of grant funding is from the HOPE VI program; however, KCHA receives other HUD and government grants not considered within MTW authority.
- Revenues and Sources of Funding now includes projected proceeds from issuance of debt and tax credit syndications to support various public housing redevelopment initiatives of KCHA which will either be continued or undertaken during FY 2008.

Section V. Uses of Funds

This section details FY 2007 budgeted and FY 2008 planned MTW expenditures by line item, an explanation of the changes in expenses between the two years, and intended initiatives included in the 2008 budget. It also reviews the level and adequacy of reserves.

A. Planned Expenditures and Changes in Expenses in the MTW Budget

PROJECTED EXPENSES	FY 2007 BUDGET	FY 2008 BUDGET*
Administration and General	19,970,768	21,351,059
Housing Assistance Payments	1,931,676	1,660,000
Section 8 Block Grant HAP	59,303,861	58,818,000
Utilities	2,829,795	2,719,219
Maintenance	1,775,626	1,330,668
Capital Projects	6,437,605	31,514,920
Total Expenses	**$92,249,331**	**$117,393,866**

**Note: Due to HUD requirements regarding the submission date for the MTW Plan, FY 2008 budget numbers are preliminary and may be changed before adoption of the FY 2008 budget by the KCHA Board of Commissioners in June.*

Categories of Costs:

- Administration and General: Salaries and employee benefits, office costs, professional service contracts, property and liability insurance and debt service on KCHA's Section 8 offices and ESCO financing.
- Housing Assistance Payments: Housing Assistance Payments (HAP) projected to be paid on behalf of Section 8 participants are separated into two categories: Section 811/Five-Year Mainstream (non-MTW) and all other vouchers (MTW Block Grant)
- Utilities: KCHA-paid utilities, including water, sewer, electricity, natural gas and heating oil. This category also includes trash collection costs, in conformity with private sector real estate accounting.
- Maintenance: All materials and contracts for the maintenance of KCHA's public housing developments.
- Capital projects: Capitalized improvements to KCHA's developments are funded through the CFP; in Fiscal Year 2008, significant activities will be funded through the Capital Fund Financing Program (CFFP) involving bond and tax credit equity proceeds. Costs include Public Housing's pro rata share of any hardware or software costs charged to CFP.

Changes from the FY 2007 Budget

Revenues and Sources of Funding

- The amount of Section 8 funding for CY 2007 is not known as of this Plan date. KCHA estimates its eligibility for Block Grant funding at 92% of formula. The formula prorate in CY 2006 was almost 95%; AAF's have remained low for this market despite significant rent increases in the Puget Sound region. This year's 1.7% AAF will not offset this lower prorate.
- Regular (non-block granted) HAP is also less than FY 2007. In prior years, Mainstream vouchers were overfunded; the above amount more accurately reflects voucher costs. In addition, KCHA recently had to turn over contract administration for two Mod/Rehab projects to a state-wide contract administrator, removing these cash flows from KCHA's financial statements.
- Capital expenditures from CFP are significantly below last year. Budget cuts and reductions in unit inventory decreases the money available to KCHA, and staff has redirected its focus to projects funded through debt and tax credit equity. However, the Authority will continue to meet all existing deadlines for the expenditure of funds.
- Grant activity is far below FY 2007 levels as the Greenbridge Project spends down its HOPE VI funding and turns to debt sources.
- This year, to present an accurate picture of activities involving the Authority's FY 2008 HUD inventory, bond proceeds and tax credit equity are included within Section IV. These funds support several projects. In FY 2008, four of eight Fire/Life Safety projects will start in Public Housing senior buildings and KCHA will begin major redevelopment of the Springwood Apartments. Bond or other debt will be issued to cover initial expenses. Finally, the Greenbridge HOPE VI project, included in the non-MTW section, expects to draw on existing and new debt sources as well as the $26 million in equity pay-ins being made available by its equity partners.

Planned Expenditures

- Administrative and General:
    - Included in this category is $335 thousand in relocation costs for the Springwood redevelopment initiative.
    - Excluding relocation, this category will increase approximately 3% over FY 2007's budget. The Authority has experienced increased personal service costs, particularly in state mandated pension contributions, and in the second half of CY 2006, cost of living increases escalated in the Seattle/Tacoma area by 4%.
- Maintenance costs are lower than FY 2007. Properties in the CFFP and other redevelopment initiatives should have lower maintenance costs in the current year.
- Utility consumption is declining following installation of $4.0 million in energy upgrades funded through the KCHA Energy Savings Corporation (ESCO) initiative in FY 2006. Utility rates climbed during the year, however, offsetting some cost savings.
- Capital program costs reflect not only the CFP activities but the initial phase of the CFFP project (four developments) and Springwood.

Major FY 2008 Initiatives:

During FY 2008, the Authority will use its budget to explore and/or undertake initiatives in the following areas, either by continuing current activities or by developing new strategies with long-term benefits for the Authority and its clients:

- KCHA will develop its own local funding model for Public Housing and Section 8 using its block grant authority. Under its current agreement, KCHA can treat these funds and CFP dollars fungibly. In contrast to 990.280 regulations, which require transfers between projects after all project expenses are met, KCHA's model allows budget-based funding at the start of the fiscal year from a central ledger, not other projects. KCHA will maintain a budgeting and accounting system that gives each property sufficient funds to support annual operations, including allowable fees. Actual revenues will include those provided by HUD and allocated by KCHA based on annual property-based budgets. As envisioned, all block grants will be deposited into a single general ledger fund. This will have multiple benefits.
  - KCHA gets to decide subsidy amounts for each public housing project. It's estimated that HUD's new funding model has up to a 40% error rate for individual sites. This means some properties get too much, some too little. Although funds can be transferred between sites, it's simpler to determine the proper subsidy amount at the start of the fiscal year rather than when shortfalls develop.
  - KCHA will establish a restricted public housing operating reserve equivalent to two months' expenses. Because KCHA's fiscal year is different from its funding year (calendar year), subsidy must be estimated as much as a year ahead. KCHA will estimate subsidies and allow sites to use them in their budgets. If the estimate exceeds the actual subsidy, the difference will come from the operating reserve. Properties may be asked to replenish this central reserve in the following year by reducing expenses, or KCHA may choose to make the funding permanent by reducing the unrestricted block grant reserve.
  - Using this approach will improve budgeting. Within a reasonable limit, properties will know what they have to spend each year, allowing them autonomy to spend excess on "wish list" items and carefully watch their budgets. The private sector doesn't wait until well into its fiscal year to know how much revenue is available to support its sites.
  - Reporting site-based results is an important component of property management and KCHA will continue accounting for each site separately; however, KCHA, as owner of the properties will determine how much revenue will be included as each project's subsidy. All subsidies will be properly accounted for under the MTW rubric.
  - Allowable fees to the central office cost center (COCC) will be reflected on the property reports, as required. The MTW ledger won't pay fees directly to the COCC. As allowable under the asset management model, however, any subsidy needed to pay legacy costs, such as pension or terminal leave payments and excess energy savings from the Authority's ESCO, may be transferred from the MTW ledger or the projects to the COCC.
  - Actual Section 8 amounts needed for housing assistance payments and administrative costs will be allotted to the Housing Choice Voucher program, including sufficient funds to pay asset management fees. Block grant reserves

and their interest earnings will not be commingled with Section 8 operations, enhancing budget transparency. Section 8 program managers will become more responsible for their budgets in the same manner as public housing site managers.

Block grant ledger expenses, other than transfers out to sites and Section 8, will be those that support MTW initiatives, such as the South County Pilot or resident self-sufficiency programs. Isolating these funds and activities will help KCHA's Board of Commissioners and its management keep track of available funding for incremental initiatives and enhance KCHA's ability to compare current to pre-MTW historical results with other housing authorities that do not have this designation.

In lieu of multiple submissions of Operating Subsidy for individual Asset Management Projects, KCHA may submit a single subsidy request using a weighted average project expense level (WAPEL) with aggregated utility and add-on amounts.

- In May 2007, KCHA will syndicate eight public housing properties to raise tax credit equity for upgrading urgently needed life-safety systems. The CFFP process in combination with tax credits will raise approximately $34.0 million. Although the properties will change ownership, they will continue as public housing. Property managers will learn about necessary tax-credit compliance in addition to public housing regulations. Four of the properties will undergo significant renovation this fiscal year and will be placed in service by December 2007.

