2010

MTW ANNUAL PLAN

King County Housing Authority

King County Housing Authority

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SECTION I. INTRODUCTION

Since its establishment in 1939, the King County Housing Authority (KCHA) has played a key role in providing affordable housing options for the residents of the Puget Sound region. Serving those with the greatest need is our primary mission and our programs ensure that diverse populations – homeless families, elderly and disabled households, immigrants and refugees, the working poor – all benefit from KCHA's programs. Nationally recognized for its innovative programs, KCHA has consistently achieved designation as a HUD "High Performer" under evaluations of its Public Housing and Section 8 Housing Choice Voucher programs.

As the County's largest provider of affordable housing, KCHA works diligently to ensure the long-term financial and physical viability of its housing inventory and respond to regional housing needs. Following this mission however, in an environment characterized by multi-year reductions in federal funding, escalating costs to maintain an aging inventory and an increasing gap between the availability of affordable housing and the number of low-income families in need of assistance, has become increasingly challenging.

In 2003, seeking a long-term solution to ongoing reductions in support for federal housing programs, KCHA entered the Department of Housing and Urban Development's (HUD's) Moving to Work (MTW) demonstration program. One of fewer than 30 high-performing agencies selected for the program, MTW participation provides KCHA a unique opportunity to break away from overly restrictive federal housing program rules and constraints in favor of new approaches to delivering affordable housing in our local communities. As an MTW agency, KCHA's Public Housing Operating, Capital and Section 8 program resources are combined in a single block-grant with full funding flexibility. KCHA may use the MTW block-grant to fund a wide array of affordable housing initiatives, including but not limited to, general operation of the Public Housing or Section 8 Housing Choice Voucher programs, capital improvements, site acquisition and development, case management and supportive services and other approaches to the provision of housing services to low-income households without being limited by the program constraints of Sections 8 and 9 of the U.S. Housing Act of 1937.

As mandated by Congress, the MTW demonstration encourages KCHA to develop new approaches in the delivery of housing services in order to address the following program objectives:

- Increase housing choices for low-income families;
- Help KCHA clients become increasingly self-sufficient;
- Ensure the cost effectiveness of KCHA operations.

Through participation in the MTW demonstration, KCHA works to develop and apply innovative and sustainable solutions that respond to the specific housing needs and markets in the greater Puget Sound area. Preserving and increasing the supply of affordable housing is vital to ensuring that the County's increasing population of extremely low-income households - those in poverty, on the brink of homelessness or without access to necessary support services - have a safe, secure place to call home. In collaboration with local governments and non-profit organizations, MTW program flexibility has allowed KCHA to expand efforts to address the region's critical shortfall of affordable housing and to strengthen its role as the safety net for homeless and special needs populations. Major accomplishments under the program include:

- An almost 18 percent increase in the number of households served. In King County's tight rental market over the past five years, KCHA's ability to grow the size of its programs to assist an additional 1,800 households has been essential in fulfilling regional goals outlined in the County's 10-Year Plan to End Homelessness.
- Expansion of programs to reach "hard-to-house" populations. Through new partnerships with local public and behavioral health care systems, KCHA is ensuring that the County's most at-risk populations - chronically homeless and mentally-ill households - have access to permanent, supportive service-enriched housing in which they can stabilize and grow.
- Use of a locally designed Project-based program to provide transitional housing to homeless families with children. In conjunction with the Bill and Melinda Gates Foundation, United Way, and local community service partners, KCHA's transitional housing integrates housing with case management, support services and access upon graduation to public housing to help get families back on the road to self-sufficiency.
- Operations are more efficient and streamlined. Savings produced from major programming changes, such as the "Easy Rent" program and the restructuring of Section 8 HQS inspection protocols, are allowing KCHA to realign staffing and direct resources where they are most needed.
- Creative financing to address the backlog of unmet capital needs in KCHA's Public Housing inventory. In 2008 alone, KCHA leveraged more than $30 million for the redevelopment and upgrading of its most dilapidated structures - ensuring that these units remain viable affordable housing resources over the long-term.
- Increased safety and security and improved environmental sustainability in our Public Housing inventory. MTW funding flexibility has assisted KCHA efforts to ensure all senior/disabled building are fully sprinklered, a sufficient number of units are accessible and usable by disabled households and conservation measures are implemented and installed - reducing water consumption more than 40 percent.
- Expanded client housing choice through a replacement housing program that has shifted federally subsidized units from neighborhoods of concentrated poverty to the County's affluent eastside communities, a new transfer policy that facilitates transfers between programs to accommodate individual family needs and a Section 8 payment standard that is calibrated to reflect costs in distinct submarkets of the region.

Absent the regulatory relief and financial flexibility offered through the MTW program, KCHA's ability to address these multi-faceted housing challenges would be extremely limited. That's why in early 2009, after nearly two years of negotiations, KCHA executed a revised MTW Contract with HUD. The Restated MTW Agreement secures KCHA's participation in the Moving to Work program through 2018.

Under its revised MTW Agreement, KCHA continues to be required to submit an MTW Annual Plan to HUD prior to the beginning of each fiscal year. Prepared in HUD's newly prescribed format, this is KCHA's sixth MTW Annual Plan, covering the fiscal year beginning January 1, 2010 and ending December 31, 2010. It is intended as a roadmap of both ongoing MTW initiatives previously approved by HUD and new initiatives proposed for development and implementation during the next fiscal year. As detailed, during FY 2010 KCHA is committed to continued use of MTW program flexibility to build partnerships and develop programs that address the multiple housing needs of the Puget Sound region. Building upon previously implemented and ongoing activities outlined in this MTW Plan, KCHA's focus during the next fiscal year will center upon:

- **Implementing comprehensive rent reform policies that provide families with incentives to attain employment and increase economic self-sufficiency.** In late FY 2009 and early 2010, it's anticipated that policies for Phase II of KCHA's Rent Reform initiative approved by HUD in FY 2008 will be finalized. Actual implementation of approved program modifications will begin during FY 2010, allowing working and work-able households to benefit from streamlined income, rent, subsidy and utility calculations that encourage economic growth, asset building and employment retention.
- **Accelerating efforts to move families along the path to economic self-sufficiency.** During FY 2010, in tandem with Phase II Rent Reform, KCHA's new Resident Opportunity Plan is expected to be in "full swing". The 5-year pilot program, developed in partnership with the YWCA, Bellevue College, Hopelink and Washington State's Department of Employment Security, will provide up to 100 households with intensive wrap-around services so they can acquire the skills needed to increase income and successfully graduate from federally assisted housing.
- **Increasing resources to address the multi-faceted needs of our most vulnerable populations – chronically mentally ill individuals who cycle between living on the street, our jail systems and hospital emergency rooms.** Removing barriers to housing access and ensuring permanent supportive housing for this "at risk" population is a critical component of efforts to address the goals of King County's 10-Year Plan to End Homelessness.
- **Expanding our reach to assist high-need, homeless families.** During FY 2010, in partnership with the Washington Families Fund and King County, KCHA will establish a supportive housing program that marries the provision of affordable housing with intensive support services to assist households to move out of shelters and up and out of poverty. Expanding upon the Family Unification Program model, KCHA's 5-year program will engage and strengthen families as they actively work toward increasing self-sufficiency through counseling, education, training and sustained employment.
- **Implementing innovative policies that use MTW reserves to encourage lease compliance, fund resident incentives and promote successful graduation from KCHA**

subsidized housing programs. Using a "cost-benefit" approach, KCHA will develop financial incentives and disincentives that promote mutually beneficial resident behavior.

- **Ensuring cost effective operation of housing programs through streamlining and lean engineering.** During FY 2010, KCHA will seek to implement program and policy changes that eliminate redundant forms and business processes, encourage data sharing among government agencies and simplify verification of income, assets and family circumstances. Policy changes, such as those to modify HQS inspection protocols will significantly reduce administrative expenses without adversely affecting the quality of housing services delivered by KCHA.
- **Using MTW resources to leverage other government and private investments to improve the quality and expand the supply of affordable housing in the Puget Sound region.** Through innovative financing and flexible use of the MTW block grant, KCHA will continue efforts to upgrade its existing housing inventory to ensure its viability over the long-term. New bidding and contracting approaches and partnerships with weatherization and renewable energy funding sources will be explored. In addition, KCHA will continue to seek site acquisition and development opportunities in an effort to increase housing choices available to low-income residents of King County.
- **Continuing to improve the geographic mobility of low-income households and increase housing choice through programs and policies that reduce barriers to access to KCHA subsidized housing.** During FY 2010, KCHA will continue to monitor the rental "climate" in each sub-market to ensure Section 8 Housing Choice Voucher participants have access to low-poverty neighborhoods where they would have otherwise been priced out of the rental market. Section 8 project-basing approaches will continue to promote broad geographic choice. At the same time, KCHA's open-door transfer policy will provide flexible support across traditional program lines – allowing families to access the subsidy program most suitable to their individual needs and circumstances.

KCHA is committed to open and clear communication with residents, the Resident Advisory Committee, community stakeholders and the public in the development of each MTW Annual Plan. As required under the terms of its MTW Agreement, copies of this draft Plan were made publicly available for a period of no less than 30 days. On September 9, 2009, following the public notice period, a Public Hearing was held to review plan components and receive community and resident comments and feedback. A compilation of comments received, together with KCHA's response and/or modifications incorporated in this FY 2010 MTW Plan are attached in Section VIII and were reviewed by KCHA's Board of Commissioners prior to their approval of the draft Plan on October 7th, 2009.

SECTION II. GENERAL HOUSING AUTHORITY OPERATING INFORMATION

A. Housing Stock Information

INVENTORY BREAKDOWN for FY 2010 (Public Housing, HCV, Other-HUD and Local programs)				
Program	**Inventory at Fiscal Year Begin: Jan. 1, 2010**	**Anticipated FY 2010 Inventory Additions**	**Anticipated FY 2010 Inventory Removals**	**Projected Inventory FYE 2010: Dec. 31, 2010**
Public Housing: MTW	2617	13	165	2465
Public Housing: non-MTW	0	0	0	0
Total PH Inventory	**2617**	**13**	**165**	**2465**
HCV: General MTW*	5861*	0	87	5774*
HCV: Project-based MTW	1129	87	0	1216
HCV: Local MTW	275	0	0	275
Total MTW Vouchers	**7265***	**87**	**87**	**7265***
Other MTW: Sponsor-based program	180	10	0	190
Total Other-MTW	**180**	**10**	**0**	**190**
HCV: VASH, non-MTW	105	50	0	155
HCV: Mainstream, non-MTW	350	0	0	350
HCV: Designated, non-MTW	100	0	0	100
HCV: Certain Development, non-MTW	100	0	0	100
HCV: FUP-2009, non-MTW	100	0	0	100
HCV: Enhanced, non-MTW	125	0	0	125
Total non-MTW Vouchers	**880**	**50**	**0**	**930**
Other HUD: Sec 8 New Construction	174	0	0	174
Other HUD: Preservation	119	0	0	119
Other, non-HUD : LOCAL	132	0	0	132
Total OTHER programs	**425**	**0**	**0**	**425**
Total Housing Stock	**11,367***	**160**	**252**	**11,275***

Does not include 2,363 HCV port-ins anticipated at FYB** – *KCHA projects an additional 121 households will port to its jurisdiction during FY 2010 resulting in a total of 2,484 port-ins at the end of 2010.* ***Also does not include *the addition of vouchers awarded through competitive grants during FY 2010. As outlined in this MTW Plan, KCHA intends to respond to NOFA announcements for increased funding opportunities as made available during FY 2010.*

Description of Planned Significant Capital Expenditures:

During FY 2010, KCHA plans to expend more than $23 million to complete necessary capital improvements to its Public Housing communities. In addition, KCHA anticipates expending more than $30 million through major redevelopment efforts previously initiated to complete capital improvements at the Springwood Apartments (now Birch Creek) and the HOPE VI reconstruction of Park Lake Homes Site II. Funding of planned projects is anticipated from a variety of sources, such as the Public Housing Capital and RHF funds, accumulated MTW reserves, formulaic and competitive grants awarded under the American Reinvestment and Recovery Act and the leveraging of private capital into Public Housing developments through innovative financing strategies. Major capital projects and related FY 2010 expenditures include:

- **ADA Upgrade Project - $4,123,408.** To ensure compliance with Section 504 of the Rehabilitation Act KCHA will modify 70 housing units and their related common areas to current ADA standards. Upgrades at these sites will insure that at least 5% of KCHA's public housing inventory is fully accessible to persons with disabilities. Targeted Public Housing developments include Northridge I, Lake House, Casa Juanita, Valli Kee, Cascade Homes, Southridge, Eastridge, Briarwood, Yardley Arms, Wayland Arms, Wellswood, Juanita Court, Boulevard Manor, Kings Court, Ballinger Homes, Brittany Park, Riverton Terrace and Pacific Court.
- **Building Envelope Upgrades - $9,680,187.** This project is part of a larger "green retrofit" initiative to substantially increase energy efficiency and the environmental sustainability of KCHA's Public Housing properties. Planned exterior upgrades are designed to reduce energy costs to the benefit of both KCHA and its residents. Targeted developments include Boulevard Manor, Evergreen Court, Kings Court, Riverton Terrace, Northridge I & II, Cascade Homes, Eastside Terrace, Briarwood, Federal Way Houses and Avondale Manor.
- **Community Facility Project - $1,785,000**. This initiative will improve and expand meeting and community space to support youth and family self-sufficiency programs in KCHA's family developments in order to enhance educational and life outcomes for public housing youth and increase community safety and security. The first phase of the project will provide expanded, remodeled or new community facilities at the following targeted Public Housing family developments: Eastside Terrace, Valli Kee Homes, Burndale and Firwood Circle. Possible second phase sites include: College Place, Kirkwood Terrace, Juanita Trace, Green Leaf, Wellswood and Avondale Manor.
- **Green River Homes Renovation/Reconstruction Project - $5,000,000.** One of KCHA's oldest Public Housing developments, Green River Homes requires significant reinvestment that cannot be provided under current capital grant funding levels. Funding will be provided from a variety of sources, including tax credit equity.

Planned renovations will transform the 60-unit site from an aging, physically distressed, and deteriorating development to a modern, well designed rental community – positively impacting the quality of life for its residents as well as significantly strengthening the surrounding neighborhood.

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

In 2003, through the award of a $35 million HOPE VI grant, KCHA began the complete redevelopment of Park Lake I, a 569-unit public housing development located in White Center – one of King County's most impoverished neighborhoods. Once KCHA's oldest and largest development, Park Lake I is being replaced by a new mixed-income community known as Greenbridge. The redeveloped site includes extensive on-site community services, including a new elementary school, early learning center, library and renovated community center. The redeveloped site will contain up to 1,000 homes, including 320 units serving extremely low-income households. By the end of FY 2009, construction of Salmon Creek, an 87-unit development that includes 50 Public Housing units inter-mixed with 9 Project-based and 28 Low-income Housing Tax Credit units, is anticipated to be complete and units fully occupied.

During FY 2010, construction of the community's **Eastbridge** development is projected to be complete. The 90-unit site will include a mix of Public Housing, Project-based Section 8 and Work-force housing as follows:

Unit Size	Public Housing	Project –based Section 8	Tax Credit	Mkt Rate / Common Units
1 – Bedroom	0	0	6	0
2 – Bedroom	11	1	22	1
3 – Bedroom	2	18	18	0
4 – Bedroom	0	10	0	0
5 - Bedroom	0	2	0	0
Total	**13**	**31**	**46**	**1**

In accordance with design specifications, 5 percent of the Eastbridge units will be "fully accessible" and 20 percent will be "adaptable" to accessibility standards.

With the completion of Eastbridge, a total of 448 rental units – including 180 Public Housing units and 120 Project-based Section 8 rental units – will have been built and occupied at the Greenbridge site.

- **Number of Public Housing units to be removed from inventory during the FY: 165 units**

As detailed in its FY 2008 MTW Annual Report, KCHA has been awarded a HOPE VI Revitalization grant for the redevelopment of Park Lake Homes II in White Center. Built in the early 1960s, this 165-unit Public Housing development requires significant investment to address extensive infrastructure needs and replace the current obsolete housing structures. As redevelopment of the 31-acre parcel progresses, KCHA will demolish all 165 units to make way for some 300 new rental and for-sale housing that will create a new mixed-income community. In addition to workforce rental and affordable and market rate homeownership opportunities, the site will include 165 new rental units affordable to Public Housing residents. Demolition is anticipated to commence in late FY 2009 and continue into 2010. Although it is anticipated the 165 public housing units will be replaced on site with federally subsidized units, during the demolition and reconstruction phase of the HOPE VI project these units will temporarily be deleted from inventory.

B. Leasing Information

HOUSEHOLDS UNDER LEASE for FY 2010 (Public Housing, HCV, Other-HUD and Local programs)		
Program	**Households at Fiscal Year Begin: January 1, 2010**	**Projected Households at Fiscal Year End: December 31, 2010**
Public Housing: MTW	2402	2425
Public Housing: non-MTW	0	0
Total PH Inventory	**2402**	**2425**
HCV: General MTW *	8224	8258
HCV: Project-based MTW	1129	1129
HCV: Local MTW	275	275
Total MTW Vouchers	**9628**	**9662**
Other-MTW: Sponsor-based program	145	190
Total Other-MTW	**145**	**190**
HCV: VASH, non-MTW	60	120
HCV: Mainstream, non-MTW	350	350
HCV: Designated, non-MTW	10	100
HCV: Certain Development, non-MTW	10	100
HCV: FUP-2009, non-MTW	10	100
HCV: Enhanced, non-MTW	125	125
Total non-MTW Vouchers	**565**	**895**
Other HUD: Sec 8 New Construction	174	174
Other HUD: Preservation	119	119
Other, non-HUD : LOCAL	132	132
Total OTHER programs	**425**	**425**
Total Housing Stock	**13,165**	**13,597**

Includes 2,363 HCV port-ins anticipated at FYB and 2,484 projected under KCHA's program at FYE 2010.