- The Authority will explore placing ACC funding (using "banked subsidy") in its local developments to increase affordability within existing communities and create greater housing choice for extremely low-income residents.

- The Authority's core software product, in place since May 2004, remains difficult to use, although reporting has been improved through its use. During FY 2008, the Authority will address these problems with the following projects:

    - Recently purchased "refacing" technology will enhance existing software to reduce keystrokes and make it match existing business processes by adding menus, linking databases, and creating new functionality. Because field personnel were trained on and are used to existing software, this refacing project will hopefully solve many of the staffs' complaints about its usability in the short term.
    - The existing software's financial modules aren't sufficient for KCHA's evolving role as property developer and asset manager. Although reports are timely, excessive work required to load data and develop the reports reduces staff's ability to analyze results. During FY 2008, KCHA will hire a consultant to define needs and help search for replacement financial software.

- KCHA is initiating a year-long study of its compensation and classification systems to promote internal pay equity and properly align itself with market competitors. Following completion of this study, KCHA will return to an examination of performance management systems and hopes to find a system to reward its employees for exceeding job standards and meeting Authority goals. Depending on the level and responsibility of employee groups, several performance systems will likely exist in the future.

- During FY 2008, KCHA may change its fiscal year for all programs to fit a standard calendar year. In the near future, a significant part of KCHA's public housing portfolio will be financed under the mixed-finance model that, for tax credit purposes, must adhere to a calendar year-end. A calendar year basis will be easier to administer, with KCHA properties conforming more closely to the asset management model.

- Ongoing Review of Energy Costs. During FY 2004, KCHA's Public Housing Program entered into an Energy Performance Contract (EPC). During FY 2006, most of the $4.0 million in energy measures were installed, resulting in approximately 33% savings in water usage. The Authority will hire a Resource Conservation Manager to monitor this project. Individual tenant billing in KCHA's developments for excess water consumption will be the EPC's final phase. KCHA will roll out water billing at a limited number of properties to test if it can further reduce usage, but project formula income will not be adjusted for any excess utilities revenues.

- During FY 2007, KCHA was awarded 324 replacement-housing vouchers for redevelopment activity at the Springwood Apartments, its largest public housing site. KCHA plans to project base these vouchers on-site after the property's disposition.

- Replacement Housing Funds from Springwood's demolition/disposition, as well as from Greenbridge (HOPE VI), will be included in fungible MTW funds and be available to KCHA for any MTW purpose. KCHA will seek to draw Replacement Housing Funds fungibly with other CFP funds and may collect a 10% Administrative Fee in lieu of the allowable 3 - 6% of project costs. However, should the RHF be used for replacement of public housing, KCHA will limit such charges to 6% of the project costs without further HUD approval. KCHA will work with HUD to determine a methodology for drawing these available funds within regulatory time constraints.

- Many of the Authority's public housing units, while in usable shape, are dated. In FY 2007, the Authority upgraded approximately 50 units using its own force account. In FY 2008, this highly successful initiative will be expanded with a budget of $1.0 million in CFP or other block grant funds.

- KCHA will request a HUD waiver to allow a mixed-finance closing to occur without review of evidentiary material by a HUD attorney, based on a model developed by HUD and the Atlanta Housing Authority.

- Using Section 8 Block Grant flexibility will help expand the regional network of supportive housing units. In FY 2007, KCHA designated a portion of its unrestricted MTW reserves to support up to 25 units of rental subsidy for chronically homeless persons. Although beneficiaries of Section 8 funding, these persons are not considered voucher holders and will not be included in KCHA's PIC reporting. In FY 2008, KCHA intends to expand this program by as many as 100 individuals, and use MTW flexibility to replace staff HQS inspections with those by the individual provider.

- Use of Section 8 Block Grant funds to develop a self-sufficiency program for Public Housing residents and expand current Housing Choice Voucher initiatives may be accounted for in KCHA's proposed MTW ledger rather than at the project level. This is both for administrative simplicity and because benefits of such a program may not be immediately attributable to individual projects.

- KCHA may use its block grant authority to exceed the baseline number of units utilized in its Housing Choice Voucher program. The current baseline is 78,000 unit months per year. KCHA will submit actual usage via the VMS reporting system. By this plan, KCHA is notifying HUD of its intent, utilizing its MTW authority, to exceed its authorized cap in its VMS submission without audit exception.

- KCHA will develop measures to evaluate and improve the MTW Program's impact on agency operations and outcomes. On a program level, the Authority will continue monthly Public Housing and Section 8 performance review meetings to evaluate operations, and improve the quality of services to its customers. At the Public Housing project level, site reporting will be expanded so regional and property managers can quickly react to vacancy, crime or financial challenges in their apartment communities.

- The Authority will use its MTW Authority to continue already-identified initiatives from prior plan years.

- The Authority is working with an insurance entity to position KCHA's portfolio in the insurance market. Although regulations require competitive bidding in insurance products, guidelines suggest the Authority can directly manage this process. However, the complexities of KCHA's business lines and potential for exposure make self-management ill-advised and highlight the need for an outside broker. In FY 2007, KCHA used Alliant to approach these markets. Alliant is compensated on an hourly basis, but must represent itself (with KCHA's approval) as broker of record, something not allowable under current guidelines. Alliant's services were competitively procured.

- KCHA has accumulated significant reserves in its HUD funded programs. Using its MTW flexibility, the KCHA Board of Commissioners is developing an investment approach to using these reserves to further the Authority's mission.

- KCHA will also review and possibly implement other investment strategies to maximize yield while keeping risk and liquidity within acceptable parameters.

- KCHA will self-certify that property management services are in the best interests of the property while considering such factors as costs and responsiveness.

- KCHA will charge a reasonable fee for property management services based on published HUD guidelines, but will update fee levels no less than semi-annually. It will do so by applying the CPI for Urban Wage Earners in the Seattle-Tacoma area published by the Bureau of Labor Statistics. The current fee is based on 2005 data.

- As a Block Grant Authority, KCHA does not receive a separate allocation of administrative fees. KCHA will set its fee at a reasonable level within the block grant and may state this fee on a per unit basis at the beginning of its fiscal year for administrative simplicity and adjust it as appropriate thereafter. KCHA will take 20% of its self-determined fees for the HCV program or $12 per unit based on full utilization of its authorized units, whichever is higher.

- KCHA is not currently required to file a Financial Data Schedule. It will, nonetheless, use excess cash as calculated in the manner prescribed by HUD for approved uses.

- KCHA will consolidate all its mixed-financing projects into a single Asset Management Project (AMP).

- KCHA will draw 100% of its allowable CFP/RHF Administrative Fee upon receipt of the related grant. That fee may be allocated to one or more AMPs at KCHA's discretion; no prorate or CFP project matching will be required.

- KCHA will retain all cost savings not related to debt service of its ESCO within the Central Office Cost Center.

- As part of the CFFP financing project, the eight Public Housing buildings being sold to a tax credit partnership will carry debt related to energy conservation measures. That debt must be repaid to a third party lender upon syndication to preserve the lender's tax-exempt return on its loan and meet funding requirements. KCHA will internally lend an equivalent amount to these mixed finance developments; this internal debt will satisfy all HUD requirements for retention of savings through the operating fund calculation throughout the remaining life of the ESCO.

B. Level and Adequacy of Reserves: Public Housing and Section 8 Programs

PROJECTED RESERVES	FYE 2008
Public Housing: Project Reserves	$ 3,174,000
Public Housing: Operating Reserve	3,000,000
Section 8 Program Reserve	4,100,000
Section 8 Admin Fee and HAP Reserve	5,143,042
MTW Designated Reserve	850,000
Unrestricted MTW Reserve	10,733,958
Total Reserves	**$27,001,000**

As of July 2007, KCHA will be required to designate a portion of its reserves on a project basis. In addition, approximately 6 months in fees will be given to the COCC. As discussed above, KCHA will reflect the balance of any reserves in its MTW ledger, with a portion designated as an operating reserve.

As of this plan's date, KCHA has not been informed by HUD as to the level of funding for CY 2007 and can only estimate the January through June 2008 subsidy portion. Its best estimate is $7.3 million for KCHA's entire fiscal year, as shown above in Section IV.C. Reserves are adequate to cover any shortfalls between operating needs and revenues.

The Section 8 Program Reserves total one month's housing assistance payment as a safety net for HUD funding delays and shortfalls. The administrative fee and HAP reserve is the accumulated excess over costs for the Section 8 program built up over several years and Mainstream excess HAP received. The MTW Designated Reserve covers the South County Pilot's funding obligation for the next five years. The remaining balance in reserves represents excess block grant funding for both Section 8 and Public Housing and can be spent for various MTW purposes outlined in this or future plans.

Section VI. Capital Planning

A. Major Capital Needs, Projects, Estimated Costs, and Proposed Timetables

The King County Housing Authority's 10-year work plan covers FY 2003 through FY 2012. Over $95.2 million in capital work needs to be performed between FY 2008 and FY 2012 through various funding sources, including the Capital Fund Finance Program (CFFP), and the Capital Fund Program (CFP). The plan addresses the highest priorities among those identified for public housing developments.

KCHA's capital grant funding from HUD has declined steadily over the past five years, the result of on-going budget cuts by Congress and the reduction in Public Housing units due to the redevelopment of Park Lake Homes under the HOPE VI program. KCHA has fully expended the Capital Fund Program allocation from CFP year 2004 and 94% of the CFP allocation for 2005. All remaining CFP 2005 and CFP 2006 funds are fully committed to projects scheduled within the KCHA 10-year work plan.

KCHA projects FY 2008 through FY 2012 Capital Fund availability at $23 million. The total planned work for the five-year period of $95.2 million will use Capital Fund resources, leveraged funds and other forms of mixed financing. KCHA will spend an additional $10.2 million to cover debt service on CFP and RHF Bonds between FY 2008 and FY 2012. For FY 2008, $30.2 million in construction contracts will be undertaken. These work items are indicated below in the five-year projection of capital improvement expenditures. Major projects include the following:

- **Park Lake Homes Redevelopment.** The Park Lake Homes I redevelopment under the HOPE VI Program is underway. The project is now called Greenbridge. This once distressed public housing project will become a mixed-income neighborhood of new low-income and workforce rental housing combined with affordable and market rate for-sale homes. This planned community is organized around the 8th Ave SW "Main Street," which includes facilities for services, recreation, neighborhood retail and education, including a new elementary school and Head Start facilities. Greenbridge will be pedestrian friendly and incorporate an array of parks, walking trails, gardens and natural features into the neighborhood. The original 569 public housing units will be replaced with 300 subsidized on site units for very low-income households and 269 offsite units to insure one for one "hard unit" replacement. The first phase of new housing, including 82 units and park space, was occupied in August 2006. A second phase, including 37 units of public housing will come on-line in FY 2008. The project involves 900 - 1,000 units of housing and will be completed in 2012.

- **Park Lake II Redevelopment.** Upgrading the infrastructure and housing on this site to acceptable standards is so expensive that KCHA needs to demolish the existing housing and initiate a HOPE VI-like redevelopment of this 31 acre parcel within 5 years. Although approximately $100,000 is budgeted in FY 2007 to mitigate chronic moisture and mold problems in some Park Lake II units, other non-emergency capital work will be deferred pending redevelopment. In FY 2008, master planning will continue for this site's redevelopment.

- **Springwood Apartments Redevelopment.** This aging and physically distressed 334 unit property cannot be sustained as public housing and will need financial restructuring to leverage the approximately $45 million needed to rehabilitate most of the buildings. In FY 2007, KCHA received HUD approval to dispose of the property to a Tax Credit limited partnership or limited liability company controlled by KCHA. The property will be decommissioned as public housing. Sale proceeds will leverage other federal, state, local and private financing to undertake necessary renovations and insure that approximately 250-270 low-income units are maintained on the site through the use of project based Housing Choice Voucher subsidies. Any low-income units removed will be replaced on a one-for-one basis. Some $10-$12 million is expected to be financed with bonds backed by Replacement Housing Factor (RHF) funds and another $25 million with Tax Credit Equity. Construction is planned to commence in fiscal year 2008.

- **Unit Upgrade Demonstration Program.** Building on a demonstration begun in FY 2007, KCHA will perform major unit interior renovations using internal KCHA staff. Approximately $1 million was budgeted for 50+ renovations in selected public housing units. In the past, major unit upgrades were undertaken on a building by building basis, requiring KCHA to employ architects, vacate entire buildings, and relocate residents for up to 6 months so general contactors could complete the work. Having a dedicated upgrade crew working only in "turnover" units realizes substantial savings on soft costs, general contractor's overhead and profit, and relocation. Although the 10-Year Capital Plan still projects major property by property interior renovation, in FY 2008, KCHA will continue with the unit turnover approach.

- **Improved On-Site Community Facilities.** KCHA continues to upgrade community facilities at its major family sites to improve on-site services. Last year, KCHA finished the Springwood Recreation Center, providing an indoor gymnasium, computer lab, arts center, and classrooms for Springwood Apartment residents. In FY 2007, the Jim Wiley Community Center at Greenbridge was also completed. This $5.5 million renovation serves Greenbridge and surrounding communities. KCHA used New Markets Tax Credit financing for this project, necessitating the sale of the Wiley Center to the Greenbridge Foundation. The property will revert to KCHA ownership in 7 years.

  KCHA recently applied for a $30 million allocation of new market tax credits to finance the Early Learning and Adult Learning Centers planned for Greenbridge. In Fiscal Year 2008, the Adult Learning Center, which will offer programs sponsored by the YWCA, King County Library System and Washington State University, will break ground.

B. Fire and Life Safety Upgrades in Mixed Population Buildings through the Capital Fund Financing Program (CFFP)

KCHA is currently leveraging $27 million for public housing capital improvements through a mixed financing approach combining private activity bond proceeds and 4% Low-Income Housing Tax Credit (LIHTC) equity. KCHA will sell up to $10 million in bonds to be paid in annual installments over 20 years from the Capital Fund Program (See Debt Service line item in the table entitled “Five-Year Capital Plan and Projected Expenditures by KCHA Fiscal Year” in Section C. Capital Plan Expenditures below.) These properties will be sold to a Tax Credit limited partnership or Limited Liability Company controlled by KCHA and will continue to operate as public housing under HUD regulatory and operating agreements.

Funding will provide for fire and life/safety improvements at eight multistory, elevator buildings that house elderly and/or disabled residents. The buildings, with a total of 439 units, include Brittany Park (43 units), Casa Madrona (70 units), Gustaves Manor (35 units), Mardi Gras (61 units), Munro Manor (60 units), Paramount House (70 units), Plaza Seventeen (70 units), and Riverton Terrace (30 units). KCHA will complete the fire/life-safety retrofit of its 21 mixed-populations mid-rises with the next two years.

Scope and Costs of Renovations

A brief description of the scope of work and a cost estimate for each building follows:

Brittany Park
$3,081,520

Replace fire alarm system and install new fire sprinkler system. Upgrade emergency stairways with new flooring and lighting. New lighting and finishes for hallways, lobby, elevator, and laundry room. Replace doors and hardware at unit entries, common areas, and main entry. Improve unit and common area ventilation, replace carpet in unit entries, and provide units with new water lines, faucets and baseboard heaters. Replace roof, clean and reseal siding, and resolve site drainage issue.

Casa Madrona **$5,645,690**

Replace fire alarm system and install new fire sprinkler system. Upgrade emergency stairways with new railings, flooring, and lighting. New lighting and finishes for hallways, lobby, elevator, and laundry room. Replace doors and hardware at unit entries, common areas, and main entry. Improve unit ventilation. Replace carpet in unit entries with vinyl, and provide units with new water lines and faucets. Reconfigure lobby. Reconfigure and reconstruct entry driveway and parking lot. Repair hot water system. Remove underground fuel storage tank and replace damaged sidewalks. Replace roof. Repair and repaint building exterior and repair decks.

Gustaves Manor **$930,790**

Extend fire sprinkler system from common areas into apartments and replace fire alarm system. Replace doors and hardware at unit entries and common areas. Repaint hallways and replace hallway lighting. Construct office.

Mardi Gras **$3,278,090**

Replace fire alarm system and install new fire sprinkler system. Upgrade emergency stairways with new flooring and lighting. Install new lighting and finishes for hallways, lobby, elevator, and laundry room. Reconfigure lobby and offices. Replace doors and hardware at unit entries, common areas, and main entry. Replace carpet in unit entries with vinyl, and provide units with new water lines and faucets. Replace domestic water supply and water heater. Remove underground storage tank. Reconstruct parking lot and install lighting and drainage.