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

KCHA staff works proactively to keep unit turnover time within its Public Housing inventory at an absolute minimum – maintaining an overall occupancy rate of over 98.5 percent. In addition, as FY 2010 approached, with the exception of vouchers awarded within the last six months, KCHA's Section 8 Housing Choice Voucher program lease-up rate remained above 100 percent.

During FY 2009, KCHA received a number of new vouchers targeted to special needs populations that are expected to fully lease-up in FY 2010. As addressed elsewhere in this Plan, in FY 2010, KCHA is committed to targeting assistance to "hard-to-house" households and to expand programs that eliminate barriers to housing access for chronically homeless and mentally-ill households - increasing housing choice for this highly vulnerable population. While every effort will be made to meet established lease-up benchmarks for KCHA's assisted inventory, the continued targeting of households who will require intensive assistance in securing landlord approvals may slow leasing outcomes.

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

As shown within the "Leased Unit" analysis above, KCHA anticipates that 1,129 Project-based vouchers will be in use at the start of Fiscal Year 2010. Additional Housing Choice Vouchers may be project-based during FY 2010 in conjunction with new and on-going MTW activities and KCHA's locally developed Project-based operating policies.

C. Waiting List Information

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

  KCHA operates separate waiting lists for its Public Housing, Section 8 and Project-based programs. Generally, applications for the **Section 8 Housing Choice Voucher program** are accepted during specified dates only. At the end of the designated time period, the waiting list is closed and KCHA assigns a limited number of applicants (typically 2,500) to the Section 8 waiting list through random "lottery" number assignment. Eligible applicants from the pool of 2,500 are selected for program participation according to their assigned lottery number. In addition to the lottery process for its general voucher pool, KCHA maintains separate waiting lists for vouchers awarded and targeted to HUD mandated priority populations. Applicants for these special program vouchers (such as those available under the VASH and Mainstream programs) may apply year-round. At this time, KCHA does not anticipate any changes in waiting list design or in the configuration of Section 8 Housing Choice Voucher waiting list protocols.

KCHA's **Public Housing program** currently operates under a Site-based, Regional and Set-aside waiting list system as well as a set of local preferences. Applicants may choose to apply for up to two (2) Site-based, or two (2) Regional waiting lists. Site-based waiting lists allow applicants to choose specific developments (up to two) in which they wish to reside. The Regional waiting list, used to fill vacant units in each of KCHA's three (3) regions, allows applicants to be considered for tenancy at any development in the selected region(s). Regional lists allow applicants who may have an urgent need for assistance faster entry into KCHA's housing programs. With the exception of Pacific Court, every third vacancy in KCHA's Public Housing developments is prioritized for formerly homeless families graduating from the region's transitional housing system. During FY 2010, the Housing Authority will continue to monitor the current waiting list system. Changes may be implemented during FY 2010 to address any identified areas of concern, modify preferences and priority assignment and/or to increase housing access and choice among the low-income households in the region.

The **Project-based** waiting list operates in similar fashion to the Public Housing waiting list and is managed out of KCHA's Central Applications office. Applicants can apply to Site-based or Regional waiting lists. During FY 2010, KCHA anticipates possible changes in program administration that will allow direct Owner referrals to vacant units when KCHA has been unable to locate a suitable applicant to fill the vacancy. Additional changes in waiting list preferences and priorities may be implemented during FY 2010 to streamline program administration and improve cost efficiency.

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

KCHA's Public Housing waiting list currently includes more than 7,700 applicants seeking assistance, up nearly 60 percent over the course of the Housing Authority's MTW participation. With demand for affordable housing far outpacing supply, it is anticipated the number of households seeking assistance through KCHA's **Public Housing and Project-based programs** will continue to escalate. Currently KCHA has no plan to curb access to either program through closure of its Site-based or Regional waiting lists.

The **Section 8 Housing Choice Voucher** waiting list has been closed since May 2007, following an advertised opening and lottery assignment as described above. At that time, KCHA received nearly 10,000 completed applications, of which 2,500 successful applicants were assigned to the HCV waiting list. Currently, of the 2,500 households added to the waiting list in 2007, approximately 500 families remain. KCHA will continue to assign these households vouchers under the program as funding becomes available. A review of current voucher turnover rates and internal commitments for HCV resources indicates the Section 8 waiting list may again be opened for limited time by the end of FY 2010.

SECTION III. Non-MTW RELATED HOUSING AUTHORITY INFORMATION *(Optional)*

A. Planned Sources and Uses of other HUD or Federal Funds (excluding Hope VI)

KCHA elects not to include this OPTIONAL information.

B. Description of non-MTW activities proposed

KCHA elects not to include this OPTIONAL information.

SECTION IV. Long-Term MTW PLAN *(Optional)*

Over the term of the MTW Demonstration Program KCHA intends to use the block grant and regulatory flexibility provided by this initiative to support the Authority's overarching strategic goals for the Puget Sound region. Approaches will evolve as regional priorities, demographics and housing markets shift. One of the strengths of the MTW concept is that it enables the Authority to reshape the use of federal resources as necessary to respond to these changes.

Basic strategic priorities for the Authority include the following:

- Continue to strengthen the physical, operational, financial and environmental sustainability of the portfolio of over 8,000 affordable housing units that we own or control.

- Expand the number of units in the region affordable to households earning below 30 percent of Area Median Income (AMI) through both development and preservation.

- Provide expanded geographic choice for low-income households, including disabled and elderly households with mobility impairments, providing our clients with the opportunity to live in neighborhoods with high achieving schools, ready access to quality services and mass transit and adjacent to the workplace.

- Close coordination of efforts with the region's public and behavioral healthcare and human services systems to end homelessness through the development of an adequate supply of supportive housing for chronically homeless and special needs populations.

- On-going "place-centered" revitalization of King County's low income neighborhoods, involving both a focus on housing and on the wide array of other physical improvements, services and partnerships that create strong, healthy communities.

- Working with the County, regional transit agencies and suburban cities, promote the integration of

In 2007, partnering with the United Way and local support service providers, KCHA utilized MTW program flexibility to launch the ***South County Pilot***. The program, targeted to assist up to 25 chronically homeless and mentally-ill households, is designed to provide the services and support needed to move participants away from life on the streets. Following a Housing First Model, the program design eliminated significant barriers to occupancy faced by this highly transient population. The program's success has since led to its expansion to assisting 155 households and laid the framework for KCHA's acquisition of ***Pacific Court***. The 30-unit Public Housing development opened in 2009 and is dedicated to serving up to 49 chronically mentally-ill individuals through provision of a permanent supportive housing environment.

new affordable housing into regional growth corridors aligned with mass transit nodes and infrastructure development.

KCHA's ***Resident Opportunity Program*** (ROP) is a prime example of steps the Housing Authority is taking to help families achieve economic independence. The 5-year pilot program will begin enrolling residents in late FY 2009. Targeted to assist 100 households, the ROP links KCHA's housing resources with case management and support services to assist families in building the skills needed to boost employment and successfully graduate from subsidized housing.

- Expand partnerships with Public Health, Headstart programs, school districts, after-school providers, community colleges and the philanthropic community to eliminate the achievement gap for the low-income households we serve and significantly improve educational and life outcomes for youth.

- Promote the economic self-sufficiency of our participating households by providing support in addressing barriers to employment and access to training and education programs with the intent of reducing length of stay, where appropriate, in subsidized housing.

- Continue to develop institutional capacity and efficiencies at the Housing Authority to ensure efficient, effective use of Federal resources. Continue to expand KCHA's non-federally subsidized programs in order to support and ensure the financial sustainability of Authority initiatives.

Installation of ***energy saving measures*** in the Public Housing inventory has reduced water consumption more than 40 percent. At the same time, KCHA has increasingly applied green engineering techniques to new construction and rehabilitation projects across its portfolio. The Birch Creek Youth Recreation Center is a clear example of how effective planning can lead to future savings. The project – a model for sustainable design – earned a ***Leadership in Energy and Environmental Design (LEED) Silver Certification*** from the U.S. Green Building Council. Home to after-school recreational and educational programs for upwards of 700 children, the building uses 20 percent less energy than similar facilities.

SECTION V. PROPOSED FY 2010 MTW Activities – HUD Approval Requested

Table V.1, shown below, lists a summary of planned new initiatives for FY 2010 proposed by the Housing Authority for FY 2010. In accordance with MTW Plan format, detail regarding each of the activities summarized below is shown immediately following this table.

TABLE V.1: Proposed Activities Table

Activity #	Activity Name
1	Supportive housing for high need homeless families
2	Resident Satisfaction Survey
3	Streamlining of Public Housing and Section 8 Forms and Data Processing
4	Using MTW Reserves to fund Resident Incentives
5	Modified HQS inspection process for Public Housing and Section 8
6	Simplify verification process for Section 8 and Public Housing
7	30-Day Referral for Project-based Units
8	Revision to the Interim Review process - Public Housing and Section 8
9	Limit on number of moves by a Section 8 participant family
10	Implement a Maximum Asset Threshold for Public Housing and Section 8 households
11	Offer incentive payments to Section 8 families ready to leave the program

PROPOSED FY 2010 MTW Activities

Activity #1: Supportive housing for high need homeless families

a. Description of MTW activity

KCHA intends to begin a permanent supportive housing demonstration program for high need homeless families living in emergency shelters. In partnership with other participants in King County's Ten Year Plan to End Homelessness, KCHA will make available a small number of vouchers that will be paired with intensive service funding. Through the region's annual "Combined Funders" NOFA process, an experienced service provider will be competitively selected to administer this program and provide services.

This program will utilize an innovative new assessment tool being developed by King County to identify high need homeless families living in shelters who could benefit from a permanent supportive housing program that combines rental subsidies and wrap-around services. The program will pair five years of rental subsidies with support service funding of up to $12,000 annually, per household. Services will be designed to meet the needs of homeless families with multiple barriers who may be at risk of losing their children. KCHA intends to use Family Unification Program (FUP) vouchers to provide the rental subsidy and may use MTW authority to project-base these vouchers.

b. MTW Statutory Objective

The proposed MTW activity achieves the objectives of increasing housing choice and assisting families with children in becoming more self-sufficient.

c. Anticipated Impacts

The demonstration program will reduce the number of homeless families living in our shelter system and address a goal of the County's Ten Year Plan to End Homelessness. In addition, it will assist these families in achieving housing stability and becoming more self-sufficient. KCHA anticipates the program design will lead to increased "shopper success" rates as families enter the program and decrease the failure rate of these families when compared to other FUP/DV program participants. As such, though there will be some initial increase in administrative burden to KCHA staff at the time of implementation this expected increase in the housing success is expected to decrease KCHA staff burdens over the long term.

d. Baseline and Benchmarks

The **baselines** for this program include:

- Total # of high need homeless families housed by KCHA
- # of households with earned income upon program entry
- Annual # of negative program exits for standard FUP participants
- Shopping success rate of standard FUP/DV participants

The proposed **benchmarks** for this program are:

- Full lease-up (a total of 20 “high need” homeless families) within 18 months of program implementation
- Years 2 - 5: 75% of households have maintained housing for one year or longer
- Years 2 – 5: 10% increase in the number of families with earned income
- 95% shopping success rate among participating families
- 25% reduction in negative program exits as compared to standard FUP/DV participants over the 5 year program term

e. Data Collection Metrics and Products

Data will be collected from the following:

- KCHA’s administrative data system (MST)
- Reports from partner service agency

Metrics will include:

- # of high need families assisted under the program
- Length of residency for participating families
- # of households with earned income
- % of households who successfully lease a unit within 6 months compared to standard FUP/DV households
- # of negative program exits for target group compared to standard FUP/DV households

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment D, items C.1.b and E.1

g. Agency Required Documentation

Not applicable

Activity #2: Resident Satisfaction Survey

a. Description of MTW activity

KCHA intends to utilize MTW funds to implement a survey process that measures the effectiveness of Public Housing and Section 8 program operations, level of client satisfaction and provides clear feedback that will assist in future direction and programmatic change.

Under this initiative, during 2010 KCHA intends to utilize MTW resources to contract with an outside company to design and administer a survey distribution/data collection process to the following sub-groups:

- Public Housing residents
- Section 8 program participants
- Section 8 landlords

Future expansion of the survey may include collection of feedback from KCHA community partners and support service agencies. Use of an outside contractor will ensure data is collected using an "arms length" approach and is intended to allow greater distribution of surveys and increased response rates than garnered through standard surveys currently supported by HUD. For KCHA's Public Housing program, the survey instrument will replace the current (and any future) Resident Assessment and Satisfaction Survey (RASS) component of HUD's standard RASS/PHAS reporting system.

b. MTW Statutory Objective

The proposed MTW activity will reduce costs and achieve greater cost effectiveness in Federal expenditures as it will allow KCHA the ability to target locally relevant issues in order to gather information that can improve performance at the local level. At the same time, use of KCHA's internal survey, in lieu of the standardized RASS survey, reduces administration and reporting requirements at the national level, lessens the intrusiveness into our resident's daily lives, and has the potential to provide meaningful insight into the effectiveness of KCHA's program and property management services.

c. Anticipated Impacts

The results from the RSS will allow KCHA to tailor its services and programs to resident and landlord preferences. At the same time, a locally developed survey, distributed to a significant population of residents and/or landlords (rather than HUD's minimal standard based on program size), is expected to result in higher resident response rates. KCHA anticipates that higher response rates will provide a clearer picture of how KCHA is perceived among its participants and landlords. This will allow KCHA management to more readily pinpoint areas of concern – allowing KCHA to efficiently address problems and maintain high levels of customer service satisfaction.

d. Baseline and Benchmarks

As shown below, the Section 8 program's **baseline** for this activity is zero, as a survey instrument does not currently exist. For KCHA's Public Housing operation, the **baseline** is derived from previous RASS results, as reported under HUD's WASS system for FY 2008 which indicated:

Program	Total Population Surveyed	KCHA Response Rate	Overall Satisfaction Target
Public Housing	33%	31%	N/A
Section 8 Participants	0	0	N/A
Section 8 Landlords	0	0	N/A

The proposed **benchmarks** include:

Program	Total Population Surveyed	KCHA Response Rate	Overall Satisfaction Target
Public Housing	100%	40%	75%
Section 8 Participants	35%	30%	75%
Section 8 Landlords	75%	30%	75%

e. **Data Collection Metrics & Products**

Data will be collected through the use of an outside contractor, who will be responsible for distribution, marketing and compilation of survey responses.

Metrics include:

- # of surveys distributed (per program/target group)
- % of surveys returned (per program/target group)
- % of surveys returned indicating a positive response to overall satisfaction with program operations

Data collected will be compared to previous results, disseminated to staff for training purposes and utilized to inform the direction of current and future program activities.

f. **Authorization Cited**

MTW Restated and Amended Agreement: Attachment C, item B.1.b

g. **Agency Required Documentation**

Not applicable

Activity #3: Streamlining of Public Housing and Section 8 HCV Forms and Data Processing

a. **Description of MTW activity**

To meet one of the central goals of the MTW demonstration, KCHA seeks to increase its cost-effectiveness through streamlined use of forms and data processing. In FY 2010, KCHA will complete a review of forms used and processing linked to the application and waiting list system such as those to verify and document data and determine program eligibility. KCHA will also review forms and processes utilized to document and verify data reported by current program participants in order to identify how additional savings could result from changes in forms and processes utilized during continued occupancy. Processing will be streamlined through this activity as KCHA exercises its ability to implement new guidelines and processes in lieu of HUD requirements. Under this initiative, KCHA may choose to eliminate a number of HUD forms – replacing them with new, streamlined documents that continue to ensure program integrity while conforming to KCHA's MTW modified documentation requirements.

b. **MTW Statutory Objective**

The proposed activity increases administrative efficiency and cost savings by reducing administrative red tape – meeting the MTW statutory objective to reduce cost and achieve greater cost effectiveness in federal expenditures.

c. **Anticipated Impacts**

By streamlining this process, KCHA will increase staff productivity and reduce total administrative costs relative to intake and continued occupancy. Although not a targeted goal of the initiative, KCHA also anticipates streamlined processing may lead to increased understanding of program requirements.

d. **Baseline and Benchmarks**

The **baselines** for this activity include:

- Staff hours spent on paperwork processing
- # of forms needed to process and track applications for housing programs and maintain occupancy eligibility information of assisted households

The **benchmarks** to measure performance and progress include:

- 10% reduction in staff time spent on paperwork processing
- 10% reduction in forms used in the application process and to maintain occupancy eligibility of assisted households

e. **Data Collection Metrics & Products**

Data will be collected from the following:

- KCHA established baseline for time spent processing forms through interviews of staff responsible for administering the Public Housing and Section 8 programs
- KCHA database and forms catalog – analyzing current total number of forms before and after any changes

Metrics will include:

- Comparison of staff hours spent on current processes pre- and post implementation of the streamlined processes
- Comparison/count of forms used pre- and post implementation of streamlined processes and costs associated with their use

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item C.4 (Public Housing) and item D.3.b (Section 8)

g. Agency Required Documentation

Not applicable

Activity #4: Using MTW reserves to fund Resident Incentives

a. Description of MTW activity

KCHA proposes to use MTW funds to provide incentives to residents as an innovative means of increasing compliance with lease and program requirements. For example, KCHA often experiences significant obstacles in moving over-housed residents to appropriate sized units due to their reluctance to relocate to a smaller unit and/or site, even though their lease would require them to do so. An over-housed tenant who refuses to move to an appropriate unit when available is subject to lease termination. Regardless, the resident will often avail themselves of every opportunity to delay the eventual transfer – whether through repeated requests for reasonable accommodation or by using the legal process as a delaying mechanism. KCHA expense in handling this situation is significant – involving increased staff time, unit turnover time and legal expenses. Thus, in FY 2010 KCHA will pilot this initiative by developing policies that encourage resident cooperation with established occupancy policies. Using a risk/reward approach, "over-housed" tenants will receive a small monetary incentive to move to the first unit available. At the same time, tenants who refuse the available unit will face strict lease enforcement and monetary penalty.