Munro Manor **$3,549,180**

Replace fire alarm system and install new fire sprinkler system. Provide new water service. Upgrade emergency stairways with new handrails, flooring and lighting. Install new lighting and finishes for hallways, lobby, elevator, and laundry room. Reconfigure lobby and offices. Replace doors and hardware at unit entries, common areas, and main entry. Improve common area ventilation. Replace carpet in unit entries with vinyl and replace faucets. Replace decks.

Paramount House **$3,251,850**

Replace fire alarm system and install new fire sprinkler system. Upgrade emergency stairways with new railings, flooring, and lighting. Install new lighting and finishes for hallways, lobby, elevator, and laundry room. Reconfigure lobby and offices. Replace doors and hardware at unit entries, common areas, and main entry. Replace carpet in unit entries with vinyl and provide units with new faucets. Replace building entry ramp and frontage sidewalk. Modify site drainage to eliminate water intrusion and upgrade parking lot.

Plaza Seventeen **$3,796,590**

Replace fire alarm system and install new fire sprinkler system. Repair boiler and hot water heating system. Install new lighting and finishes for hallways, lobby, elevator, and laundry room. Reconfigure lobby and offices. Replace doors and hardware at unit entries, common areas, and main entry. Replace carpet in unit entries with vinyl, and provide units with new water lines and faucets. Remove underground storage tank.

Riverton Terrace **$3,726,283**

Replace fire alarm system and install new fire sprinkler system. Upgrade emergency stairways with new handrails and flooring. Install new lighting and finishes for hallways, lobby, elevator, and laundry room. Improve hallway ventilation. Reconfigure lobby and offices, and upgrade community room with new ceiling, lighting, and flooring. Replace doors and hardware at unit entries, common areas, and main entry. Replace carpet in unit entries with vinyl, and provide units with new water lines and faucets. Replace siding, windows, roof, and drainage. Replace damaged sidewalks and community room patio.

Construction Schedule - First and Life Safety Upgrades

Property	FY 07	FY 08	FY 09
Brittany Park		X	
Paramount House		X	
Riverton Terrace		X	
Munro Manor			X
Gustaves Manor		X	
Casa Madrona			X
Mardi Gras			X
Plaza 17			X

C. Capital Plan Expenditures

Planned Construction Expenditures by KCHA Fiscal Year: 2008 – 2012

Property	Scope of Work	Total	FY 08	FY 09	FY 10	FY 11	FY 12
Pickering Court	Infrastructure – continuation of FY07 project	$350,000	$350,000				
Northridge II	Roofing – continuation of FY07 project	$350,000	$350,000				
Riverton Terrace (family)	Site Drainage	$50,000	$50,000				
Lakehouse	Common Area Ventilation/ Decks	$450,000		$450,000			
Eastside Terrace	Storm Drainage	$500,000		$500,000			
Kirkwood Terrace	Roofing/Siding	$650,000		$650,000			
Juanita Trace	Roofing/Siding, Kitchens, Bathrooms	$2,190,000		$790,000	$1,400,000		
Juanita Court	Exterior Envelope Kitchens, Bathrooms	$1,200,000			$1,200,000		
Green River	Exterior Envelope/Interior Remodel/Site Upgrades	$3,600,000			$1,800,000	$1,800,000	
Southridge	Building Envelope Upgrades	$750,000				$750,000	
Cedarwood	Exterior Envelope Kitchens, Bathrooms	$1,100,000				$1,100,000	
Valli Kee	Exterior Envelope Upgrades	$1,500,000				$1,500,000	
Evergreen Court	Kitchens, Bathrooms	$1,150,000					$1,150,000
Kings Court	Exterior Envelope Kitchens, Bathrooms	$1,100,000					$1,100,000
Bellevue 8	Exterior Envelope Kitchens, Bathrooms	$400,000					$400,000
Casa Juanita	Fire Sprinkler Supply valve/Roofing	$275,000	$50,000				$325,000
Federal Way Houses	Siding	$75,000					$75,000
Boulevard Manor	Fire Sprinkler Supply Valve	$50,000	$50,000				$50,000
Various	Unit Turn Remodels	$5,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total Construction Expenditures		**$20,790,000**	**$1,800,000**	**$3,390,000**	**$5,400,000**	**$6,150,000**	**$4,050,000**
A & E Expenditures		**$2,250,000**	**$200,000**	**$250,000**	**$700,000**	**$700,000**	**$400,000**
Total Expenditures		**$23,040,000**	**$2,000,000**	**$3,640,000**	**$6,100,000**	**$6,850,000**	**$4,450,000**

Planned Expenditures from Bond Proceeds & Tax Credit Equity-FY 2008-2012
(Capital Fund Financing Program and Replacement Housing Factor Funds)

Expenditures*		Total	FY 08	FY 09	FY 10	FY 11	FY 12
Source	**Use**						
CFFP Bonds & Tax Credit Equity	Fire/Life Safety Improvements in 8 Buildings	$27,259,993	$18,227,920	$9,032,073			
Capital Fund Allocation	Debt Service CFFP Bonds	$4,100,000	$1,000,000	$950,000	$800,000	$700,000	$650,000
RHF Bonds & Tax Credit Equity	Springwood Redevelopment	$45,000,000	$10,000,000	$25,000,000	$10,000,000		
RHF Funds	Debt Service on RHF Bonds	$6,057,000	$287,000	$1,510,000	$1,450,000	$1,420,000	$1,390,000
Total (Bond & Tax Credit Equity)		**$72,259,993**	**$28,227,920**	**$34,032,073**	**$10,000,000**	**$0**	**$0**
Total (Debt Service)		**$10,157,000**	**$1,287,000**	**$2,460,000**	**$2,250,000**	**$2,120,000**	**$2,040,000**
Total Expenditures		**$82,416,993**	**$29,514,920**	**$36,492,073**	**$12,250,000**	**$2,120,000**	**$2,040,000**

*Includes A & E.

Section VII: Owned and Managed Units

This section provides the information on planning, operations and performance indicators for public housing units under KCHA management required under KCHA's MTW Agreement.

A. Vacancy Rates

The table below provides vacancy rates for public housing developments as of April 1, 2007. The Authority provides annual snapshots of performance indicators and other data for April 1 of each year of the Demonstration because the timing of MTW Annual Plan submission does not allow for analysis of end-of-fiscal-year data.

DEVELOPMENT	HOUSEHOLDS	UNITS	VACANCY RATE
AVONDALE MANOR	20	20	0%
BALLINGER HOMES	110	110	0%
BELLEVUE SINGLE-FAMILY	8	8	0%
BOULEVARD MANOR	69	70	1.4%
BRIARWOOD	70	70	0%
BRITTANY PARK	43	43	0%
BURNDALE HOMES	50	50	0%
CAMPUS COURT	13	13	0%
CASA JUANITA	79	80	1.3%
CASA MADRONA	69	70	1.4%
CASCADE APTS	108	108	0%
CEDARWOOD	25	25	0%
COLLEGE PLACE	50	51	2.0%
EASTRIDGE HOUSE	40	40	0%
EASTSIDE TERRACE	50	50	0%
EVERGREEN COURT	30	30	0%
FIRWOOD CIRCLE	50	50	0%
FOREST GLEN	40	40	0%
FOREST GROVE	25	25	0%
GLENVIEW HEIGHTS	10	10	0%
GREEN RIVER HOMES	60	60	0%
GREENLEAF	27	27	0%
GUSTAVES MANOR	35	35	0%
JUANITA COURT	30	30	0%
JUANITA TRACE	30	30	0%
JUANITA TRACE II	9	9	0%
KINGS COURT*	25	30	16.7%
KIRKWOOD TERRACE	28	28	0%
MARDI GRAS	61	61	0%
MUNRO MANOR	60	60	0%

** King's Court – 5 units remain vacant as a result of fire – anticipated return to occupancy late FY 2007.*

DEVELOPMENT	HOUSEHOLDS	UNITS	VACANCY RATE
NORTHRIDGE HOUSE I	70	70	0%
NORTHRIDGE HOUSE II	70	70	0%
PARAMOUNT HOUSE	68	70	2.8%
PARK LAKE HOMES II**	164	165	0.6%
PICKERING COURT	30	30	0%
PLAZA 17	70	70	0%
RIVERTON TERRACE	60	60	0%
SHOREHAM	18	18	0%
SOUTHRIDGE HOUSE	80	80	0%
SPRINGWOOD APTS **	314	333	5.7%
THE LAKE HOUSE	70	70	0%
VALLI KEE HOMES	114	114	0%
VICTORIAN WOODS / FEDERAL WAY HOMES	18	18	0%
VISTA HEIGHTS	30	30	0%
WAYLAND ARMS	66	67	1.5%
WELLSWOOD	29	30	0%
YARDLEY ARMS	67	67	0%
YOUNGS LAKE	28	28	0%
SEOLA CROSSING	40	40	0%
DEVELOPMENTS NOT UNDER REDEVELOPMENT	**2,730**	**2,763**	**1.2%**

***Pending Redevelopment*

KCHA's overall vacancy rate as of April 1, 2007, was 1.2% percent. In FY 2008, the Authority expects a similarly low overall vacancy rate for its public housing properties.