KCHA will utilize the results of this initial pilot to determine the viability for expansion during FY 2010 and beyond to other areas. For example, if results indicate the approach leads to favorable outcomes, KCHA may consider offering residents a small monetary reward for not owning a car or choosing to park off-site at developments where parking is limited.

b. MTW Statutory Objective

The proposed MTW activity achieves greater cost effectiveness and reduces administrative burdens.

c. Anticipated Impacts

KCHA anticipates that offering a resident incentive in this manner will reduce program administration through reductions in staff time to process requests/complaints/paperwork and legal expenses. An ancillary impact may be an increase in resident satisfaction levels as residents feel more in control of their environment.

d. Baseline and Benchmarks

The **baselines** for this activity include:

Baselines will be attributed to the individual targeted administrative policy for which the incentive is directed. For example:

- Total costs to process/track over-housed transfers in prior year
- # of over-housed families who accepted the first available unit in prior year

The proposed **benchmarks** are:

Benchmarks will be attributed to the individual targeted administrative policy for which the incentive is directed. For example:

- 10% reduction in costs dedicated to processing transfers for over-housed residents
- 25% increase in number of over-housed households who accept the first available unit

e. Data Collection Metrics & Products

Data Collection and Metrics will be attributed to the individual targeted administrative policy for which the incentive is directed. For example:

Data collection for an incentive to over-housed families to accept the first available unit will include the following sources:

- Quarterly Transfer Report detailing transfers completed and staff hours dedicated to processing transfers for over-housed households
- KCHA financial reports detailing fees charged and incentives paid

Metrics used to analyze impact of providing an incentive to over-housed families who accept the first available unit will include:

- The total # of over-housed households who accept the first available unit, vs. those who do not
- The staff hours and costs utilized to assign an over-housed household to an appropriate sized unit

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item B.1.b

g. Agency Required Documentation

Not applicable

Activity #5: Modified Section 8 and Public Housing HQS Inspection process

a. Description of MTW activity

In FY 2010, KCHA intends to adopt modified Housing Quality Standards (HQS) inspection protocols for units leased under its Section 8 and Public Housing subsidy programs. Through a risk-based approach, KCHA seeks to modify policies in a manner that reduces the number and frequency of inspections completed, without having an adverse impact on the quality or condition of units leased. Current policy revisions under consideration include:

- **Random sampling of units selected for inspection each year**. (Section 8 program only) For owners with twenty or more units under lease in the same complex **and** a two-year history of excellent HQS performance, KCHA may select a random sample of units to be inspected each year. If all units in the inspected sample meet HQS standards, the owner will be able to self-certify that remaining units meet the same standard and no further inspections will be performed in that year. If units in the sample fail to meet HQS standards the owner will have 30 days in which to make the necessary repairs and the units will be re-inspected in accordance with existing policy. If all the repairs are completed, the owner can self-certify that the remaining units meet the same standards and no further inspections will be performed in that year.

- **Altering the frequency of inspections required.** (Public Housing and Section 8) Using a biennial inspections system KCHA would continue to complete an initial inspection as participants move-in to the subsidized unit. Absent requests or need for special inspections, KCHA will consider modifying HUD regulations to allow all or segments of units to undergo their next inspection up to two years following the client's move-in date. To further increase savings, current participants may be rolled into a biennial system based on their most recent HQS inspection results.
- **Use of inspections from qualified outside entities to certify unit condition.** Increasingly, units subsidized under the Section 8 and Public Housing program undergo multiple inspections by varying agencies throughout the course of the year. For example, mixed finance units – in which Public Housing is supported with Tax Credit financing, are dually inspected by KCHA staff and the Tax Credit entity each year. In most cases, outside entities operating in KCHA properties utilize inspection standards at least equal to that of KCHA. Under this initiative, KCHA will seek to reduce the frequency of inspections through modified policies that allow another entity's inspection record to serve as documentation that the unit meets KCHA's established HQS requirements.

b. MTW Statutory Objective

The proposed MTW activity reduces administrative burden and achieves greater cost effectiveness by reducing the number of inspections to be done annually.

c. Anticipated Impacts

KCHA anticipates savings in staff time, travel and administrative expenses. Reduced site inspections also benefit tenants and owners as they are less intrusive and require a lower time commitment from owners and tenants. As a result, modifications could result in increased satisfaction with program operations. KCHA does not anticipate that the modification will have an adverse impact upon the quality of units under the program or cause an increase in the number or percent of units that fail to meet HQS requirements. Rather, KCHA anticipates that some of the time savings created by reducing the number of inspections would be allocated to educating the owners and tenants of how they can keep their units in compliance – this should result in improving the quality and pass rate of units in the program. However, overall quality of KCHA's unit inventory will be included as a program measurement to allow quick program modification if such an adverse impact does occur.

d. Baseline and Benchmarks

The **baselines** for this activity are:

- # of inspections completed annually
- Cost to inspect all units in the subject group: staff hrs, travel, administrative expenses
- Overall quality of inventory

The proposed **benchmarks** include:

- 20% reduction in inspection costs
- 30% reduction in inspections completed under the program
- 0% changes in the overall quality of inventory

e. Data Collection Metrics & Products

Data will be collected by program staff through reports that track the number and type of inspections and those passing/failing for major and minor items.

Metrics will include:

- # of inspections completed (by program)
- $ cost to KCHA to complete HQS inspections (by program)
- Assessment of overall quality of units

Comparison will be made to 2009 baseline data.

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item D.5

g. Agency Required Documentation

Not applicable

Activity #6: Simplify Verification Process for Section 8 and Public Housing

a. Description of MTW activity

To meet one of the central goals of the MTW demonstration, KCHA seeks to increase its cost-effectiveness by streamlining the tenant and applicant verification process. The current method for verification requires virtually every income and allowance source to be third-party verified, requiring a mailing directly to the verifying entity. This is an expensive and time-consuming process that invites discrepancies, adds little value to the accuracy of the resulting information, and has limited effect on the calculation of housing assistance. The time spent to follow-up and track third-party verification requests is significant. Yet, the end result is often no more reliable than information documents that tenant could provide directly to KCHA or through other forms of verification. In addition, the third-party verification process is intrusive for the participants as other parties are unnecessarily made aware of the tenant or applicant's participation in the Section 8 program through the process. The advent of alternate check and balance systems at KCHA's disposal, such as HUD's Electronic Income Verification (EIV) system, which allows for the validation of tenant reported income, makes the need to follow strict third-party verification procedures obsolete. As a result, during FY 2010 KCHA will review and implement alternate verification strategies for its Public Housing and Section 8 operations that protect the integrity of the program, while significantly reducing overall administrative expense.

b. MTW Statutory Objective

The proposed activity increases administrative efficiency and cost savings.

c. Anticipated Impacts

By streamlining this process, KCHA will increase staff productivity, reduce total administrative costs of the verification processes, and make its programs less intrusive for the participants.

d. Baseline and Benchmarks

The **baselines** for this activity include:

- KCHA costs incurred verifying incomes through third-party sources: staff hours and administrative expenses

- Information on processing times to complete initial, interim and periodic recertification of tenant information
- Annual # of fraud cases identified

The **benchmarks** for this activity include:

- 10% decrease in processing time for re-certifications, resulting from reduced need to request and wait for responses from third-party sources
- 10% reduction in costs associated with collection of third party verifications
- 0% increase in findings of fraud and/or misrepresentation

e. Data Collection Metrics & Products

Data will be collected from the following:

- Staff interviews to calculate time spent processing verifications and to complete certification reviews
- HUD's EIV system and/or Quality Control audits showing received income that was not previously reported (income threshold report)
- Quality control audits comparing independent third-party sources with tenant-provided documentation and/or upfront verification systems
- KCHA reports and database used to track reviews completed – including those resulting in loss recovery

Metrics will include:

- # Staff hours spent on the activity under the current process versus the proposed process
- Annual administrative costs - mailing expenses, printing, etc. - for activity under the current process versus the proposed process
- # of incidents of fraud discovered through EIV and Quality Control audits

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item C.4 (Public Housing) and item D.1.c (Section 8)

g. Agency Required Documentation

Not applicable

Activity #7: 30-Day Referral for Project-based Units

a. Description of MTW activity

KCHA proposes to allow direct owner referrals of applicants after 30 days of unsuccessful attempts by KCHA staff to fill a vacant Project-based unit. Typically, for certain Project-based units, numerous applicants from the Project-based waiting list are contacted before at least one interested applicant is submitted to the owner. To reduce program administrative costs, shorten lease-up time for Project-based units and improve owner satisfaction, KCHA will fill vacant units through direct owner referral after KCHA has attempted for at least 30 days to find a suitable applicant to fill the vacant unit. Applicants placed in the Project-based unit by the owner must be otherwise qualified to participate in the program. Final Rule requirements that owners provide written documentation of their reason for rejection of any legitimate referral from KCHA would still apply.

b. MTW Statutory Objective

The proposed MTW activity will reduce administrative burden and achieve greater cost effectiveness by reducing staff time and expense spent locating a suitable and interested applicant on the Project-based waiting list to fill a vacant unit.

c. Anticipated Impacts

The activity will reduce costs associated with administration of the Project-based program by reducing extensive search efforts to a more reasonable level and reducing the time needed to fill vacant units. In addition, KCHA anticipates that owner satisfaction with the program will improve, meaning less time spent by staff and supervisors dealing with complaint calls and visits and an increased likelihood that the owner will continue offering their units to low-income households over the long-term, thereby increasing housing choice.

d. Baseline and Benchmarks

The **baselines** for this activity are:

- # of days spent to fill a vacant project-based unit
- Administrative costs to fill a vacant project-based unit
- # of owner refusals to accept KCHA referred applicants

The proposed **benchmarks** are:

- 5% reduction in staff hours associated with filling Project-based units.
- 10% reduction in average days to fill vacancies
- 0% increase in owner refusal to accept KCHA referred applicants

e. Data Collection Metrics & Products

Data will be collected from the following:

- Project-based Vacancy Log which tracks the start and end dates of vacancies processing time
- Wait list outreach records – recording owner referrals and acceptance
- Staff interviews to report time spent to fill vacant project-based units

Metrics will include:

- Staff hrs/min to fill project-based unit vacancy – current vs. following implementation
- # of days to fill project-based vacancy
- Change in # of owner refusals to accept KCHA referred client

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item D.4 and Attachment D, item E

g. Agency Required Documentation

Not applicable

Activity #8: Revision to Interim Review Process – Public Housing and Section 8 Programs

a. Description of MTW activity

KCHA proposes to streamline its current interim review process. Currently an interim review is performed whenever a client reports a decrease in income or has an increase in income if on a zero or credit rent. Unfortunately, even within this limited scope, the list of interim reviews processed annually is extensive. At the same time, the current policy limits the Housing Authority's ability to increase rent between recertifications which can increase the number of residents who do not pay rent commensurate with current income. Options for potential policy changes include but are not limited to:

- Limiting the circumstances under which interim decreases in rent will be completed – either by requiring an income decrease above an established threshold or restricting the number of interim decreases available to a household over time
- Requiring completion of interim reviews for increases in income when the income increase exceeds an established threshold
- Requiring an interim review for any increase in income when a previous interim decrease has been completed

b. MTW Statutory Objective

The proposed MTW activity achieves greater cost effectiveness by picking up additional income while still limiting staff time allocated to performing interim reviews.

c. Anticipated Impacts

By revising this process, KCHA will increase staff productivity, reduce housing assistance costs to the Housing Authority, and make its programs less intrusive for the participants since fewer changes in rent will occur.

d. Baseline and Benchmarks

The **baselines** for this activity are:

- Total # of interim reviews performed each year - by those that resulted in increased rent and decreased rent
- Total annual cost to the KCHA to complete interim reviews

The proposed **benchmarks** are:

- 5% reduction Housing Authority costs to complete interim reviews
- 5% reduction in the number of interim reviews conducted annually

e. Data Collection Metrics & Products

Data will be collected from the following:

- KCHA database and staff log sheets listing number of interims reviews completed
- Check runs detailing housing assistance paid
- Staff interviews detailing time needed to complete interim reviews

Metrics will include:

- Staff hours to complete interim reviews vs. time spent under the proposed interim review policies
- Annual administrative costs attributed to completion of interim reviews
- Annual change in rent /HAP as a result of interim review processing

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item 4 (Public Housing) and item D.1.c (Section 8)

g. Agency Required Documentation

A hardship policy will be developed for those who have changes that significantly impact their ability to remain in their current housing.

Activity #9: Limit on number of moves by a Section 8 participant family

a. Description of MTW activity

KCHA proposes to limit the number of moves a family can make to one every two years. Currently families can move once a year and many take advantage of this flexibility despite undue financial and social burdens each time they move. KCHA staff believes a limit on the number of moves would provide a more stable environment for the clients and their families, while also saving the costs associated with moving from unit to unit. Hardship policies will be developed to allow for more frequent moves in such cases as unusually high rent costs, domestic violence, problems with the units, or changes in family income or composition.

This change is not expected to impact tenant rent and would not require development of a hardship policy. Regardless, KCHA will develop a hardship policy in concert with this change to ensure that households with documented urgent need (such as victims of domestic violence, families residing in units that have become uninhabitable, etc.) continue to be eligible to move to a new unit with Section 8 assistance.

b. MTW Statutory Objective

The proposed MTW activity achieves a decrease in administrative burden while assisting families to become more self-sufficient through creation of a more stable housing environment.

c. Anticipated Impacts

By limiting the number of moves a family can make, KCHA anticipates a decrease in the amount of administrative time and expense attributed to processing HAP contracts and associated paperwork required when a family moves to a new unit under the program. Staff also believes families who remain in their units may develop ties to the neighborhood creating a more stable environment for their family.

d. Baseline and Benchmarks

The **baselines** for this activity are:

- Total # of moves processed each year by the Housing Authority
- Staff hours spent processing “movers” on the program

The proposed **benchmarks** are:

- 30% reduction in the number of moves processed by the Housing Authority
- 25% reduction in staff hours processing “movers” on the program

e. Data Collection Metrics & Products

Data will be collected from the following:

- Staff daily log sheets listing number of mover vouchers issued
- Staff interviews to determine time needed to assist households and process “movers” on the program

Metrics will include:

- Total hours spent processing movers
- # of households who move to a new Section 8 unit

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item D.1.b

g. Agency Required Documentation

Not applicable

Activity #10: Implement a Maximum Asset Threshold for Public Housing and Section 8 households

a. Description of MTW activity

KCHA proposes to establish a maximum asset threshold of $100,000 for initial and continued occupancy in its Public Housing and Section 8 programs. In addition, KCHA may develop policies that deny eligibility to current homeowners who are not participants in any homeownership program sponsored by KCHA. Currently, regulations do not limit the total asset amount that may be held by an applicant or participant. In addition, current regulations allow homeowners to remain eligible for housing assistance – even though they could choose to reside in their own unit. Realistically, this allows families with significant assets to receive housing assistance when they have sufficient resources to support self-sufficiency. KCHA may establish policies under this initiative that exempt certain groups, such as elderly and disabled households, from established asset limits where determined appropriate.

b. MTW Statutory Objective

The proposed MTW activity achieves greater housing choice for Public Housing Section 8 participants by ensuring eligibility for KCHA Public Housing and Section 8 assistance is limited to those most in need.

c. Anticipated Impacts

KCHA anticipates it may see a slight decrease in income and rent and/or increase in HAP as a result of this change, along with a slight decrease in administrative expense; however amounts are expected to be negligible. KCHA anticipates little impact upon applicants or residents as the number of households expected to be impacted is minimal.

d. Baseline and Benchmarks

The **baseline** for this activity is:

- The # of (non-exempt) families in occupancy and on KCHA's waiting list with assets above established threshold

The proposed **benchmarks** are:

- 100% of applicants on KCHA's waiting list and in occupancy (not exempted from established limits) have assets below established thresholds.

e. Data Collection Metrics & Products

Data will be collected from the following:

- KCHA's applicant and tenant database

Metrics will include:

- # of applicants and program participants with assets below the established thresholds

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item C.2 (Public Housing) and item D.3.b (Section 8)

g. Agency Required Documentation

Not applicable

Activity #11: Offer incentive payment to Section 8 families ready to leave the program

a. Description of MTW activity

Currently KCHA has about 140 Section 8 program participant households who receive less than $100 in monthly Housing Assistance Payments (HAP). This activity will utilize MTW resources to fund a cash incentive for households among this group who elect to give up their Housing Choice Voucher in lieu of continued program participation. Providing households a bonus to take the next step toward self-sufficiency helps ensure KCHA's scarce resources are available to those most in need. For every voucher relinquished, KCHA is able to help another family from the Section 8 waiting list. At the same time, the incentive payment provides a "safety net" to assist the household with moving or other expenses that may occur as they transition to market rate housing.

b. MTW Statutory Objective

The proposed MTW activity promotes greater self-sufficiency for Section 8 participants by encouraging graduation from subsidized housing into the private market.

c. Anticipated Impacts

KCHA anticipates this activity will increase the number of positive graduates from the Section 8 Housing Choice Voucher program by encouraging households to take the next step toward self-sufficiency. However, increased graduation of upper income households may impact the overall KCHA total HAP payments and funding availability as graduating low-HAP families will be replaced with lower income households requiring greater HAP assistance.

d. Baseline and Benchmarks

The **baselines** for this activity are:

- # of vouchers turned by households receiving $100 or less HAP annually

The proposed **benchmarks** are:

- 20% increase in number of vouchers turned annually by households receiving $100 or less HAP

e. Data Collection Metrics & Products

Data will be collected from the following:

- KCHA's Section 8 HCV program database

Metrics will include:

- # of families annually that leave the Section 8 program when HAP assistance is $100 or less before and after program implementation.

f. Authorization Cited

MTW Restated and Amended Agreement: Attachment C, item B.1.b

g. Agency Required Documentation

Not applicable

SECTION VI. Ongoing MTW ACTIVITIES: HUD Approval Previously Granted

Section VI: Ongoing MTW ACTIVITIES - HUD Approval Previously Granted									
#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
1	Acquire NEW Public Housing	X				Use banked PH ACC to turn-on Public Housing subsidy in units	Increase housing choices	2008	Implemented - purchase of Pacific Court (30 units) and Pepper Tree (30 units) completed during FY09
2	Allow double subsidy between programs (pbs8/ph/s8) in limited circumstances to allow transition to new program	X	X	X		Increase landlord participation, reduce impact on PH program when tenants transfer	Increase housing choice	2008	Review initiated in FY 2009 - will carry forward to FY 2010
3	Block Grant non-mainstream vouchers		X	X		Expand KCHA's MTW block grant to include all non--Mainstream program vouchers	Reduce costs and achieve greater cost effectiveness	2006	Implemented
4	Childcare Policy - PH	X				Establishes specific policies relating to designated Childcare units @ Greenbridge.	Reduce costs and achieve greater cost effectiveness	2008	Implemented
5	Client Assistance program	X	X	X		Pilot program - utilizes MTW reserves to provide emergency financial assistance to qualified residents	Reduce costs and achieve greater cost effectiveness	2008	Implemented
6	Combined program eligibility	X	X	X	X	Additional changes to accommodate combined program approach in relation to NIA development: eligibility for 2 bdrm units; income cap @ 50%; Tenant selection	Reduce costs and achieve greater cost effectiveness	2008	Implemented

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
7	Community Service Policy	X				Changes to increase exemptions, streamline system of tracking compliance with community service requirements for PH households	Reduce costs and achieve greater cost effectiveness	2007	Implemented
8	Definition of Homeless for Section 8 programs		X	X		Expands the definition of Homeless to include overcrowded households entering transitional program	Increase housing choice	2004	Implemented
9	Definition of Live-in Attendant	X	X	X	X	Consider changes that redefine who is considered a "Live-in Attendant"	Reduce costs and achieve greater cost effectiveness	2009	Review/ policy development initiated, will carry forward to 2010
10	Develop a local PH Asset Mgmt Funding model	X				Streamlines current HUD requirements to track budget expenses and income down to the AMP level	Reduce costs and achieve greater cost effectiveness	2007	Implemented
11	Easy Rent Policy for Elderly and Disabled Households living on a Fixed Income	X	X	X		Streamline income and rent policies for elderly and disabled households. Move to triennial recertifications; rent based on 28.3% of gross income, automatic SocSec COLA adjustment annually; deductions eliminated except medical when expenses exceed $3,000	Reduce costs and achieve greater cost effectiveness	2008	Implemented - initial analysis included in FY 2008 MTW Report
12	Effective dates of Payment Standard decrease		X	X		Delays application of any decrease in the KCHA approved Payment Standard until the next Annual Review date	Reduce costs and achieve greater cost effectiveness	2005	Implemented
13	Esco development	X				Use of MTW program and single fund flexibility to develop and operate our own ESCO	Reduce costs and achieve greater cost effectiveness	2004	Implemented - may consider modification of contract term in FY 2010 or future years
14	FSS Program modifications	X		X		Explore possible changes to increase incentives for resident participation, income growth and decrease costs of program management.	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2008	Under review, held for inclusion of Public Housing expansion in 2009; changes to be proposed late 2009-2010

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
15	Sponsor-based Housing program				X	Pilot programs - Uses MTW Block Grant to fund a Local Sponsor-based program - provides housing funds to service provider who sub-leases to targeted household	Increase housing choices; Increase self sufficiency of targeted population	2007	Implemented in 2007 with 25 unit pilot - Program expanded in FY 2009 to assist up to 155 households: Additional expansion in 2010 and future years anticipated as need and resources identified.
16	Income Eligibility - maximum income limits	X	X	X		Consider policy that would cap the income residents may have and still be eligible for KCHA programs	Increase housing choice	2008	Delayed due to time constraints; may be brought forward in 2010
17	Income Exclusion - State payments made to a Landlord		X	X		Excludes payments made to a landlord by a state agency (DSHS) on behalf of a tenant from income and rent calculation under the Section 8 program	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2004	Implemented
18	Income verification requirements - $0 HAP		X	X		Allows Section 8 participants for whom $0 HAP is paid to self-certify their annual income	Reduce costs and achieve greater cost effectiveness	2004	Implemented
19	Increase the Rent Cap		X	X		Moves the Section 8 program rent cap to 40% of Gross Rent, up from the 40% of adjusted rent standard	Increase Housing Choice	2005	Implemented
20	Lease term for PH Units with Tax Credit overlay	X				Current regs conflict with Tax Credit renewal terms which required lease to be no more than 1 year.	Reduce costs and achieve greater cost effectiveness	2008	Implemented
21	Non-Smoking Building Policy	X	X			Policy / site development underway	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2008	Implemented
22	Occupancy requirements of Section 8 households			X		Allows tenants to remain in occupancy when family size exceeds standards by 1 member	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2004	Implemented

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
23	Payment Standards to 120% FMR w/ RA allowance above Range			X		Allows Payment Standards up to 120% of FMR for HCV program (and above 120% for Reasonable Accommodation) w/o prior HUD approval	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2007	Implemented - modified following review of outcomes/impact, see item below
24	Payment Standard Changes		X	X		This initiative will decouple payment standards from Fair Mkt Rents, allowing the HA to establish standards that fit neighborhood conditions	Increase housing choices	2008	Implemented
25	PBS8 Local Program		X			Develop a local project based program that streamlines contract and program management	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - as shown below: additional changes may be implemented in FY 2010 and beyond as determined necessary by KCHA
26	PBS8 Local program: wait list management		X			Allows the project sponsor to manage the waiting list rather than the Housing Authority, as determined appropriate by KCHA.	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY2005 to allow KCHA to solicits applications directly from service providers
27	PBS8 Local program: exit vouchers		X			Modifies PBS8 regs that require a general Section 8 voucher to be available at the end of PBS8 participation. Replaces offer of a voucher with priority access to KCHA's Public Housing program	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented
28	PBS8 Local program: Preferences		X			Consider ability to expand use of PH preferences to all PB programs	Reduce costs and achieve greater cost effectiveness	2008	Pending implementation in FY 2009
29	PBS8 Local program: Allocation of assistance		X			Allows KCHA to allocate PBS8 subsidy non-competitively to KCHA controlled units and transitional housing	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in 2005 to allow KCHA to assign subsidy to projects financed through conduit financing program with a minimum contract term of 20 yrs
30	PBS8 Local program: Contract term		X			Consider possible changes to lengthen the allowable term of the Section 8 project based contract	Increase housing choice	2009	Delayed due to time constraints; may be brought forward in 2010

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
31	PBS8 Local program: PH rules for PBS8 vouchers outside a mixed finance setting		X			In connection with Springwood redevelopment without a mixed-finance approach; current policy requires use of PBS8 regs, will require waiver to allow default to PH policy (similar to use at Greenbridge)	Reduce costs and achieve greater cost effectiveness	2008	Implemented
32	PBS8 Local program: Project Based Applications		X			Streamline Applications	Reduce costs and achieve greater cost effectiveness	2008	Pending implementation in FY 2009
33	PBS8 Local program: site assignment and deconcentration		X			Allows KCHA to prioritize assignment of PB assistance to units located in low-poverty census tracts, including those with poverty rates below 20% (15% for families with children and off-site HOPE VI replacement units)	Increase housing choice	2004	Implemented
34	PBS8 Local program: unit caps per development		X			Waives the 25% cap on the number of units in a development that can be project-based for transitional, supportive or elderly housing programs and/or sites with fewer than 20 units	Increase housing choice	2004	Implemented - modified in FY 2008 to allow KCHA to exceed cap when used to redevelop PH units
35	Performance Standards	X	X	X	X	Develop locally relevant performance standards and benchmarks to evaluate the MTW Program	Reduce costs and achieve greater cost effectiveness	2008	In progress, considering impact of pending PHAS reporting requirements will affect HA's desire to move this initiative forward
36	Project-based Local program: combined program management		X			Allows PBS8 subsidy to conform to operating rules of other government subsidy program when used in mixed finance setting	Reduce costs and achieve greater cost effectiveness	2005	Implemented - modified in FY2008 to include redeveloped sites outside a "mixed-finance" approach
37	Project-based Local program: contract term		X			Allows KCHA to offer contract terms longer than 5 years;	Reduce costs and achieve greater cost effectiveness	2004	Implemented - may be modified in FY 2010 or future years

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
38	Project-based Local program: eligible unit types		X			Modifies the types of housing accepted under a PBS8 contract - allows shared housing, excludes Rehab category of units from eligibility	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - FY 2005 modification to define Existing Housing to housing that could meet HQS within 180 days adds manufactured homes, transitional housing and hi-rise buildings as eligible housing; FY 2009 expansion to include cooperative housing
39	Project-based Local program: HAP contracts		X			Allows KCHA to modify the HAP contract to ensure consistency with MTW changes	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY 2009
40	Project-based Local program: Payment Standards		X			Assigns standard HCV Payment standards to the program, but allows modification with Exec. Director approval where appropriate/necessary	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY2005 to cap rents at the Payment Standard for LIHTC units, rather than the Tax Credit rent
41	Project-based Local program: program administration		X			Allows KCHA to complete subsidy layering and environmental reviews in-house - in cooperation with local responsible entity	Reduce costs and achieve greater cost effectiveness	2004	Implemented
42	Project-based Local program: unit inspections		X			Modifies inspection rules to require owners to conduct their own construction/rehab inspections; allows the management entity to complete initial inspections (rather than KCHA); implements inspection sampling at annual review	Reduce costs and achieve greater cost effectiveness	2004	Implemented - modified in FY2009 to allow KCHA to inspect units at contract execution rather than proposal date
43	Project-based Local program: unit size		X			Allows participants in wrong-sized units to remain in place and pay higher rent if needed	Increase housing choice	2005	Implemented - modified in 2009
44	Project-based Local program: Rent Reasonableness determinations		X			Allows KCHA to determine Rent Reasonableness for units using same process as Tenant-based program - does not require 3rd party appraisals	Reduce costs and achieve greater cost effectiveness	2004	Implemented

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
45	Project-based Local program: subsidy assignment		X			Allows KCHA to assign PBS8 subsidy to a limited number of "demonstration" projects not qualifying under standard policy, but which serve an important public purpose	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented
46	Public Housing Eligibility	X				Allow Public Housing program to restrict eligibility of single persons households who do not otherwise qualify as elderly, near-elderly, disabled, or displaced	Reduce costs and achieve greater cost effectiveness	2008	Implemented
47	Public Housing Site-based and Regional waiting lists	X				Implement a streamlined waiting list system for Public Housing that combines Site-based, Regional and Set-aside waiting lists; streamlines implementation rules	Increase housing choices; Reduce costs and achieve greater cost effectiveness	2004	Implemented - possible modification in FY 2010 or future plan years
48	Public Housing Waiting List Preferences	X				Allows applicants with income below 30% of AMI to qualify for a housing preference without independent verification by KCHA	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2004	Implemented
49	Remove Cap on Voucher Distribution		X	X		Allow KCHA to maintain utilization above 100% during year without impact on funding; current allocation formulas require avg utilization at or below 100%	Increase housing choices	2007	Implemented
50	Rent Policy Phase II - Working and Work-able Households	X	X	X		Develop a revised rent policy for working and work-able households that encourages self-sufficiency and income progression and increases positive graduation from subsidized housing while increasing administrative efficiency and cost effectiveness	Encourage employment and economic self-sufficiency; Reduce costs and achieve greater cost effectiveness;	2008	Policy development in progress - implementation anticipated in 2009
51	Rent Reasonableness - reduction in frequency of tests		X	X		Allows KCHA to complete Rent Reasonableness determinations only when a Section 8 Landlord has asked for an increase in the contract rent	Reduce costs and achieve greater cost effectiveness	2004	Implemented

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
52	Rent Reasonableness at KCHA owned units		X	X		Allows KCHA staff to perform Rent Reasonable inspections of KCHA owned properties	Reduce costs and achieve greater cost effectiveness	2004	Implemented
53	Resident Opportunity Plan (ROP)	X	X	X		Develop a local FSS program pilot that empowers residents to increase income and successfully graduate from housing subsidy	Give incentives that assist in obtaining employment and becoming economically self-sufficient	2007	ROP finalized development in July 2009 - program targets 50 households in E. King County Park Lake Homes Site II (Seola Gardens)
54	Resident Service Stipends - increase amount of exclusion allowed	X	X	X		Allow residents to retain earnings up to $500 without inclusion in rent calculation	Increase income - encourage employment; Reduce costs and achieve greater cost effectiveness	2008	Implemented
55	Revised definition and treatment of Asset Income	X	X	X		Streamline verification of assets by changing definition to include only assets valued above $50,000; Income of assets below threshold is excluded from income calculation; Tenant allowed to self-certify valued below $50,000.	Reduce costs and achieve greater cost effectiveness; Increase economic self-sufficiency	2008	Implemented - modification proposed for FY 2009 to revise / eliminate treatment of imputed income and disposal costs
56	ROSS Grant Homeownership	X		X		Financial Assistance funded through MTW reserves, Modified rules to meet local circumstances: eligibility to allow use for PH residents with an HCV; mini income requirement; min savings prior to entry, not limited to first time homebuyers, etc	Increase housing choice; Increase economic self-sufficiency and encourage employment	2004	Complete - program exceeded goal to assist 30 households over 3-year term
57	Open-door Transfer Policy	X	X	X	X	Increase Housing Choice for residents by developing a policy that allows residents to transfer among KCHA programs - promotes efficient use of KCHA housing resources to meet client needs through streamlined access	Increase housing choice; Reduce costs and achieve greater cost effectiveness	2007	Implemented - modification proposed for FY 2009 following review of first year results
58	Section 8 Applicant Eligibility			X		Increase program efficiency by removing eligibility for those currently on a Federal Subsidy program	Reduce costs and achieve greater cost effectiveness	2007	Implemented

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
59	Section 8 Single, non-disabled household eligibility		X	X		Restrict eligibility of single person households who are neither elderly or disabled or near-elderly	Reduce costs and achieve greater cost effectiveness	2009	Implemented
60	HQS Inspection Standards: Minor Fails @ Annual		X	X		Ability to release HAP with minor fail @ annual inspection and owner agreement to repair within 30 days	Reduce costs and achieve greater cost effectiveness	2004	Implemented
61	HQS Inspection Standards: Minor Fails @ Move-in		X	X		Ability to release HAP with minor fail @ initial inspection and owner agreement to repair within 30 days	Reduce costs and achieve greater cost effectiveness	2007	Implemented
62	HQS Inspection Standards: Unit clustering		X	X		Increase efficiency of operation through reduction in repeated visits to the same property annually; Annual inspections completed within 8-20 months of initial inspection and annually thereafter to allow inspections to be grouped according to location/property	Reduce costs and achieve greater cost effectiveness	2006	Implemented
63	HQS Inspection Standards: inspection of KCHA owned properties		X	X		Allows KCHA staff, rather than a 3rd party entity, to complete HQS inspection of KCHA owned properties	Reduce costs and achieve greater cost effectiveness	2004	Implemented
64	HQS Inspection Standards: Unit Clustering		X	X		Allows HQS unit inspections 8-20 months following the date of initial inspection	Reduce costs and achieve greater cost effectiveness	2007	Implemented
65	HQS Inspection Standards: date of annual inspections		X	X		Allows annual HQS inspections under the Section 8 program to be completed within 120 days of annual date	Reduce costs and achieve greater cost effectiveness	2004	Implemented

#	MTW Activity Name	PH	PBS8	HCV	Local	MTW Initiative Description	MTW Statutory Objective	Plan Year	Status
66	Section 8 requirements to provide- proper notice to move		X	X		Requires participants to provide notice to move by the 20th of the month in order to have the paperwork processed that month	Reduce costs and achieve greater cost effectiveness	2004	Implemented
66	Self-certification of DSHS co-pay		X	X		Section 8 program participants are allowed to self-certify $50 or less received as pass through from DSHS childcare subsidy	Reduce costs and achieve greater cost effectiveness	2004	Implemented
67	Self-certification of family membership	X	X	X		Allows applicants to self-certify membership in the household at the time of admission	Reduce costs and achieve greater cost effectiveness	2004	Implemented
68	Self-certification of Housing Preference		X	X		Applicants with income below 75% of 30% of AMI allowed to self-certify housing preference	Reduce costs and achieve greater cost effectiveness; Increase housing choice	2004	Implemented
69	Social Security Number Verifications	X	X	X		Modified SSN verification/documentation to household members 18 and older - rather than the regulatory requirement of age 6	Reduce costs and achieve greater cost effectiveness	2004	Implemented - however, PIC reporting currently limits cost savings of this initiative
70	Transfer Policy	X	X	X	X	Escalate use of Section 8 to address number of households who are over-housed	Reduce costs and achieve greater cost effectiveness	2008	Implemented - Modification in FY 2009 pending
71	Utility Allowances - PH - S8	X	X	X		Develop alternate protocols for establishing and applying Utility Allowances for PH and S8 households	Reduce costs and achieve greater cost effectiveness	2008	In progress in conjunction with Phase 2 rent reform
72	Verification Expiration dates	X	X	X	X	Decrease expenses and staff time in re-verifying information - set outside limit at 180 days	Reduce costs and achieve greater cost effectiveness	2008	Implemented