B. Rent Collections

The Authority projects meeting Rent Collection targets established for FY 2008 with collection levels anticipated above 98% of total public housing rents assessed.

C. Work Orders

During FY 2008, KCHA will respond within 24 hours to 100 percent of the requests for emergency maintenance work orders. The Authority will also respond within 30 days to at least 97% of the requests for regular maintenance work orders, consistent with response targets identified upon entering the MTW demonstration**.**

D. HQS Inspections

HUD's Housing Quality Standards regulations currently require each public housing unit and system to be inspected annually. During FY 2007, KCHA is on track to complete 100 percent of HQS inspections. In FY 2008, KCHA will possibly modify inspection procedures, but pending such modifications, will continue inspecting public housing units and systems in accordance with the Housing Quality Standards.

E. Security

KCHA employs strict suitability standards for screening applicants, including the use of criminal background checks by local, state, and federal law enforcement agencies. This strategy ensures that its communities are safe places for households to live. Proactive and consistent lease enforcement by housing management staff is the Authority's next line of defense in its anti-crime strategy. Although the defunding of the Drug Elimination Grant (DEG) has severely curtailed certain drug and crime prevention programs, KCHA continues the operation of the core strategies previously funded under that grant. These core strategies include:

- Partnerships with police departments throughout the Authority's jurisdiction. KCHA maintains strong relationships with police departments to ensure public housing residents receive needed services for safety and security. These relationships take the form of contracts with police departments funded by KCHA and Memoranda of Understanding between the Authority and other local law enforcement agencies. Police department cooperation with management is especially crucial for KCHA to successfully pursue evictions or other solutions in cases of serious criminal and drug activity.
- Community Policing. KCHA is continuing its community policing programs in select family communities through the use of public housing reserves. These programs foster a cooperative relationship between residents and community police officers. Several sites have community police substations on site to deter criminal activity and assist residents in their efforts to enhance safety through the establishment of block watches and other efforts. In FY 2006, KCHA built a new substation as part of the Greenbridge HOPE VI initiative.
- After-School and Summer Programs. The Authority has developed partnerships with numerous service providers and community-based organizations to offer on- and off-site programs and activities for children. These include youth sports, homework and youth tutoring programs and summer day camps. A list of these services is included in Appendix F.
- Public Housing Safety Initiative. During FY 2006, the Authority was awarded a two-year grant in the amount of $600,000 from the Department of Justice to fund public safety prevention and intervention services in three public housing developments. The grant, scheduled to run through March 2008, provides for additional community policing efforts and increased after-school and late-night programs for at-risk youth.
- Redistribute portfolio offices. This creates greater management presence at the sites and increases security where determined necessary.

KCHA's transition to property-based management augments these measures. The increased presence of on-site management and maintenance staff leads to closer management-tenant relationships, which, in turn, increase security and safety within each development.

F. MTW Demonstration Initiatives

- **Property-Based Management**

During FY 2005, KCHA transitioned one of its five geographic areas (South Area) from a centralized, program-based model to a site-based asset management model. Combining features of private sector property management with aspects of a program-based management model helped the Authority equal private sector efficiencies. Under KCHA's property-based management system, decision-making authority is decentralized to staff most closely connected to the developments. The following management responsibilities were transferred from area-based to property-based staff in the demonstration area:

- Monitoring of budgets and financial reports
- Staffing decisions
- Purchasing
- Ongoing maintenance, including work orders
- Unit turnover

In FY 2006, the demonstration expanded to the entire public housing inventory. In addition to decentralizing the responsibilities listed above, the following property management tasks were transferred to property-based staff:

- Property-Based Budgeting. Previously central office staff developed the property-based budgets. In FY 2007, responsibility for developing budgets for individual properties, based on actual property specific data from the previous year, was transferred to the property managers.
- Capital Planning. Property-based staff are more involved in capital priority assessments.

As staff roles have shifted, additional training is needed at all levels. Property and regional managers need more experience and training; maintenance personnel have to perform increased basic electrical, plumbing, carpentry and painting. In FY 2007, KCHA negotiated a new labor agreement creating a site-based maintenance mechanic (SBMM) who performs many of these tasks but not at the journey level. The same labor agreement increases the landscape/cleaners in the bargaining unit and assumes eventual phase-out of the laborer classification. Existing laborers and landscaper/cleaners need training to advance to SBMM. Both SBMM and Landscaper/Cleaners are common in the private sector and meet specific individual property needs as opposed to the regional approach. Finally, property managers need to learn more about maintenance to become effective managers. KCHA is designing a training plan as an inter-department initiative between Human Resources and Housing Management and should have it in place in FY 2008.

KCHA continues to develop performance measures and assessment tools as it shifts from a program-based to a property-based system. A key aspect of the shift has been the development of project-based budgets and accounting reports. During FY 2008, KCHA will continue to implement property-based financial management systems, develop appropriate monitoring tools and provide increased training to staff regarding private property management practices, including financial statements and analysis.

- **Rent Policy**

During FY 2008, as outlined earlier in the MTW Plan, KCHA will review its rent calculation and income policies. Central goals of rent reform include simplification of current systems, increased resident self-sufficiency and increased graduation from public housing. A number of areas will be targeted, including, but not limited to:

- Simplification or replacement of excessively burdensome earned income disregards. The Authority is committed to expanding employment incentives and rewarding work.
- Income verification policies and procedures.
- Frequency of annual reviews.
- Utility allowance determination.
- Simplification of medical deductions and other income adjustments related to rent determination.
- Possible structural alterations to rent and income policies.

- **Admissions Policies**

In FY 2006, as it shifted to property-based management, KCHA started a Centralized Applications system to ensure consistent admissions policies and streamline operations. During FY 2008, KCHA staff will continue to review and modify processes, as necessary, to keep complex admissions-related policies and procedures from bogging down staff and applicants. Where appropriate, policies will be designed to remove eligibility barriers for hard-to-house populations and increase applicant choice and access to programs while not impacting protected classes.

- **Other Initiatives**

During FY 2008, in addition to moving forward with previous initiatives, KCHA will focus on initiatives designed to increase administrative efficiencies, resident self-sufficiency and customer service. The Authority will explore all options available under the MTW Agreement signed with HUD including, but not limited to, the following:

- Exploring changes in the eligibility policy regarding single, non-disabled, non-elderly persons.
- Exploring options to revise and streamline public housing grievance procedures.
- Adopting a locally designed lease consistent with MTW initiatives, including provisions regarding utility consumption sub-metering and smoke free environments. The Nia Apartments, scheduled for completion in CY 2008 at the Greenbridge site, will be KCHA’s first smoke-free housing.
- Exploring and implementing revisions to inspection protocols.
- Exploring options for revisions to current income calculation and verification practices and procedures.
- Exploring and implementing changes in the definition of elderly and near elderly as they relate to Allocation Plan administration.
- Exploring and implementing necessary changes in admissions and occupancy policies associated with Public Housing subsidies in a mixed subsidy property under a combined program approach to managing the housing stock.

Section VIII. Management Information for Leased Housing

This section discusses leased housing performance measures and objectives required under KCHA's MTW Agreement with HUD and focuses on the Authority's efforts to improve performance under the MTW Demonstration. MTW initiatives related to policy changes are discussed in Section F.

A. Utilization Rate

KCHA currently operates at a 102% utilization rate and anticipates remaining at this level or higher throughout the year. The Housing Authority has created a one-month reserve to offset HUD financing instability and enable higher utilization rates.