SECTION VII. SOURCES and USES of FUNDING*

A. Sources and Uses of MTW Funds

As an MTW Block Grant agency, KCHA combines all Public Housing Operations and Capital resources into a single fund with full funding flexibility. The tables below, presented in the format required under KCHA's MTW Agreement with HUD, detail KCHA's anticipated sources and uses of funds for the fiscal year beginning January 1, 2010 and ending December 31, 2010.*

Sources of MTW funds	Planned Amount
HCV block grant	$ 84,048,000
Public Housing subsidy	$ 8,372,000
Public Housing rental income	$ 5,637,000
Public Housing non-rental income	$ 135,000
Public Housing Capital Fund	$ 4,100,000
Interest income	$ 590,000
Total	$ 102,882,000

Uses of MTW funds	Planned Amount
HCV Program Operations	$ 71,488,000
Sponsor-based Program Operations	$ 1,600,000
Public Housing Program Operations	$ 9,419,000
Public Housing Rehabilitation	$ 7,000,000
Resident Service Activities	$ 1,878,000
Site and Facility Utilities	$ 2,277,000
Provision/Acquisition of New Affordable Housing	$ 6,403,000
Debt Repayment	$ 256,000
Computer System Upgrade – *FY 2010 installation*	$ 1,700,000
MTW Program Administration	$ 503,000
Misc. Development Costs	$ 260,000
Other Misc. Operations	$ 98,000
Total	$ 102,882,000

***** ***Please note:*** *Amounts shown are estimated for CY 2010 as actual amounts cannot be precisely established until HUD funding levels for the year have been finalized.*

B. Sources and Uses of State and Local Funds

Sources of State/Local funds	Planned Amount
City of Bellevue CDBG Grant	$ 442,944
King County CDBG Grant	$ 350,000
Washington State Dept of Commerce	$ 2,659,472
Puget Sound Energy	$ 1,088,000
Total	$ 4,540,416

Uses of State/Local funds	Planned Amount
Agency-managed housing operations	$ 1,058,636
Home Repair & Weatherization	$ 3,481,780
Total	$ 4,540,416

C. Sources and Uses of Central Office Cost Center Funds

Sources of COCC funds	Planned Amount
Public Housing Management Fee	$ 1,652,000
Public Housing Bookkeeping Fee	$ 713,000
Public Housing Asset Management Fee	$ 1,156,000
CFP Management Fee	$ 350,000
HCV Management Fee	$ 1,403,000
HCV Bookkeeping Fee	$ 877,000
Regional Maintenance charges	$ 2,326,000
Grant Income - CFP	$ 1,875000
Investment income-operating	$ 328,000
Conduit loan fees	$ 148,000
Misc income	$ 3,000
Cash transfers from locally-owned properties	$ 2,697,000
Incoming payments on note receivable	$ 61,000
Total	$ 13,589,000

Uses of COCC funds	Planned Amount
Administrative Salaries	$ 5,053,000
Administrative Benefits	$ 1,515,000
Supplies & Equipment	$ 360,000
Professional Services	$ 690,000
Travel & Training	$ 331,000
Communications	$ 344,000
Insurance	$ 38,000
Other Administrative Expenses	$ 263,000
Maintenance salaries	$ 1,319,000
Maintenance benefits	$ 472,000
Utilities	$ 73,000
Other Facility Expenses	$ 80,000
Computer System	$ 2,500,000
Other capital purchases	$ 220,000
Transfer to vehicle replacement fund	$ 25,000
Debt Service Payment on CO Building	$ 116,000
Total	$ 13,399,000

D. Changes in Cost Allocations from 1937 Act Regulations

To date, changes from 1937 Act Regulations have not been implemented.

E. Uses of Single Fund Flexibility

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

- KCHA's Sponsor-based (formerly known as the Provider-based) program implemented in 2007 enables more than 150 households to access safe, secure housing with wrap-around supportive services designed to break the cycle of homelessness;

- Programs to assist homeless families attain housing stability and self sufficiency through access to transitional housing resources;
- KCHA's new Resident Opportunity Plan (ROP), approved for implementation by the Board of Commissioners in 2009 will help up to 100 households gain the tools needed to move up and out of subsidized housing;
- Redevelopment of distressed Public Housing, such as Birch Creek (formerly Springwood Apartments). To date, Single-fund flexibility of the MTW program has enabled KCHA to take proactive steps to preserve more than 1,000 units of affordable housing resources for low-income households over the long-term.
- Acquisition and preservation of affordable housing resources throughout the Puget Sound region. In early 2009, KCHA utilized MTW's single-fund flexibility to support acquisition of Pepper Tree (in Shoreline) and Pacific Court (in Tukwila) - providing an additional 62 units of affordable housing for extremely low-income residents of King County. The flexibility provided through the use of MTW block grant financing – and the ability to provide short and long-term financial assistance to encourage investment in affordable housing development – is a key component of KCHA's strategy in addressing the needs of the local community.

F. MTW Reserve Balance *(Optional)*

KCHA elects not to include this OPTIONAL information.

SECTION VIII. ADMINISTRATIVE

A. Required Resolution, Forms and Certifications

- **Comments received regarding MTW Annual Plan Components**
  - ✓ Please see Pages 55 - 58

- **Board Resolution approving the FY 2010 Annual Plan**
  - ✓ Please see Pages 59 - 60

- **PHA Certification of Compliance with MTW Plan requirements**
  - ✓ Please see Page 61 - 62

- **Other HUD Information Required by HUD –** *Attached as Appendices and submitted as a separate .pdf file*
  - ✓ **Appendix A**: Audit Report in compliance with OMB Circular A-133
  - ✓ **Appendix B**: Disclosure of Lobbying Activities (HUD SF-LLL)
  - ✓ **Appendix C**: Drug-Free Housing Certification (HUD 50070)
  - ✓ **Appendix D**: Certification of Payments to Influence Federal Transactions (HUD 50071)
  - ✓ **Appendix E**: Capital Fund P&E Reports for open fund years

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

Although KCHA is taking active steps to measure outcomes and the local impact of activities made possible through participation in the MTW demonstration, we have not enlisted any outside source to complete a full evaluation of the MTW program.

FY 2010 MTW Annul Plan

PUBLIC COMMENTS

Name	Group/Agency	Comment Received	KCHA Response
Sharon Bosteder	RAC - Valli Kee (PH)	Likes that the Plan has been written so it is easy to understand. Must take a lot of work and wanted HA to know it's really appreciated.	Thank you.
Terry Stewart	RAC - Section 8 HCV	Likes what she reads. It's good that KCHA is working to help homeless families. Likes the way information is explained - it makes sense and is easy to understand	
Lillie Clinton	RAC - Wellswood (PH)	Asked whether the KCHA would consider a program for single persons with income between $2,000 and $1,000 a month.	KCHA's limited resources are first directed to support programs that assist the County's most at risk populations: frail elderly and disabled households and families with children. Unfortunately, the demand among these targeted groups is significant and KCHA has been unable to allocate funding to provide assistance for other low income households.
David Madison	RAC - Section 8 HCV	Thinks that there will be sudden spike in single men (over 50) who will need to find housing; many are struggling.	
Steven Martinez	RAC - Section 8 HCV	"been homeless, can relate" - thinks its great KCHA is taking care of homeless families and individuals; It also would be good to have some type of assistance to help with deposits when people move	KCHA does not have a program to assist with deposits when people move. Rather, residents in need of "one-time" assistance are directed to one of the many support service agencies in the region with programs designed for this purpose.
Lillie Clinton	RAC - Wellswood (PH)	What about homeownership? Is there anything we are doing there?	While KCHA's HOPE VI developments are targeting 20% of homeownership opportunities to households with income below 80% of the AMI, the Housing Authority does not currently operate a homeownership program and the Plan does not include a component to add one in the next year. During FY 2010, KCHA efforts will focus on improving incomes and self-sufficiency - laying the ground work that may help residents attain homeownership in the future.

FY 2010 MTW Annul Plan

PUBLIC COMMENTS

<table>
<tr><th>Name</th><th>Group/Agency</th><th>Comment Received</th><th>KCHA Response</th></tr>
<tr><td>Terry McLarkey</td><td>RAC - Casa Juanita (PH)</td><td>Is there any drawback to mixing funding sources between programs like KCHA does with the MTW program?</td><td>KCHA carefully manages its programs - to date, we have not experienced any drawback in the ability to move funding between programs. Rather, this flexibility allows us to direct funding where it is needed most, increasing our ability to respond to local needs and circumstances efficiently..</td></tr>
<tr><td>Nick Straley</td><td>Columbia Legal Services</td><td>Questioned KCHA initiative to limit mid-year moves by Section 8 families - is KCHA considering a year lease term?; what if the tenant is "sideways" with the landlord and needs to move? Interested in how much of an impact this changes would have and what the savings would be - also, stressed that any change would need to ensure protection for those who <u>need</u> to move.</td><td rowspan="2">KCHA recognizes that any policy changes must allow for a resident move where unique circumstances of hardship exist. To ensure a full understanding of potential impacts of policy implementation, KCHA will ensure that policy development will not move forward without significant opportunity for resident and community input and feedback.</td></tr>
<tr><td>Tamara Brown</td><td>Solid Ground</td><td>Re: Limiting mid-year moves - agrees that stability in the housing unit is good and could be a benefit to families</td></tr>
<tr><td>Nick Straley</td><td>Columbia Legal Services</td><td>Re: Initiative 14 - Proposal to create a short-term program for 50% - 80% households. Is there a real crying need to assist families up to 80% of medial income (refers to proposed Short-term HCV program)? As opposed to programs for those who have chronic problems, does not think this would be a good use of funds</td><td rowspan="2">In light of the concerns raised, KCHA has determined that this item will not move forward in FY 2010 and has removed it from the final draft presented for Board approval.</td></tr>
<tr><td>Megan Altimore</td><td>Hopelink</td><td>Re: Initiative 14 -Proposal to create a short-term program for 50% - 80% households. question of whether program will look at pre-risk indicators to loosing housing - program could be effective if this was considered - could help eliminate future displacement - however, as with group - concerned over the income level targeted</td></tr>
</table>

FY 2010 MTW Annul Plan

PUBLIC COMMENTS

Name	Group/Agency	Comment Received	KCHA Response
Tamara Brown	Solid Ground	**Re: Initiative 14** - **Proposal to create a short-term program for 50% - 80% households**. thinks other dollars are available or will be soon in similar way - so this may not be a good step - KCHA should look at other funding pools like rapid re-housing and THOR program	In light of the concerns raised, KCHA has determined that this item will not move forward in FY 2010 and has removed it from the final draft presented for Board approval.
Abdullah Hassan	ReWA	**Re: Proposed Phase II Rent Policy** - Will flat rents continue (PH)? A lot of immigrants are moving from Ohio aren't being accepted - why? Seems they are going to Everett because rents in KC are too high	Current policy changes under review would replace the current Public Housing flat rent system. Regarding immigrants being accepted: further conversation revealed that a question regarding Section 8 participants who wish to "port-in" to Washington state. Rent levels in King County may be considered too high by their originating agency. These households may be settling in Everett in order to obtain a unit priced within rent restrictions set by their originating PHA.
Nick Straley	Columbia Legal Services	What is the experience with Easy Rent? How is it impacting residents, Property Managers?	Overall, both KCHA and resident response with the Easy Rent policy have been favorable. Tenants report that the system is easier to understand, while staff time has been freed up allowing increased focus on residents and property management issues. KCHA continues to train staff to ensure that the policy is understood and properly administered. An analysis of the program's impact will be included in KCHA's FY 2009 MTW Report which will be completed in March 2010.

FY 2010 MTW Annul Plan

PUBLIC COMMENTS

Name	Group/Agency	Comment Received	KCHA Response
Tamara Brown	Solid Ground	**Re: Proposed Phase II Rent Policy** - Minimum Rent of $25: When clients don't pay rent it doesn't seem to help them very much - wonders whether not charging any rent and using credit rents (like KCHA does now) actually is a dis-service to residents; Agrees with THOR program approach that requires a $25 payment - but wonders how this could affect a disabled person who lost income.	No direct response needed. KCHA continues to review a variety of Phase II Rent Initiative options and will consider these comments in conjunction with further policy development. Additional opportunities for community and stakeholder feedback will be provided before new rent policies are finalized.
Nick Straley	Columbia Legal Services	**Re: Does having a different format for Phase 1 and 2 households cause concern?** - Per Nick, as long as there is flexibility around format he did not think so. If the policy leads to more evictions, terminations or homelessness then recommendation is don't do it.	

THE HOUSING AUTHORITY OF THE COUNTY OF KING

RESOLUTION NO. 5244

APPROVING KCHA'S MOVING TO WORK ANNUAL PLAN FOR FISCAL YEAR 2010

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

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

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

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

WHEREAS, staff has developed the required MTW Annual Plan covering Fiscal Year 2010 (January 1, 2010 through December 31, 2010) in a manner that is responsive to and complies with the Restated MTW Agreement requirements; and

WHEREAS, in developing the FY 2010 Annual Plan, KCHA provided opportunity for public and resident input regarding the Plan components, including coordination with the KCHA Resident Advisory Council and community stakeholders culminating with a public hearing held on September 9th , 2009; and

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

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

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

1. The Board of Commissioners hereby approves the MTW Plan attached to this Resolution and the accompanying memorandum ("Fiscal Year 2010 Annual Plan") for implementation and submission to HUD.
2. The Board of Commissioners certifies that the Public Hearing Requirement has been met and authorizes the Chair of the Board to execute the Attached HUD Certification of Compliance with MTW Plan Requirements and Related Regulations.

ADOPTED AT A SPECIAL MEETING OF THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE COUNTY OF KING THIS 7th DAY OF OCTOBER 2009.

THE HOUSING AUTHORITY OF THE COUNTY OF KING, WASHINGTON

Nancy Holland-Young

Nancy Holland-Young, Chair
Board of Commissioners

STEPHEN NORMAN
Secretary-Treasurer

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OMB Control Number: 2577-0216
Expiration Date: 12/31/2011

Annual Moving to Work Plan
Certifications of Compliance

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

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

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the Annual Moving to Work Plan for the PHA fiscal year beginning January 1, 2010, hereinafter referred to as "the Plan", of which this document is apart and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:

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

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

____
PHA Name

____
PHA Number/HA Code

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

Nancy Holland-Young
Name of Authorized Official

Chair
Title

Nancy Holland Young
Signature

10/7/09
Date

KING COUNTY HOUSING AUTHORITY

FY 2010 MTW ANNUAL PLAN APPENDICES

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Washington State Auditor's Office

Financial Statements and Federal Single Audit Report

Housing Authority of the County of King (King County Housing Authority)

Audit Period
July 1, 2007 through December 31, 2008

Report No. 1002161

Issue Date
September 28, 2009

WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

Appendix A

Washington State Auditor
Brian Sonntag

September 28, 2009

Board of Commissioners
King County Housing Authority
Tukwila, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the King County Housing Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Housing Authority's financial condition.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (360) 902-0370 • TDD Relay (800) 833-6388
FAX (360) 753-0646 • http://www.sao.wa.gov

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King County Housing Authority
July 1, 2007 through December 31, 2008

Federal Summary

King County Housing Authority
July 1, 2007 through December 31, 2008

The results of our audit of the King County Housing Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements of the business-type activities and the aggregate discretely presented component units.

Internal Control Over Financial Reporting:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.

- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Housing Authority.

FEDERAL AWARDS

Internal Control Over Major Programs:

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.

- **Material Weaknesses:** We identified no significant deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the Housing Authority's compliance with requirements applicable to its major federal programs.

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

CFDA No.	Program Title
14.850	Public and Indian Housing
14.871	Housing Choice Vouchers
14.881	Moving to Work Demonstration Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was $3,000,000.

The Housing Authority qualified as a low-risk auditee under OMB Circular A-133.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

King County Housing Authority
July 1, 2008 through December 31, 2008

Board of Commissioners
King County Housing Authority
Tukwila, Washington

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the 18 months ended December 31, 2008, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 4, 2009. Our report was modified to include a reference to other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the discretely presented component units. Those financial statements were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of the Housing Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 4, 2009

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

King County Housing Authority
July 1, 2007 through December 31, 2008

Board of Commissioners
King County Housing Authority
Tukwila, Washington

COMPLIANCE

We have audited the compliance of the King County Housing Authority, King County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the 18 months ended December 31, 2008. The Housing Authority's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the 18 months ended December 31, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Commissioners, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 4, 2009

Independent Auditor's Report on Financial Statements

King County Housing Authority
July 1, 2007 through December 31, 2008

Board of Commissioners
King County Housing Authority
Tukwila, Washington

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, King County, Washington, as of and for the 18 months ended December 31, 2008, which collectively comprise the Housing Authority's basic financial statements as listed on page 9. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the tax credit partnerships identified in Note 7, which represent 100 percent of the assets, net assets, revenues and expenses of the aggregate discretely presented component units of the Housing Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the tax credit partnerships, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the King County Housing Authority, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the 18 months then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 10 through 16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The financial statements for The Pooled Housing Refunding Revenue Bonds, Series 1998A are also presented for purposes of additional analysis. These statements are not a required part of the basic financial statements. Such supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Property Listing is not a required part of the basic financial statements but is supplementary information presented for the purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statenments and, accordingly, we express no opinion on it.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 4, 2009

Financial Section

King County Housing Authority
July 1, 2007 through December 31, 2008

REQUIRED SUPPLEMENTAL INFORMATION

BASIC FINANCIAL STATEMENTS

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF KING

MANAGEMENT'S DISCUSSION AND ANALYSIS

This first section of the annual financial report presents a discussion and analysis of King County Housing Authority's (KCHA) financial performance during the fiscal year ended December 31, 2008. It should be read in conjunction with the Authority's financial statements, which immediately follow this section.

KCHA administers a broad range of federally and locally financed housing programs serving an area of over 2,134 square miles, covering all of King County outside of the cities of Seattle and Renton. The King County Housing Authority owns or manages 8,396 units of housing and provides rental subsidies to over 7,600 additional households. The majority of KCHA's program participants have incomes below 20% of area median income. KCHA's inventory includes 2,539 units of public housing in King County and in the city of Olympia, which lies outside of King County. In addition, KCHA manages two public housing sites with 80 units via contract in the City of Sedro-Woolley.

The financial performance discussed in the following analyses does not include tax credit partnerships. The tax credit partnerships, with 20 sites and 2,599 units, are owned by separate limited partnerships/corporations with the Authority acting as general partner/managing member. The tax credit properties are fee managed by outside private property management firms with the exception of Harrison House, Valley Park, and Egis, which are managed by KCHA's Housing Management department. Because of the different corporate structure of the partnerships, their operations are not carried directly on the books of the Authority but are listed as component units on the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets and are detailed in Note 7. With those exceptions, neither these units, nor their financial data, are included in the analysis and financial reports that follow.

FISCAL YEAR 2008 FINANCIAL HIGHLIGHTS

- The Authority continues to be a Moving to Work (MTW) Public Housing agency, allowing for certain financial flexibilities and empowering the Authority to waive certain parts of Section 8 and 9 of the Housing Act of 1937.

- The Authority changed fiscal years from a June 30 year end to December 31 resulting in a special 18-month reporting period running from July 1, 2007 until December 31, 2008. Accordingly, all operating data will be substantially higher than Fiscal Year 2007, which was a traditional 12-month period.

- Total assets of the Authority exceeded total liabilities at December 31, 2008 by $317 million.

- Total change in net assets for Fiscal Year 2008 was $70.4 million and includes $13.3 million in capital grants contributions.

- Restricted MTW reserves rose by $29.0 million during the year.

- Operating expenses were $174.4 million and include $91.1 million in housing assistance payments made to landlords, or 53% of operating expenses.

- A $20 million Hope VI grant was received from the Department of Housing and Urban Development for the rehabilitation of the Park Lake II public housing site.

- Several significant rehabilitation projects were undertaken or continued during the year including Greenbridge, Egis and Springwood. A mobile home park, Wonderland Estates, was purchased to preserve housing affordability for dozens of low-income seniors.

FUND FINANCIAL STATEMENTS

The operations of the Authority consist of proprietary funds, which are designed to ensure and demonstrate compliance with external financial requirements. The measurement focus for proprietary fund accounting is similar to that used in the private sector.

Many of the funds maintained by the Authority are required by the federal Department of Housing and Urban Development (HUD). Others are used to enhance accountability and control.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columnar format, presenting totals by category for the entire Authority.

These statements include a *Balance Sheet*. The Balance Sheet reports all financial and capital resources for the Authority. The Balance Sheet is presented in the format where assets equal liabilities plus "net assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "current" (generally, those assets convertible into cash within one year), and "non-current".

The Balance Sheet presents information about the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net assets are reported in three broad categories:

> Net Assets, Invested in Capital Assets, Net of Related Debt: This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
>
> Restricted Net Assets: This component of net assets consists of restricted assets when constraints are placed on the asset by external forces such as creditors (e.g. debt covenants), grantors, contributors, laws, regulations, etc., net of any offsetting, associated liabilities. Restrictions on assets imposed voluntarily by KCHA do not result in restricted net assets.
>
> Unrestricted Net Assets: This component of net assets consists of net assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of related Debt", or "Restricted Net Assets".

The Authority-wide financial statements also include a *Statement of Revenues, Expenses and Changes in Net Assets* (similar to an income statement). This statement includes operating revenues, such as rental income, operating expenses such as administrative, utilities, and maintenance, and depreciation, and non-operating revenue and expenses, such as grant revenue, investment income and interest expense. The focus of the Statement of Revenues, Expenses and Changes in Net Assets is the "Change in Net Assets" which is similar to Net Income or Loss.

Finally, a *Statement of Cash Flows* is included, which discloses net cash provided by, or used for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Balance Sheet:

Table A-1 presents the Authority's *Condensed Balance Sheet* for Fiscal Years 2008 and 2007. The purpose of the statement is to provide a snapshot of the financial condition of the Authority at a certain point in time. Presented are the assets, liabilities, and net assets of the Authority at the end of the fiscal year. Supplementary information is provided in the accompanying notes that further explain and support the data presented in table A-1.

Current and other assets, excluding capital assets, for the fiscal year ended December 31, 2008 total $419.5 million and are comprised of $115.6 million in cash, cash equivalents, and investments and $300.7 million in accounts, notes and financing lease receivables. The $125.4 million increase from the prior fiscal year is due primarily to a $29.0 million increase in MTW reserves and a $92.1 million increase in accounts, notes and financing leases receivable. The increase in receivables derives primarily from additional notes and financing leases received from a) bonds issued to the Soosette Creek LLC for $37.5 million, b) a $22.2 million financing lease to Soosette Creek, and c) a variable-rate bond issued to the Egis Partnership which is due in full in 2009

Capital assets for the fiscal year ended December 31, 2008 are $236.8 million. Included in this category are land and improvements, buildings and improvements, personal property, and construction-in-progress. The $14.9 million net increase in capital assets from fiscal year 2008 is attributable to the purchase or construction of $63.6 million additional capital assets, $44 million of which relate to the Greenbridge project, offset by $38.7 million of net capital assets sold or disposed and $10.0 million of additional accumulated depreciation. $30.5 million of net capital assets were sold under financing leases with $20.5 million pertaining to net assets sold to Nia LLC, $6.5 million sold to the Seola LLC, and $3.5 million associated with the former Springwood Apartments public housing development sold to Soosette Creek LLC.

Total liabilities, excluding the non-current portion of long-term debt, totaled $64.8 million at December 31, 2008, an increase of $44.2 million from 2007. This increase consists primarily of the current portion of $22.6 million of a revenue bond related to the Egis tax credit partnership. The increase also consists of the addition of a line of credit of $8.7 million related to the Wonderland Estates project and an $8.3 million line of credit related to the Egis tax credit partnership.

Total net assets increased by $70.3 million during fiscal year 2008. Net assets represent the Authority's equity, a portion of which is restricted for certain uses. The $5.4 million decrease in restricted net assets resulted primarily from the disbursements of $8.3 million line-of-credit proceeds obtained for the Egis properties' rehabilitation and the disbursement of $2.8 million from Nia bond reserves to fund construction, offset by the addition of $7 million of bond reserves to fund future Eastbridge construction. The $75.6 million increase in unrestricted net assets resulted primarily from a $39.8 million increase in unrestricted cash and investments and the $38.3 million increase in receivables, less a $1.3 million increase in non-capital asset related debt incurred on behalf of the tax credit properties.

Table A-1, Condensed Balance Sheet (1)

		FY 2008		FY 2007
Assets:				
Current and other assets	$	419,495,569	$	294,061,962
Capital assets		236,816,310		221,966,058
Total Assets	**$**	**656,311,879**	**$**	**516,028,020**
Liabilities:				
Current and other liabilities	$	64,819,139	$	20,572,289
Long-term debt, net of current		274,460,316		248,773,563
Total Liabilities		339,279,455		269,345,852
Net Assets:				
Invested in capital assets, net of related debt		88,311,880		88,219,031
Restricted		21,809,690		27,196,858
Unrestricted		206,910,853		131,266,279
Total Net Assets		317,032,423		246,682,168
Liabilities and Net Assets	**$**	**656,311,879**	**$**	**516,028,020**

(1) Component units are not included.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

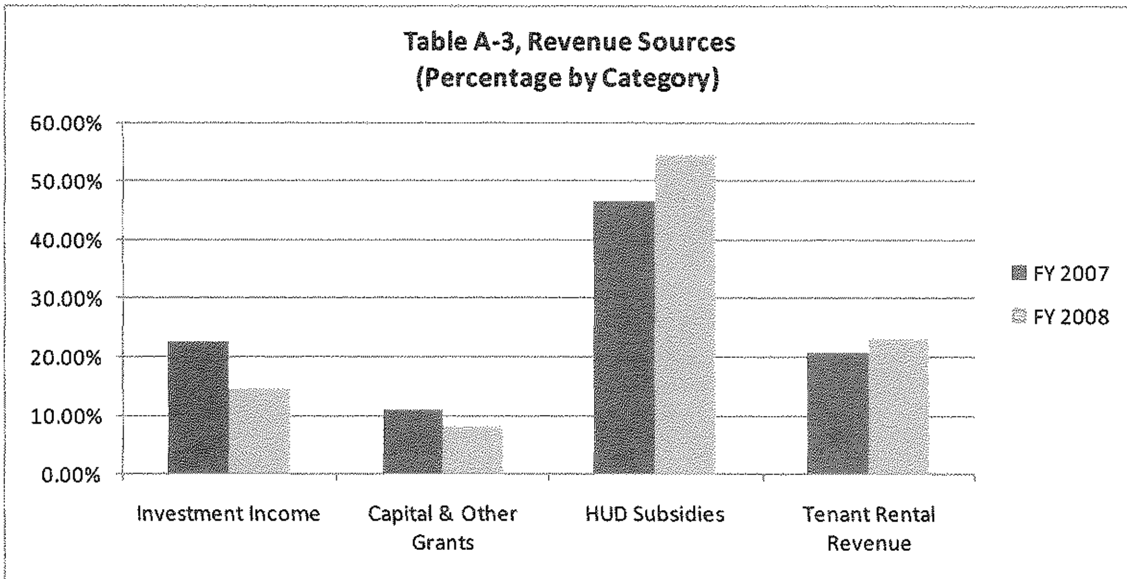
The purpose of the "Condensed Statement of Revenues, Expenses and Changes in Net Assets" is to present the revenues earned by the Authority (both operating and non-operating) and the expenses incurred (operating and non-operating), and any other revenues, expenses, gains and losses received or spent by the Authority. Table A-2 represents the Authority's *Condensed Statement of Revenues, Expenses, and Changes in Net Assets* for fiscal years 2008 and 2007:

Table A-2, Condensed Statement of Revenues, Expense, and Changes in Net Assets (1)

	FY 2008 (2)	FY 2007
Operating Revenues	$ 60,166,754	$ 34,891,264
Nonoperating revenues	188,966,609	123,583,977
Total Revenues	249,133,363	158,475,241
Operating expenses	174,397,565	108,997,410
Nonoperating expenses	17,683,435	11,678,723
Total Expenses	192,081,000	120,676,133
Excess or deficiency before contributions	57,052,362	37,799,108
Capital grant contributions	13,297,893	10,827,050
Change in Net Assets	70,350,255	48,626,158
Beginning Net Assets	246,682,168	198,056,010
Ending Net Assets	$ 317,032,423	$ 246,682,168

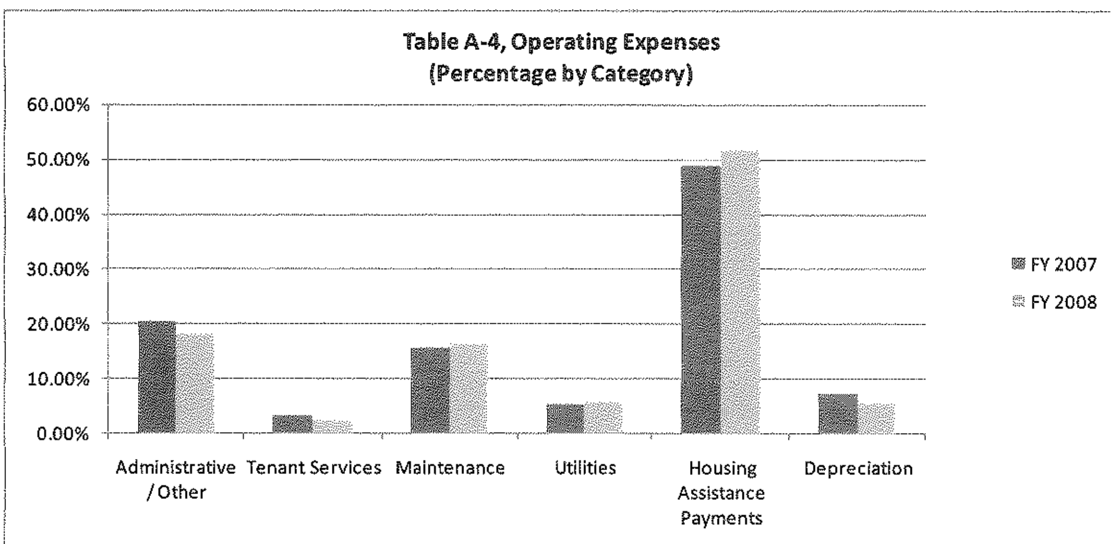
(1) Component units are not included.
(2) FY 2008 reflects an 18 month period.

Revenues are classified as operating, non-operating or capital grant contributions. Table A-3 shows the sources of revenues for fiscal years 2008 and 2007 as a percentage of all revenues. The overall relative contribution for each revenue type remained relatively constant from fiscal year 2007 to fiscal year 2008 when accounting for the subsequent period reflecting 18 months, although the steady decline in investment interest rates has made the Authority more reliant on HUD subsidies.



Operating expenses are amounts paid for providing housing services to the Authority's tenants and administering the various programs. Although total operating expenses for fiscal year 2008 were $174.4 million (refer to Table A-2), a $65.4 million increase compared to fiscal year 2007, most of this increase is due to the 18-month Fiscal Year 2008 reporting period as compared to the 12-month 2007 Fiscal Year. Housing assistance payments under the Housing Choice Voucher (HCV) program increased beyond that which was attributable to the extra six months. $11.1 million of the HCV program increase was due to higher rental costs in the Puget Sound area combined with the issuance of an additional 300 vouchers using KCHA's Moving to Work authority.

Table A-4 demonstrates that the mix of operating expenses as a percentage of total expenses has remained relatively static from Fiscal Year 2007 to 2008.



CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

During fiscal year 2008, capital assets increased a net amount of $15 million. $53.5 million of capital assets were purchased, representing primarily $44 million construction-in-process associated with the Greenbridge development project. Capital asset additions were partially offset by $38.7 million of net capital asset disposals. The capital asset disposals were primarily composed of $30.5 million of net capital assets sold under financing leases with $20.5 million pertaining to net assets sold to the NIA LLC and $6.5 million pertaining to net assets sold to the Seola LLC. Information about the Authority's capital assets is further presented in the financial statements Note 4 – Capital Assets.

Table A-5, Capital Assets, net of Accumulated Depreciation

	FY 2008	FY 2007
Land - Non Depreciable	$53,817,742	$45,508,201
Land Improvements	20,870,992	22,046,593
Land	74,688,734	67,554,794
Buildings and Improvements	200,517,396	205,259,631
Furniture, Equipment & Machinery	3,342,580	3,089,734
Construction in Progress	61,797,871	47,176,127
	340,346,581	323,080,286
Total accumulated depreciation	(103,530,271)	(101,114,228)
Net Capital Assets	**$236,816,310**	**$221,966,058**

LONG TERM DEBT & OTHER NONCURRENT LIABILITIES

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. At fiscal year-end, the Authority had $297 million in net long-term bonds and notes outstanding (as shown in table A-6) which represents a $48 million increase over the prior fiscal year-end balance. The increase is mainly attributable to additional financing acquired to fund the Soosette Creek redevelopment. Information about the Authority's debt is further presented in the financial statements Note 5 – Long Term Debt Obligations. Included in the other noncurrent liabilities category are payments in lieu of taxes, and deferred revenues.

Table A-6, Long Term Debt & Other Noncurrent Liabilities

	FY 2008	FY 2007
Long-term, net of current portion	$274,460,316	$248,773,563
Other noncurrent liabilities	2,540,950	4,236,456
Total long-term debt & other noncurrent liabilities	**$277,001,266**	**$253,010,019**

ECONOMIC FACTORS AFFECTING THE AUTHORITY'S FUTURE

The Authority receives the bulk of its operational funding from the federal Department of Housing and Urban Development which, like all federal agencies, continues to experience budget constraints. Although KCHA's Moving to Work authority gives it substantial financial flexibility, future funding continues to depend upon Congressional appropriations.

The current recession, the worst in several decades, has severely impacted the ability of the Authority to gain access to funding sources for many of its rehabilitation projects. The tightening credit market, along with the difficulty of getting Low Income Housing Tax Credit program equity partners, has created a challenge that will require creative financing strategies.

The Authority continues to plan to convert the ownership structure on certain public housing complexes from Authority-owned to ownership by partnerships under the Low Income Housing Tax program. The financing generated through federal income tax credits that flows to the project in the form of partnership equity contributions helps fund the redevelopment and major renovation activities.

In early 2009, the Authority signed a new 10-year Moving to Work agreement with HUD. This agreement will allow KCHA to retain its financial flexibilities and be well-positioned for the future.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Housing Authority's finances and to demonstrate KCHA's accountability for its resources. Any questions about this report, or requests for additional information, should be directed to the Director of Finance of the King County Housing Authority.