B. Shopping Success (Lease-up) Rate:

To evaluate established Payment Standards, KCHA measures the ability of Voucher holders to successfully "shop" for and locate affordable rental units within the region. KCHA's average shopping success rate for the eight months ending February 2007 was 87.7%. Shopping success rate is carefully monitored as an index of the adequacy of payment standards in a rising rental market.

C. Planned Annual Inspections

Current KCHA policies ensure that HQS inspections are completed annually in 100% of the units subsidized under the Section 8 program. During FY 2008, KCHA may see a decrease in this target as the agency shifts to implement initiatives identified through the "Lean-engineering" review completed during FY 2007. As a result, KCHA will revise inspection targets established under this benchmark to ensure MTW standards are appropriately measured.

D. Ensuring Rent Reasonableness

KCHA continues to use the services of Dupree + Scott, a professional real estate consulting firm that conducts rental market research in the Puget Sound Region. For the Section 8 Program, Dupree + Scott publishes an annual customized rent reasonableness report based on a survey of rental units in rental sub-markets across King County. The report establishes a maximum rent for housing units based on a number of factors, including location, size, quality, type, amenities, utilities, and general condition. To perform rent reasonable tests, KCHA also accesses web-based on all apartment buildings in the Seattle-King County area with 50 or more units, including total number of units, age of building, square footage by bedroom size, rental price of last units rented and comparable units within a stated number of miles. A trained Section 8 inspector uses these reports as a guide to determine rent reasonableness. KCHA staff determine rent reasonableness for all units rented under the Section 8 program, including units owned by KCHA.

E. Expanding Housing Opportunities and Deconcentration

The following are descriptions of strategies the Authority uses to increase the housing choice and opportunities for low-income households through the Section 8 program:

Project Based Assistance Program

The Project Based Assistance Program preserves and increases the range of options available to low-income households and offers more housing opportunities in low-poverty areas. KCHA converts tenant-based vouchers to Project Based Assistance, through a direct contract with an owner for a specific number of units. The owner is obligated to house Section 8-eligible tenants in this housing and abide by any other parameters established by KCHA and/or partner funders.

The Authority will further explore use of project-based assistance in the redevelopment of Public Housing. New policies may be developed relating, but not limited to, percentage caps on number of subsidized units in a development and the adoption of operational guidelines for mixed subsidy developments.

Vouchers will be allocated for a range of differing population groups and purposes. These include transitional and permanent housing opportunities for individuals and families with children who may need on-site support services. General numerical targets for units to be project-based in each category are as follows:

1. **Private Housing Program (Off-site HOPE VI Replacement Housing):** KCHA will project-base 269 replacement vouchers under the Park Lake HOPE VI project in housing it controls and in projects owned by nonprofit organizations and funded by A Regional Coalition for Housing (ARCH) or other government funders. This initiative will deconcentrate the subsidized housing supply by shifting it from one of the region's most impoverished communities to more affluent neighborhoods.
   Units currently under contract: 212
2. **Public Housing Redevelopment (On-site Public Housing Replacement Housing):** To replace or redevelop units on-site at former Public Housing sites, KCHA will permanently and/or temporarily project-base up to 280 units for new and returning residents at Greenbridge. In addition, KCHA anticipates project-basing approximately 270 units at Springwood as renovation proceeds during FY 2008. Further use of this tool may be contemplated if additional redevelopment sites are identified.
   Units currently under contract: 110
3. **Housing for formerly homeless families:** KCHA will work with the Bill and Melinda Gates Foundation's Sound Families Initiative to create up to 230 units of supportive housing for formerly homeless families.
   Units currently under contract: 177
4. **Supportive Housing:** Housing and Services Program (HASP) Vouchers made available for project-basing will create or preserve service-enriched permanent housing opportunities in up to 150 units for disabled households and those needing on-site support services.
   Units currently under contract: 32

5. **Families with Children:** To increase opportunities for households with children in low-poverty, employment-rich areas with limited subsidized housing opportunities, KCHA may commit Project Based Assistance for up to an additional 100 units, but only after KCHA's replacement housing goals have been met and if additional vouchers are available.
   Units currently under contract: 0
6. **Local Preservation:** KCHA may attach Project Based Assistance to up to 150 units in projects requiring temporary or permanent operating subsidies to serve extremely low-income households.
   Units currently under contract: 73
7. **King County's Community Plan to End Homelessness:** As a partner in the Committee to End Homelessness, KCHA reserves the right to identify new program categories for up to 100 units that specifically serve homeless households and further the goals of the King County Plan to End Homelessness for up to 100 units. This number may be increased by KCHA's Board in FY 2008, depending on the progress made by the region in identifying supportive service funding.
   Units currently under contract: 10
8. **Transition in Place:** If resources are available, KCHA will allocate up to 40 "transition in place" vouchers to Transitional Housing Programs funded by KCHA and Sound Families as needed.
   Units currently under contract: 0
9. **Demonstration Programs:** KCHA reserves the right to provide Project Based Assistance to up to 100 units in a limited number of pilot projects that will serve an important public purpose, but may not qualify under identified programs or policies.
   Units currently under contract: 25 Under the Provider-Based Supportive Housing Program.

Housing Choice Voucher Supportive Housing Programs

To better serve households with disabilities, KCHA created the Housing Access and Services Program (HASP) in partnership with a consortium of human service and behavioral health care systems. Under this program, a total of 1,539 tenant based vouchers are dedicated to disabled households. Participating human service systems assist participants in utilizing their vouchers by finding suitable housing and intervening in crisis situations when a tenant is at risk of losing housing. Due to KCHA's commitment, 43% of all KCHA Section 8 participants are now disabled households. Housing search and crisis intervention services are currently being extended to other designated populations under the Section 8 program. Thanks to these efforts, in FY 2006, KCHA's HCV program termination rate was 2.3%.

To better serve special needs families, KCHA also partners with nonprofit agencies serving survivors of domestic violence and homeless parents at risk of being separated from their children. In FY 2007, several of these partners received supportive service funding to better support households in these programs. KCHA anticipates expanding its list of agency partners that refer program clients and provide services to targeted voucher populations.

Payment and Occupancy Standards

To ensure that Section 8 clients can access housing throughout King County, the Authority previously worked with HUD to establish exception rent areas. Currently exception rents are approximately 118% of the Fair Market Rent (FMR). In late FY 2007, KCHA used MTW authority to allow payment standards up to 120% of FMR without seeking HUD approval in order to accommodate multiple rental markets within its jurisdiction. The Housing Authority is reviewing current rental data and may propose increasing Payment Standards either County-wide or in separate sub-markets. KCHA will continue to review payment standards and occupancy standards on an ongoing basis to reflect rising shelter costs and rent burdens, and will create hardship review processes in addition to reasonable accommodation policies already in place.

Landlord Outreach

Extensive outreach to current and potential landlords include staffing a Section 8 information booth at the annual TRENDS/Rental Housing Management Conference and Trade show, periodic information mailings letting landlords know of upcoming changes to the program and continued refinements to the KCHA webpage. These methods make it easier for a landlord to gain information about the program and list available units. KCHA is working with the landlord community to expand direct deposit payments for monthly rents. In instances where HUD monthly HAP payments have been delayed, KCHA has used its MTW reserve to assure that landlords were paid promptly on the first of the month.

Inspection and Rent Reasonable Strategy

Creating an effective and efficient Section 8 Housing Quality Standards inspection program for KCHA's large jurisdiction – covering almost 2,000 square miles – is a significant challenge.

In FY 2004 and 2005, KCHA adopted changes to its inspection and rent reasonable protocols to ease the burden on participants and landlords and streamline the inspection process. These changes include:

- Allowing KCHA Section 8 staff to inspect and perform rent reasonable studies on KCHA-owned units;
- Performing rent reasonable studies on units only when an owner has requested a rent increase;
- Allowing owners and participants to self-certify corrections of minor HQS inspection fail items identified during annual inspections.

In FY 2007, KCHA radically changed the inspection process. It decoupled the inspection from the client's annual review date, allowing inspections to be grouped by area rather than by the date they entered the program. This "clustering" allows an inspector to reduce driving time between units, thus allowing more inspections within a defined time period. MTW was used to extend the annual re-inspection requirement from 12 to a maximum of 20 months to realign inspection cycles by geographic clusters.