HOUSING AUTHORITY OF THE COUNTY OF KING

BALANCE SHEET

As of December 31, 2008

		AUTHORITY	COMPONENT UNITS
ASSETS:			
CURRENT ASSETS:			
	Cash and cash equivalents	$ 92,115,656	$ 3,711,058
	Restricted cash and cash equivalents	16,718,697	36,295,791
	Receivables, net	68,640,507	600,336
	Restricted investments	1,960,054	20,012,338
	Other current assets	471,454	536,343
	Total Current Assets	179,906,368	61,155,866
NONCURRENT ASSETS:			
	Restricted cash and cash equivalents	$ 518,627	$ -
	Restricted investments	4,347,318	-
	Land, buildings and equipment, net	236,816,310	324,227,731
	Noncurrent receivables	232,049,755	-
	Other noncurrent assets	2,673,502	3,661,742
	Total Noncurrent Assets	476,405,511	327,889,473
TOTAL ASSETS		$ 656,311,879	$ 389,045,339
LIABILITIES and NET ASSETS:			
CURRENT LIABILITIES:			
	Current portion of long term debt	$ 52,940,181	$ 3,224,226
	Other current liabilities	9,338,009	10,574,417
	Total Current Liabilities	62,278,189	13,798,643
LONG-TERM LIABILITIES:			
	Long-term debt, net of current	274,460,316	295,505,502
	Other noncurrent liabilities	2,540,950	5,561,937
	Total Long-Term Liabilities	277,001,266	301,067,439
	TOTAL LIABILITIES	339,279,455	314,866,082
NET ASSETS:			
	Invested in capital assets, net of related debt	88,311,880	25,498,003
	Restricted net assets	21,809,690	36,295,791
	Unrestricted net assets	206,910,853	12,385,463
	TOTAL NET ASSETS	317,032,423	74,179,257
TOTAL LIABILITIES and NET ASSETS		$ 656,311,879	$ 389,045,339

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF KING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the 18 Month Period Ended December 31, 2008

	AUTHORITY	COMPONENT UNITS
OPERATING REVENUES		
Tenant revenue	$ 44,223,523	$ 23,380,894
Other revenue	15,943,231	688,265
Total Operating Revenues	60,166,754	24,069,159
OPERATING EXPENSES		
Administrative	35,037,036	5,664,573
Tenant services	4,979,629	-
Maintenance	23,353,508	4,023,947
Utilities	8,023,983	2,891,468
Housing assistance payments	91,062,119	-
Depreciation	9,980,606	8,223,460
Other expenses	1,960,684	1,611,273
Total Operating Expenses	174,397,565	22,414,721
Operating Income (Loss)	(114,230,811)	1,654,438
NONOPERATING REVENUE (EXPENSE)		
HUD subsidies and grant revenue	134,453,734	-
Other government grants	16,186,175	310,000
Investment income	19,172,243	1,058,974
Interest expense	(17,683,435)	(9,031,252)
Net gain on disposal of capital assets	19,154,457	(261,317)
Net Nonoperating Revenues (Expenses)	171,283,173	(7,923,595)
INCOME (LOSS) before contributions	57,052,362	(6,269,157)
Capital grant contributions	13,297,893	27,467,179
CHANGE IN NET ASSETS	$ 70,350,255	$ 21,198,022
Total Net Assets -- beginning	246,682,168	52,981,235
Total Net Assets -- ending	$ 317,032,423	$ 74,179,257

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF CASH FLOWS
For the 18 Month Period Ended December 31, 2008

	AUTHORITY	COMPONENT UNITS
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from tenants	$ 44,920,331	$ 22,989,363
Payments to employees	(25,368,409)	(3,354,616)
Payments to suppliers of goods and services	(46,705,144)	(23,075,692)
Payments to landlords	(86,253,412)	-
Payments received from (made to) other housing authorities	(2,793,163)	-
Other receipts (payments)	13,555,135	461,453
Net cash provided by (used in) operating activities	(102,644,662)	(2,979,492)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Receipts from HUD	139,951,623	-
Receipts from other governments	16,692,586	-
Net cash provided by noncapital financing activities	156,644,208	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grant contributions	13,297,893	-
Capital contributions	-	27,521,679
Purchase of capital assets	(63,555,334)	(51,508,977)
Net proceeds capital asset disposal	-	(4,343)
Proceeds from issuance of capital debt	120,562,013	61,622,001
Principal payments on capital debt	(49,319,272)	(10,912,354)
Interest paid on capital debt	(18,224,669)	(5,802,821)
Other receipts (payments)	(1,434,219)	(891,074)
Net cash used in capital and related financing activities	1,326,410	20,024,111
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sale (purchase) of investments	436,223	(9,648,880)
Investment in notes and financing leases	(65,481,811) a)	
Payments received on notes and financing leases	5,288,195 b)	
Investment income -- notes and financing leases	8,063,539	
Investment income -- other	6,973,847	1,058,974
Other receipts (payments)	23,559,268	
Net cash provided by investing activities	(21,160,738)	(8,589,906)
Net Increase in Cash and Cash Equivalents	34,165,223	8,454,713
Cash and cash equivalents -- beginning of the year	75,187,756	31,552,136
Cash and cash equivalents -- end of the year	$ 109,352,979	$ 40,006,849
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	(114,230,811)	1,654,438
Adjustment to reconcile operating income to net cash:		
Depreciation expense	9,980,606	8,223,460
Change in assets and liabilities:		
Receivables and other assets	854,882	(695,042)
Accounts and other payables	750,661	(12,162,348)
Net cash provided by (used in) operating activities	$ (102,644,662)	$ (2,979,492)

Non-cash transactions that would have been reported in the capital and investing sections if the transactions had involved a cash exchange.

a) *Excludes $37 million of notes and financing leases received in exchange for capital assets -- $24 million from Soosette Creek and $12.7 million from the Greenbridge Foundation, Nia. Also excludes $96 million of notes received as payment on financing leases receivable.*

b) *Excludes $34 million of lease payments financed through the issuance of notes.*

The accompanying notes are an integral part of these financial statements.

The following notes are an integral part of the financial statements of the Housing Authority of the County of King.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

a) THE AUTHORITY

The Housing Authority of the County of King (the "Authority") was created in 1939 as a municipal corporation under the provisions of the State Housing Authorities Law (RCW 35.82) and the Housing Cooperation Law (RCW 35.83) in response to the Federal Housing Act of 1937. The Act created the United States Housing Authority, empowering it to make loans and annual contributions to local public housing agencies to assist in the development, acquisition and administration of low rent projects. The programs authorized under the Act, as amended, are now administered by the Department of Housing and Urban Development (HUD). The Authority is not a component unit of King County.

The Authority operates in all of King County, except within the cities of Seattle and Renton, and in the city of Olympia. The Authority also serves as the management agent for the Housing Authority of the City of Sedro-Woolley in Skagit County. Of the State's 39 counties, King County ranks eleventh in geographical size and first in population. The County is the financial, economic and industrial center of the entire Pacific Northwest region. The Authority's jurisdiction encompasses an area of over 2,100 square miles and a population estimated at 1.7 million representing almost 30% of the state's total population. The Authority has its central office in Tukwila. A five-member Board of Commissioners appointed for five-year terms by the Metropolitan-King County Council governs the Authority. The Authority's commissioners serve without pay.

The Authority has been granted a broad range of powers to provide housing assistance to low-income households. The nationally recognized definition of a low-income family is a household earning less than 80 percent of the area's median income, adjusted for family size. The Authority administers federally and locally financed housing programs that serve a variety of housing needs including the following:

FEDERALLY ASSISTED HOUSING PROGRAMS

Low Rent Public Housing –The Authority owns, operates or maintains 50 housing projects consisting of 2,507 units of public housing of which 1,097 units are for the low-income elderly and disabled. The properties were acquired through bonds and notes guaranteed by HUD and through grants from HUD. Revenues consist of rents and other fees collected from tenants and an operating subsidy received from HUD. Typically residents pay 30% of their adjusted income in rents. Two thirds of public housing residents earn less than 20% of the area median income, with almost 80% having some form of entitlement payment as their main source of income. The Authority's subsidy is received under an Annual Contributions Contract to offset the cost of operating the units. HUD also provides funds to maintain and improve the public housing projects under the Capital Fund Program. Historically, all additions to land, structures and equipment of public housing are accomplished through these capital grant funds.

Tenant Based Housing Choice Vouchers–The Authority provides rental assistance payments to approximately 7,319 households who live in private rental housing. Funded by HUD pursuant to Section 8 of the U.S. Housing Act, this program allows participating families and individuals to choose their own housing with the use of a housing voucher. Generally the participant pays no more than 30% of income towards rent and the Authority pays the remainder. The Authority targets this program to the elderly, disabled households and families that are homeless or at the risk of homelessness. Program participants average 15% of area median income.

Project Based Section 8 Housing - The Authority owns seven developments with 446 units subsidized under the Section 8 program. Under this program, subsidies attach to qualifying housing units rather than to qualifying individuals or families. The Authority built three of these projects comprising 174 units under the Section 8 New Construction program. The Authority purchased the other four projects comprising 272 units under the Preservation Program to prevent loss of affordability upon their sale by private owners.

UNASSISTED LOCALLY FINANCED HOUSING PROGRAMS

Tax-Exempt Bond Financed - The Authority owns 14 apartment complexes totaling 2,087 units through the issuance of tax-exempt bonds. These properties receive no operating subsidy from the Federal government or any other State or local source. The Authority acquired the properties in order to place selected housing developments within the public domain so that rents could be maintained as low as possible over time. Typically these units have a broad mix of residents with the majority having income below 80% of area median.

Homeownership - The Authority owns three mobile home parks located in South King County comprising 430 manufactured home sites. Under this program, the residents own their manufactured homes and pay rent to the Authority for the land on which the home sits.

Tax Credit - In 1994, the Authority began partnering with limited partnerships and limited liability corporations (hereafter referred to as "partnerships") to acquire and develop additional affordable housing (see Note 7). The Authority is general partner/managing member (hereafter referred to as "general partner") in 20 partnerships representing 30 housing complexes comprising 2,299 units.

Miscellaneous Local Programs - The Authority has an inventory of 14 different housing developments comprising 165 units of housing. The units are generally leased to non-profit service providers for the benefit of the economically disadvantaged, developmentally disabled, transitional, homeless and other groups who have traditionally experienced barriers in finding housing.

OTHER PROGRAMS

Housing Repair and Weatherization. - The Authority receives federal and state money to provide housing rehabilitation loans and weatherization grants to low-income homeowners and renters. The Authority has been administering these types of programs since 1975. In fiscal year 2007, the Authority assisted 630 homes with structural upgrades, air quality improvements and energy efficiencies.

Human Service Programs -- The Authority serves a wide variety of people with special needs such as the elderly, the physically and developmentally disabled, the homeless and the mentally ill. The Authority provides resident focused programs in its developments by working in partnership with nearly 20 different agencies that provide human services programs including job/education training and self-sufficiency programs. For example, Head Start classrooms operate at two sites, Boys and Girls Club programs operate at six sites, and three career/computer centers are located in the Authority's developments. Counseling, educational, recreational, nutrition and transportation services are provided by community-based organizations like the YWCA, Senior Services, and Hopelink. These contracted services are partially funded using federal grants, which the Authority receives in a competitive process for periods of one to three years.

DEVELOPMENT

HOPE VI Redevelopment Project – The Authority was awarded a $35 million HOPE VI grant in November 2001 to revitalize Park Lake Homes public housing development in the unincorporated King County neighborhood of White Center. The project, named Greenbridge to symbolize the vision and character of the new community, will provide quality housing and homeownership opportunities for a diverse mixture of residents and newcomers. This quality new housing will include a range of housing types to suit seniors, adults with disabilities, large families, low- to moderate-income renters and first-time homebuyers and comprise 180 public housing units, 120 project based Section 8 units, 148 work-force units, and 479 for-sale-lots. As of June 30, 2007, the first housing development, Seola Crossing, was fully operational having achieved End of Initial Operating Period (EIOP) status during the year. Work is underway on the second development, Nia, which is being constructed to house the senior and young disabled population. Construction on two additional housing developments, Salmon Creek and Eastbridge, is planned to begin early in fiscal year 2009.

Springwood Redevelopment – Springwood Apartments is the Authority's largest remaining public housing complex containing 324 units of public housing. The site needs significant rehabilitation. To finance the upgrades, the site has been sold to the Soosette Creek LLC. Equity contributions from the LLC, bond proceeds, and other financing vehicles will be used to fund the major remodel which is planned to begin early in fiscal year 2009. Approval for disposition of the units has been obtained from HUD. During 2008, the complex was renamed "Birch Creek". Rehabilitation is well underway with some families returning to their units.

b) BASIS OF ACCOUNTING

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As allowed by GASB reporting standards, the Authority has elected not to apply FASB Statements and Interpretations, APB opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

c) ACCOUNTS ORGANIZED BY FUNDS

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Each fund is, with limited exceptions, an independent fund and is restricted by contract or regulation from assisting or being assisted financially by any other fund. A list of developments is provided in Appendix A. The Authority administers the Housing Authority of the City of Sedro-Woolley. Its financial statements are audited separately and are not combined with the Authority's statements.

d) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

e) COMPONENT UNITS

The Authority serves as general partner in several partnerships (see Note 7). These partnerships constitute component units of the Authority as defined by GASB Statement 14 because they are separate legal entities and subject to the Authority's will and financial accountability. As the general partner/managing member, the Authority has issued bonds and other debt instruments to finance the purchase and renovation of rental housing on behalf of the partnerships. The Authority also oversees the day-to-day operation of these properties.

For Federal tax purposes, all of the partnerships have a calendar year-end. Each partnership is audited separately. Copies of the audited statements can be obtained by contacting the Authority.

f) REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are tenant revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The basis for recognition of revenues and expenses is the accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when incurred. Revenue from operating subsidies and grants is classified as non-operating revenue. Revenue from capital grants is classified as capital grant contributions.

g) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash consists of Federal Depository Insurance Corporation (FDIC) insurable deposits with original maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Investments include deposits with original maturities exceeding three months, and securities and other assets held by trustees. Most assets held by trustees are restricted for specific uses including capital additions and improvements and debt service. Restricted accounts at December 31, 2008 include the following:

	RESTRICTED		
	Cash & Cash Equivalents	Investments	Total
Capital improvements	$ 12,573,440	$ 272,076	$ 12,845,516
Debt service	$ 538,051	$ 5,292,582	$ 5,830,633
Tenant security deposits	$ 1,239,684	$ -	$ 1,239,684
Other	$ 2,886,149	$ 742,714	$ 3,628,863
	$ 17,237,324	$ 6,307,372	$ 23,544,696

h) RECEIVABLES

Receivables consist primarily of rents due from tenants, cost reimbursements due from grantors, and loans and accrued interest due from the tax credit properties. Annually, tenant receivables are analyzed and the allowance for doubtful accounts adjusted. Other receivable allowances are established for uncertain collectibles. No allowances existed at December 31 other than the allowance for tenant accounts receivable.

i) INVENTORIES

Inventory consists of supplies purchased primarily for use in maintenance of the rental units. The perpetual method is used to account for inventory. As such, purchases are recorded into the inventory account and, as items are used, the inventory account is reduced and the expense account is charged. Periodically throughout the year, physical counts are taken of all supplies on hand and the inventory records are adjusted. The weighted average method is used to value the inventory.

j) CAPITAL ASSETS

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least $5,000 if the item is equipment and $100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. As such, all costs directly associated with the Greenbridge redevelopment project have been capitalized, including $800,182 in interest for fiscal year 2008. See Note 4 for the capital asset components and balances at December 31, 2008 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

Land	no depreciation
Buildings and land improvements	12-60 years
Personal property	3-10 years
Construction-in-progress	no depreciation

Maintenance and repairs are charged to expense when incurred. Management reviews land, structures, and equipment for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

k) TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. Several developments make a Payment in Lieu of Taxes (PILOT) based on contracts with local jurisdictions.

l) COMPENSATED ABSENCES

It is the Authority's policy to pay 100% of accumulated annual leave when an employee terminates employment from the Authority. As such, the value of annual leave earned but not used at year-end is accrued. Sick leave does not vest and is only paid to those separating from the Authority as retirees as defined by the state pension system. Because the amount of such payments is difficult to estimate, an accrual is made only when the actual payment amount is known.

m) INTERFUND ACCOUNTS

The Authority maintains a master paying and receiving account (King-Public Housing Fund). All cash receipts and disbursements flow through this master account, except for disbursements to landlords under the Section 8 Voucher program, which flows through a separate checking account (Section 8 Fund). Interfund payables and receivables (due to/from relationships) are created and used to account for ownership of the funds.

n) DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of interest rate swap agreements (See Note 6) is determined by dealer quote. These values represent the estimated amount the Authority would receive or pay to terminate the agreements taking into consideration current interest rates.

o) COMMITMENTS

The Authority has entered into various long-term contracts for the development of the Greenbridge and other housing projects. As of December 31, 2008, the Authority was obligated under these contracts to purchase approximately $13.23 million of goods and services.

p) CHANGE IN FISCAL YEAR END

The Authority has changed its fiscal year end from June 30 to December 31. As a result, fiscal year 2008 reflects an 18 month period. The change in fiscal year end was initiated in order for the Authority's fiscal year end to coincide with that of its component units. It should be noted that the financial information presented in the financial statements for the component units reflect a 12 month period for 2008 in contrast to the Authority's 18 months.