During FY 2008, in addition to inspection protocol changes described in previous plans, KCHA will explore policy and program changes that may:

- Reduce the number of annual inspections through sampling in buildings with large numbers of Section 8 families or other approaches.
- Reduce the number of missed inspections.
- Allow KCHA to accept inspections by other parties (State Housing Finance Commission, King County Affordable Housing Program) whose practices and standards are similar to those of KCHA.
- Further streamline the rent reasonableness process.

In pursuing these initiatives, KCHA will continue providing safe, decent, and sanitary housing for all Section 8 participants.

F. New MTW Demonstration Initiatives

During FY 2006, the Authority received approval to include all HUD-Funded vouchers (except for a small portion designated for the Mainstream Program) into a single Block Grant. As a result, the Authority can now apply a single set of policies and procedures to program administration. Changes to be explored and/or implemented under this initiative may include the following areas:

- Eligibility criteria for tenants;
- Property and owner eligibility criteria;
- Review of rent policies, including income inclusions and exclusions, deductions, minimum rent, timing of reviews, method of rent calculation, and subsidy levels;
- Expansion of methods of income verification;
- Waiting list procedures and tenant selection procedures, criteria and preferences;
- The content of the Housing Assistance Payments Contract;
- Family Obligations;
- Portability and moving procedures and policies;
- Alternative means of setting rent payment standards and exception payment standards;
- Standards and procedures for reviewing, setting, and implementing utility allowances;
- Eligibility policy regarding single persons who are not disabled and not elderly, live-in aides, and residual family members;
- Further refinement of the Project Based policy and procedures;
- Further changes to inspection protocols;
- Targeting of vouchers to specific priority populations and supportive service providers in coordination with local 10-Year Plan to End Homelessness program priorities and funding.

Section IX. Resident Programs

A. Services and Programs

In a time of reduced federal funding and ever-increasing rental and homeownership costs, KCHA must be more strategic in providing services to Public Housing and Section 8 households. By focusing on increasing economic independence and graduation rates from federally subsidized housing, KCHA can service more low-income households. While KCHA will focus a number of resident service initiatives on households that can enter and progress in the job market, it will continue to provide comprehensive services to youth, seniors, and disabled populations.

KCHA serves a culturally, socially, and economically diverse population and is committed to partnering with a wide range of service organizations to deliver support services to residents within its housing communities.

New Resident Services

During FY 2008, KCHA will explore a series of new or expanded initiatives. The following may require use of KCHA's MTW waiver authority or block grant funding:

- **Resident Opportunities Plan.** As KCHA looks toward the next five years and the challenges faced by the county's lowest income households, it must focus on two critical objectives: improving economic independence for Public Housing and Section 8 households and increasing graduation rates from federally assisted housing. During FY 2008, KCHA will conduct a comprehensive assessment of current conditions and opportunities for residents of KCHA owned housing communities and participants utilizing vouchers through the Section 8 program. Based on this assessment, KCHA will develop a combination of strategies that consider:

  - Internal and external work incentives that support resident employment and income progression;
  - Program participation mandates to increase resident involvement in programs;
  - Resident outreach and community building practices that promote active engagement in and feedback on resident service programs;
  - Skill development initiatives that focus on ESL, pre-vocation, apprenticeship, vocation and general education with community colleges, unions and other key stakeholders;
  - Employment related coordination efforts with employers and the Workforce Development Council for access to quality jobs;
  - Small business development and micro lending opportunities that support home-based businesses such as childcare or landscaping;
  - Pilot projects that combine unique incentives, opportunities and approaches for specific populations including, for example, families receiving temporary assistance for needy families (TANF);

- Asset building programs that combine skill development such as credit repair and budgeting tools with programs such as individual development accounts, to help families build and maintain equity over time;
- Exit strategies, including coordination with KCHA controlled work force housing, that enable residents to graduate from subsidized housing.

- **Expansion of Funding Sources for Resident Service Programs.** KCHA will continue exploring ways to increase funding resources by identifying and soliciting appropriate local, state and federal public resources, as well as national and local private foundations.

- **Resident Services for "Other" Low Income Households**. KCHA will explore ways to make resident services currently only open to Public Housing residents because of funding guidelines, available to Section 8 participants and other low-income households participating in rent restricted programs, such Preservation and Tax Credit properties.

- **Changes in Rent Policy and Lease Terms**. KCHA's Resident Services and Housing Management departments will jointly develop an comprehensive approach to rent policy and lease terms that supports economic independence and addresses administrative burdens for residents living on limited fixed incomes. The Resident Services department will revise or develop services and programs that support the new rent policy.

- **Expansion of Student Scholarship Program.** KCHA will work with its existing youth development partners to increase the availability of scholarships, giving low-income students additional funding resources to further their higher education goals.

- **Expansion of relationships with school districts.** KCHA's youth development partners have built informal relationships with individual schools to assist with increased academics, improve grades and reduce truancy and drop-out rates. Over the next year, KCHA will work with specific school districts to develop formal relationships between schools and KCHA's youth-related service providers, establishing district-wide information sharing and collaboration expectations to increase support for youth and their families.

- **Expansion of the Section 3 Employment Program**. Construction work will increase substantially over the next several years as KCHA renovates eight of its mixed population buildings and redevelops two major public housing family developments. As KCHA increases development activities, it will consider expanding its existing local hiring and contracting program in tandem with the Resident Opportunities Plan referenced above.

- **Expanded Homelessness Prevention Services for Current Public Housing Tenants and Section 8 Participants**. KCHA will expand its program to assist vulnerable clients in maintaining their housing. This program, jointly administered by housing management and resident services staff, includes procedures for identifying at-risk families, addressing the situation and providing referral and follow-up for households in need of more comprehensive services.

- **Housing Assistance Services for Section 8 Applicants.** KCHA will explore expanding housing assistance, including housing search and landlord advocacy, to Section 8 program applicants who receive vouchers but have barriers preventing them from leasing from a private landlord. The goal of this service is to increase the number of applicants who successfully find housing using a Section 8 voucher.

- **Expansion of Support Services Program**. As part of the HOPE VI project, KCHA is building a new mixed population apartment building that, when completed in 2008, will serve an additional 82 senior or younger disabled households. KCHA will seek to include this building in its support service program. KCHA will also look into expanding support services for senior and younger disabled residents living in Public Housing family developments. Both expansions will require additional funding.

- **Expansion of the Youth Education and Development Services**. After KCHA evaluates its youth program goals and outcomes, it may revise its contracts, expand its youth program budget and determine a new funding mechanism.

- **Community Services Requirement**. KCHA will continue to evaluate and revise the existing program to support residents and improve administrative efficiency.

Ongoing Resident Services

- **Early Childhood Programming.** In partnership with Puget Sound Educational Services District (PSESD), KCHA provides three on-site Head Start centers within the Authority's largest public housing communities. Together, these sites serve 329 four and five-year-olds annually in half day and full day programs. Last year, the Bill and Melinda Gates Foundation awarded PSESD a large, multi-year grant to design an early learning initiative for the White Center neighborhood that prepares all children, regardless of economic status, for success in school. Over the next year, KCHA will work with PSESD and other White Center stakeholders to further this initiative, including developing plans for a state-of-the-art Head Start facility to be located in KCHA's Greenbridge community.

- **Youth Education and Development Services.** KCHA partners with Neighborhood House, the Center for Human Services, Kent Youth and Family Services, the Center for Career Alternatives and the Boys and Girls Club to serve over 1200 (unduplicated) public housing youth between the ages of seven and eighteen. The following services are provided:
  - Youth literacy and tutoring programs
  - Homework assistance
  - School tracking, attendance and grade monitoring
  - Computer training programs
  - Life skills classes and mentoring programs
  - Recreation programs, including late night activities for teenagers
  - Employment readiness and job search assistance

- **Self-Sufficiency Services and Programs.** KCHA provides supportive services to Public Housing or Section 8 program residents to obtain, maintain and increase employment. The following efforts will be evaluated and considered as part of Resident Opportunities Planning initiative:

  - **Career Development Centers**. KCHA contracts with the Center for Career Alternatives and the YWCA to operate career development centers strategically located in three public housing communities: Greenbridge, Springwood Apartments and Green River Homes. Combined, these three sites will assist 142 people find jobs, 65 percent of whom will retain them for six months or more. In addition to employment and retention outcomes, these agencies partner with local community colleges to prepare residents to increase their economic independence by establishing:
    - English classes for residents with limited English speaking skills

    - Job skill and short term training programs
    - Job search, resume preparation and interview skill training
    - Job retention and life skill development

- **Section 8 Family Self-Sufficiency Programs.** Concurrently, up to 200 Section 8 participants contract with the Housing Authority and the YWCA to establish long term individual plans that lead to economic self-sufficiency. As employment income increases, participants are eligible for an escrow account, where the difference between their initial rent and subsequent higher rents is deposited. When FSS participants meet their program goals and are ready to end their contract, they receive their escrow account balance, which they can use for homeownership, higher education, or small business development.

- **Support Services Coordination for Elderly and Younger Disabled Households.** Nine KCHA Support Service Coordinators serve over 1300 elderly and younger disabled households living in 21 mixed-population public housing buildings. The coordinators reduce isolation by coordinating building activities and prevent evictions by helping residents assess their needs and connecting them to available community-based services. KCHA also coordinates services, including transportation, provided to elderly and disabled residents by Neighborhood House, Senior Services, HOPELINK and other partner agencies.

Additional Resident Support Service Activities

- **Reasonable Accommodations.** The Authority provides a 504 Reasonable Accommodation program, which coordinates resident and applicant requests for reasonable accommodation in Public Housing units and the Section 8 program. During fiscal year 2008, KCHA expects to process a minimum of 1200 requests.

- **Improving Safety in Public Housing Communities.** In late 2005, KCHA, in partnership with two police departments, several community service providers and the United States Attorney's Office, was awarded a public housing safety initiative grant to deliver crime prevention and intervention services in three housing developments in South King County. This grant helps improve the physical environment of each development, increases community-policing efforts, improves safety measures and provides after-school and late-night activities for at-risk youth. This program is funded through the end of 2007. KCHA will apply for continued funding to support this successful program.

- **AmeriCorps Program.** KCHA provides staffing, supervision, and coordination of a 12-member team of AmeriCorps volunteers who work in public housing, schools and community-based organizations to support residents' needs, including youth tutoring and adult education.

- **Hope VI Family Services.** The HOPE VI Family Services staff works with families displaced by the HOPE VI redevelopment project to re-occupy the newly-developed Greenbridge community, maintain current housing stability, handle emergency issues, and set long term goals.

  KCHA also utilizes local community agencies to provide HOPE VI families with additional support services, including homeownership, employment and training, financial planning, youth activities, and healthcare. Services will be available through 2009 when it is anticipated that all former Park Lake Homes residents wishing to return to the new community have been able to do so.

  As the community is re-occupied, the Greenbridge community builder will work with service agencies, management and residents to create programs, workshops, resident groups and neighbor-to-neighbor activities that support connection and community.

- **Expanding Facilities to Support Access to Services.** KCHA collaborates with partner agencies to develop facilities housing primary social services at its major public housing sites. To support capital fundraising activities, KCHA established two 501(c)3 partnerships with non-profit service providers. These partnerships, Building Better Futures and the Greenbridge Foundation, have already successfully raised close to $12 million to assist in facility development.

  - **Building Better Futures:** In 2004, the Authority, working in partnership with Puget Sound Educational Service District and two community-based non-profit service providers, completed fundraising and construction of a new Kent Family Center. This two-story, 20,000 sq. ft., building houses Head Start, a WIC Clinic and a career development center at Springwood, KCHA's largest public housing site in south King County.
  - **Springwood Youth Center.** In 2005, the same partnership that built the Kent Family Center began raising the capital needed for the replacement of the Springwood Community Center with a new Youth Center. This 10,800 sq. ft. center opened in August, 2006, and provides a state-of-the-art space for after-school and late-night youth activities.
  - **Greenbridge Community Service campus**: As part of the Greenbridge HOPE VI project, KCHA is working with over a dozen long-time service partners to create a network of facilities to support comprehensive services for the community. The first building, completed on land provided by the Authority and opened in 2005, is the new **White Center Heights Elementary School**, designed as a community school with facilities open to the community after school.

    The second building on the Greenbridge service campus is the **Jim Wiley Community Center**. The 23,000 sq. ft. facility has been extensively rehabilitated and reopened in March, 2007. The facility includes space for the following activities: youth tutoring, mentoring and recreation, family and individual case management, adult basic education, ESL and citizenship classes, senior activities, cultural classes, EITC assistance, energy assistance; and flexible community meeting and gathering spaces.

The YWCA Learning Center at Greenbridge: This 8,000 sq. ft. YWCA facility will include a branch library and Washington State University Cooperative Extension Program. The Learning Center will provide job search assistance, employment case management, youth leadership programs, literacy enrichment, distance learning, 4-H programming and basic computer classes. It is scheduled to open in mid-2008.

The Greenbridge Early Learning Center. Developed by the Puget Sound Educational Services District, this 32,000 sq. ft. building will serve as the Hub for the White Center Early Learning Initiative and house Head Start programs, parenting classes, employment services for Head Start parents, regional training programs, support and training for informal childcare providers, child care, home visits; and prenatal/infant/toddler services. It is scheduled to open in 2010.

Section X. Other Information Required by HUD

KCHA Commission Resolution and Required HUD Certifications

- Board Resolution Adopting this FY 2008 MTW Annual Plan
- PHA Certification of Compliance with MTW Plan Requirements
- Certification for a Drug-Free Workplace
- Certification of Payments to Influence Federal Transactions
- Disclosure of Lobbying Activities
- FY 2006 Audit Report in Compliance with OMB Circular A-133

To access electronic copies of the Board Resolution and related Certifications, please click the icons below:

"Board Resolution - FY 2008 MTW Plan.p

"MTW Certifications-FY2008

"FY 2006 Audit Report.doc.pdf"

Funding Allocation Forms

- Calculation of Operating Subsidy
- Capital Fund Program Estimate
- Section 8 Estimate of Total Required Annual Contributions for Mainstream Vouchers

To access electronic copies of Funding Allocation forms, please click the icon below:

"Funding Allocation Forms - FY 2008 MT\

Section XI. Community Review of the MTW Plan and Ongoing Policy Formulation

A. Coordination and Public Notice

The King County Housing Authority is committed to developing the MTW Annual Plan in an open environment that encourages public and resident review and input. Under guidelines established by the Authority, the Draft MTW Annual Plan for FY 2008 was made available for public review and comment for a period of two weeks. Public Notification of draft Plan availability was advertised as follows:

- Posted on KCHA's website (kcha.org);
- Posted in all KCHA Public Housing Management offices and each development; *and*,
- Published in the Northwest Asian Weekly, the Facts Newspaper and The Seattle Times.

Copies of the draft Plan were made available, upon request, to all interested parties.

In addition, copies of the draft MTW Plan were distributed to the Resident Advisory Committees (RAC) prior to the RAC's regularly scheduled meeting on March 29, 2007. The RAC meeting allotted time to review draft Plan components, answer questions and invite further comment and input prior to the Public Hearing.

On April 3, 2007, KCHA held an informal meeting to provide community stakeholders an opportunity to review draft Plan components, answer questions and invite further comment and input prior to the Public Hearing.

A Public Hearing was held on April 5, 2007 at the Authority's Central Administrative office, during which participants were invited to present input and comment on the draft Plan. Copies of the Authority's outreach materials, together with comments received regarding the Plan are appended as Appendix G.

The Plan was subsequently approved in an open meeting of the Board of Commissioners on April 16, 2007.

B. Comments Received

Comments regarding KCHA's FY 2008 MTW Plan are summarized in ***Appendix G***.

C. Future Program Changes

KCHA will continue work with key stakeholders to ensure public and participant input into policy formulation. Using a range of forums, including Resident Advisory Committee meetings, resident and program participant surveys, focus groups and public hearings, as appropriate, KCHA will solicit feedback on proposed program changes. Due to the broad ethnic diversity of its residents and voucher holders, KCHA will provide translation and interpretation services to help ensure full participation. Due to the large geographic area KCHA encompasses, the Authority will hold meetings and public hearings in locales that facilitate resident feedback and participation.

APPENDICES

FY2008 MTW Plan

To access electronic copies of Appendices included in the KCHA MTW FY 2007 Annual Plan, please click the icons below:

"Appendix A - Public Housing Family Hous

"Appendix B - Public Housing Mixed Popul

"Appendix C - Section 8 Program De

"Appendix D - Public Housing Waiting List

"Appendix E - Section 8 Waiting Lis

"Appendix F - Resident Services and

"Appendix G-Public Notice Documentatio