NOTE 2 - CASH DEPOSITS AND INVESTMENTS

The Authority is restricted in its cash deposits and investments to those allowed by RCW 35.82.070(6). In general, deposits must be made with qualified financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Insurance and Collateralization

Deposits that are in excess of the $100,000 insured amount must be continuously and fully (100%) secured. Collateral, comprised of identifiable U.S. Government securities as prescribed by HUD, are pledged or set aside to secure these deposits. The Public Deposit Protection Act in effect in the State of Washington set up a multiple financial institution collateral pool to insure public deposits. This protection is in the form of securities pledged as collateral to the Public Deposit Protection Commission (PDPC) by all qualified depositories. In 1994, the Authority received a waiver from HUD that enabled it to make deposits in excess of $100,000 in a qualified public depository because HUD determined that there were "adequate safeguards against the loss of Public Housing Authority funds."

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the maximum maturity of an investment to not greater than three years. Exceptions may be made for collateralization of repurchase agreements using investments not exceeding 30 years and for the investment of reserve funds, which can be invested up to 30 years if matched to an anticipated future cash flow.

Credit Risk

The Department of Housing and Urban Development (HUD), Washington State law, and the Authority's investment policy all limit the instruments in which the Authority may invest. Not all Authority funds have the same restrictions. Following are some of the instruments in which any Authority funds, including Federal funds, may be invested:

1) Direct obligations of the Federal government backed by the full faith and credit of the United States
   a) U.S. Treasury Bills.
   b) U.S. Treasury Notes and Bonds.
2) Obligations of Federal government agencies, such as:
   a) Government National Mortgage Association (GNMA) mortgage-backed securities.
   b) GNMA participation securities.
   c) Maritime Administration Bonds.
   d) Small Business Administration Bonds.
3) Securities of Government Sponsored Agencies, such as:
   a) Federal Home Loan Mortgage Corporation (FHLMC) notes and bonds.
   b) Federal National Mortgage Association (FNMA) notes and bonds.
   c) Federal Home Loan Bank (FHLB) notes and bonds.
   d) Federal Farm Credit Bank (FFCB) notes and bonds.
   e) Student Loan Marketing Association (SLMA) notes and bonds.
4) Demand and savings accounts.
5) Money Market Deposit accounts.
6) Certain mutual funds.

In addition to the above, non-federal funds and federal funds subject to the Authority's Moving To Work Agreement with HUD may be invested in the following which are allowed by the State of Washington:

1) Banker's acceptances purchased on the secondary market.
2) Commercial paper.
3) Bonds of the State of Washington or any local government of the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
4) General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
5) Utility revenues bonds or warrants of any city of town in the State of Washington.
6) Bonds or warrants of a local improvement district that is within the protection of the local improvement guaranty fund law.

Concentration of Credit Risk
The Authority diversifies its investments by security type and institution. The investment policy states: "With the exception of U.S. Treasury securities, investment agreements for trustee held funds, and authorized pools, no more than 15% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution. There is no custodial credit risk for cash and investments.

Other Information:
The Authority has established arrangements with the Bank of America for safekeeping of investments.

Valuation and Classification

Cash equivalents include deposits and investments that are readily convertible to cash. Instruments with an original maturity date of over 3 months are classified as investments. Cash and investments held for the future payment of long-term liabilities are classified as non-current assets. Cash and investments legally or contractually restricted as to use are classified as restricted.

Cash equivalents include an investment in a Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a)(7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2008, the pool had an average days-to-maturity of 63 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2008 follows.

	UNRESTRICTED	RESTRICTED	TOTAL
CASH and CASH EQUIVALENTS:			
Cash on hand	$ 8,177	$ -	$ 8,177
Depository accounts	77,850,297	1,239,684	79,089,981
Washington State Investment Pool	8,397,408	1,855,404	10,252,813
Westdeutsche Landesbank Collateralized Repurchase Agreement, 5.27%	5,031,713	-	5,031,713
U.S. Treasury money market	828,060	10,441,867	11,269,928
Other money market	-	3,700,368	3,700,368
TOTAL CASH AND CASH EQUIVALENTS	$ 92,115,656	$ 17,237,324	$ 109,352,979
INVESTMENTS:			
Certificates of deposit, 3.25% to 5.06%, 11/9/2007 to 5/1/2017, 2.8 years weighted average maturity.	$ -	$ 795,725	$ 795,725
U.S. Treasury money market	-	114,770	114,770
Repurchase agreement	-	377,497	377,497
Private Debt Obligations:			
Westdeutshe Landesbank Gironzentrale, 5.42%, 7/1/2028	-	2,269,308	2,269,308
Bank of America 6.1% 7/1/2028	-	1,022,033	1,022,033
GNMA passthrough certificate, 6.25%, 9/15/2012	-	1,728,041	1,728,041
TOTAL INVESTMENTS	-	6,307,372	6,307,372
TOTAL	$ 92,115,656	$ 23,544,696	$ 115,660,352

NOTE 3 –NOTE AND FINANCING LEASE RECEIVABLES

The notes and financing leases held by the Authority are primarily the result of the Authority's transactions with the tax credit partnerships. At December 31, 2008, all of the financing leases and developer fee notes, and $167.2 million of the other notes were receivable from tax credit partnerships. The notes are received for fees earned by the Authority from developing the rental properties and for funds advanced to the partnerships to purchase and rehabilitate the properties. The notes earn interest at varying rates up 8.5% per annum. The Authority acquires financing leases when it purchases or develops rental properties then transfers substantially all of the risks and benefits of ownership to the partnerships under financing lease. See Note 7 - Tax Credit Partnerships, for further discussion of the Authority's financial relationship with the partnerships.

A summary of the notes and direct financing leases receivable at December 31, 2008 follows.

	Beginning Balance	Additions	Payments	Ending Balance	*Current Portion*
Notes					
Tax credit properties:					
Developer fee notes	$ 11,201,394	$ 2,200,000	$ (3,407,909)	$ 9,993,485	*$ 1,520,161*
Other notes	79,503,449	91,186,538	(2,289,151)	168,400,836	*32,443,489*
Total Notes	90,704,843	93,386,538	(5,697,059)	178,394,321	*33,963,650*
Financing Leases, net	102,286,950	34,915,122	(25,295,861)	111,906,211	*28,764,387*
NOTES & FINANCING LEASES RECEIVABLE	$ 192,991,793	$ 128,301,660	$ (30,992,921)	$ 290,300,532	*$ 62,728,037*

The sale of the Springwood Apartments to Soossette Creek LLC under a Low Income Housing Tax Credit transaction resulted in the $2.2 million addition to the developer fee notes, a $45.7 million addition to the other notes receivable and a $22.2 million net addition to the financing lease receivables. A net addition to other notes receivable of $31.8 million resulted from notes related to the Egis Limited Partnership and the redevelopment of the Egis property. Construction related to the Greenbridge/NIA project resulted in a $12.7 million addition to financing leases and a $6.5 million addition to other notes receivable. In addition, a lease payment of $22.8 million was made on the Seola lease. See Note 7 for further information on the tax credit properties.

The maturity schedule for notes receivable follows.

FISCAL YEAR	*PRINCIPAL*	*INTEREST ***	*TOTAL*
2009	$ 33,963,650	$ 3,829,561	$ 37,793,211
2010	24,681,113	3,768,658	28,449,771
2011	2,617,945	5,359,353	7,977,297
2012	4,206,731	3,517,862	7,724,593
2013	5,720,292	3,539,585	9,259,877
2014-2018	19,516,547	15,434,997	34,951,544
2019-2023	13,039,475	11,873,178	24,912,653
2024-2028	9,079,048	9,407,917	18,486,965
2029-2033	9,859,830	7,892,396	17,752,226
2034-2038	21,672,080	5,743,328	27,415,408
2039-2043	14,469,530	4,022,169	18,491,699
2044-2048	5,284,839	233,203	5,518,042
2049-2053	2,469,805	56,484	2,526,289
2054-2058	4,049,900	492,338	4,542,238
2059-2063	7,925,000	-	7,925,000
TOTAL	178,555,786	75,171,029	253,726,814
Unamortized original issue discount	(161,466)		(161,466)
NOTE RECEIVABLE BALANCE	$ 178,394,321	$ 75,171,029	$ 253,565,348

** On amortizing notes.

The maturity schedule for financing leases receivable follows:

FISCAL YEAR	*PRINCIPAL*	*INTEREST* **	*TOTAL*
2009	$ 28,764,387	$ 4,963,127	$ 33,727,514
2010	23,032,784	2,225,572	25,258,356
2011	909,838	2,177,054	3,086,892
2012	952,045	2,124,912	3,076,957
2013	1,019,414	2,068,647	3,088,061
2014-2018	6,048,028	9,372,656	15,420,684
2019-2023	9,537,255	6,953,345	16,490,600
2024-2028	26,271,407	4,231,234	30,502,641
2029-2033	6,678,099	1,174,493	7,852,592
2034-2038	1,172,633	452,928	1,625,561
2039-2043	906,003	129,557	1,035,560
2044-2048	6,626,755	32,964	6,659,719
2049-2053	254,235	21,608	275,842
Total lease payments	112,172,883	35,928,097	148,100,980
Unamortized original issue discount	(266,672)		(266,672)
FINANCING LEASE RECEIVABLE	$ 111,906,211	$ 35,928,097	$ 147,834,308

** Unearned interest.

NOTE 4 – CAPITAL ASSETS

The components and fiscal year activity of land, structures and equipment follow.

	Beginning Balances	Additions	Disposals / Adjustments	Transfers In (Out)	Ending Balances
NONDEPRECIABLE:					
Land	$ 45,508,201	$ 9,593,925	$ (1,284,384)	$ -	$ 53,817,742
Construction-in-progress:					
Greenbridge Project	43,959,382	44,233,172	(30,055,678)	-	58,136,876
Other	3,216,745	5,945,982	(4,146,901)	(1,354,831)	3,660,995
Total Nondepreciable	92,684,328	59,773,079	(35,486,963)	(1,354,831)	115,615,613
DEPRECIABLE:					
Land improvements	22,046,593	-	(1,175,601)	-	20,870,992
Buildings	205,259,631	3,408,319	(9,479,386)	1,328,832	200,517,396
Equipment	3,089,734	373,936	(147,089)	25,999	3,342,580
Total Depreciable	230,395,958	3,782,255	(10,802,076)	1,354,831	224,730,968
TOTAL CAPITAL ASSETS:	323,080,286	63,555,334	(46,289,039)	-	340,346,581
Accumulated depreciation	(101,114,228)	(9,985,891)	7,569,848	-	(103,530,271)
NET CAPITAL ASSETS	$ 221,966,058	$ 53,569,443	$ (38,719,191)	$ -	$ 236,816,310

Capital asset activity resulted primarily from transactions associated with the Greenbridge redevelopment project, the purchase of Wonderland Estates and Pacific Court Apartments, and the sale of Springwood Apartments to Soosette Creek LLC.

Of the $53.5 million of additions to the capital assets, approximately $44 million was attributable to the Greenbridge project construction in process. Other major additions to capital assets were primarily the purchase of Wonderland Estates for $8.4 million and Pacific Court Apartments for $3.5 million.

The $38.7 million net capital asset disposal represents 1) $30.5 million of net capital assets sold under financing leases with $20.5 million pertaining to net assets sold to the Nia LLC and $6.5 million pertaining to net assets sold to the Seola LLC and 2) a $3.5 million net capital asset disposal associated with the former Springwood Apartments public housing development sold to Soosette Creek LLC.

NOTE 5 - LONG TERM DEBT OBLIGATIONS

The Authority has issued various forms of debt for the purpose of acquiring and rehabilitating projects located throughout King County. The debt is secured by revenue pledges and deeds of trust on property and equipment. Compliance with all indentures has been met. During the year, revenue bonds were issued to help finance the rehabilitation of Soosette Creek and construction of Greenbridge-Salmon Creek and Greenbridge-Eastbridge Apts. Credit lines totaling $8.2 million were used as interim financing for Soosette Creek. The components of outstanding debt at December 31, 2008 and the fiscal year activity are stated below.

	Beginning Balance	Additions	Reclass	Retirements/ Payments	Ending Balance	*Current Portion*
Revenue bonds	$ 99,185,204	$ 79,420,000	$ (4,250,000)	$ (4,568,726)	$ 169,786,477	*$ 30,418,655*
Demand bonds	87,225,000	-	4,250,000	(1,475,000)	90,000,000	*1,033,906*
Mortgage notes	5,209,803	-	-	(810,339)	4,399,463	*517,605*
Financing lease	3,656,297	-	-	(1,151,231)	2,505,066	*234,418*
Lines of credit	42,313,750	20,352,212	-	(10,023,578)	52,642,384	*20,727,541*
Notes	18,567,702	250,000	-	(10,750,596)	8,067,106	*8,054*
	$ 256,157,756	$ 100,022,212	$ -	$ (28,779,471)	$ 327,400,497	*$ 52,940,181*

Details of each issuance of long-term obligations follow:

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
Revenue Bonds:						
Tax Credit:						
Somerset	2000	$ 3,605,000	5.00%	2010	$ 3,605,000	$ 3,605,000
Cascadian	1995	8,385,000	4.00-6.50%	2025	6,259,150	225,000
Fairwood	1996	5,260,000	3.80-5.60%	2026	3,958,664	140,000
Woodridge Park	1995	4,860,000	4.50-6.35%	2026	3,655,720	130,000
Rural Housing	1998	2,230,000	4.50-5.75%	2028	1,812,009	50,000
Laurelwood	1998	2,500,000	4.40-6.00%	2028	1,989,464	60,000
Windsor Heights	1999	10,650,000	4.00-5.40%	2029	8,590,548	250,000
Heritage Park	1999	4,950,000	4.15-5.60%	2030	4,090,015	110,000
Somerset (Kv)	2000	2,535,000	4.80-6.80%	2031	2,199,355	50,000
Alpine Ridge	2000	2,875,000	4.25-6.40%	2031	2,440,423	60,000
Colonial Gardens	1999	4,950,000	3.75-6.20%	2031	4,200,000	110,000
Southwood Square	2002	5,000,000	3.25-6.20%	2032	4,366,514	95,000
Somerset	2002	3,895,000	2.25-6.00%	2033	3,510,000	75,000
Eastwood Square	2002	4,000,000	5.35-5.45%	2041	3,770,000	45,000
Seola Crossing 1	2006	1,650,000	6.38%	2047	1,645,075	6,157
Seola Crossing 2	2006	5,050,000	6.38%	2047	5,034,925	18,843
Greenbridge - Nia	2007	3,000,000	5.41-5.87%	2037	3,000,000	-
Egis	2008	8,000,000	4.00%	2027	8,000,000	670,000
Egis	2008	22,550,000	1.60%	2009	22,550,000	22,550,000
Soosette Creek	2008	37,500,000	0.00-0.65%	2058	37,500,000	655,000
Total tax credit		$ 143,445,000			$ 132,176,862	$ 28,905,000
Other:						
Condos	1992	$ 325,000	5.25-7.35%	2010	$ 60,000	$ 30,000
Meadows	2006	1,570,989	4.61%	2010	1,393,666	63,971
Northlake House	1980	1,170,000	8.00%	2012	205,409	97,713
Spiritwood / Newport	1993	5,705,000	3.50-6.50%	2013	1,755,000	400,000
Central Office Building	2001	2,000,000	4.35-5.32%	2016	1,151,790	136,971
1998 Pool	1999	32,955,000	4.35-5.49%	2029	25,923,750	785,000
Greenbridge - Eastbridge Apts.	2008	7,120,000	5.65%	2029	7,120,000	-
Total other		$ 50,845,989			$ 37,609,615	$ 1,513,655
Total revenue bonds		$ 194,290,989			$ 169,786,477	$ 30,418,655
Demand Bonds:						
Tax Credit:						
Overlake	2001	$ 23,725,000	1.10-2.61%	2043	$ 23,625,000	$ 65,000
Total tax credit		$ 23,725,000			$ 23,625,000	$ 65,000
Other:						
2005 Pool	2005	$ 46,290,000	2.56%	2035	$ 43,775,000	$ 868,906
Greenbridge - Salmon Creek Redevelopme	2008	4,250,000	1.10-2.61%	2048	4,250,000	-
Landmark	2003	18,500,000	1.00-2.56%	2043	18,350,000	100,000
Total other		$ 69,040,000			$ 66,375,000	$ 968,906
Total demand bonds		$ 92,765,000			$ 90,000,000	$ 1,033,906
Mortgage Notes:						
Tax Credit:						
Rural Housing	1998	$ 1,350,949	7.25%	2033	$ 1,199,066	$ 20,963
Total tax credit		$ 1,350,949			$ 1,199,066	$ 20,963
Other:						
Spiritwood	1993	918,829	3.00%	2009	17,503	17,503
Parkway	1995	446,523	8.50%	2010	54,093	50,583
Newport - 2	1993	707,400	6.50%	2012	205,992	51,415
Spiritwood - 2	1993	5,000,200	6.50%	2012	1,456,010	363,421
Parkway - 2	1995	1,568,000	9.25%	2035	1,466,800	13,721
Total other		$ 8,640,952			$ 3,200,397	$ 496,642
Total mortgage notes		$ 9,991,901			$ 4,399,463	$ 517,605

Details of each issuance of long-term obligations – continued.

	Fiscal Year Issued	Amount Issued	Interest Rates	Fiscal Year Maturity	Amount Outstanding	Current Portion
Financing Lease:						
Other:						
ESCO	2005	3,900,000	3.90%	2018	2,505,066	234,418
Total financing leases		$ 3,900,000			$ 2,505,066	$ 234,418
Lines of Credit:						
Tax Credit:						
Egis	2007	$ 8,300,000	4.90-5.51%	2009	$ 8,300,000	$ 8,300,000
Soosette Creek	2008	6,870,609	1.25%	2010	6,870,609	-
Soosette Creek	2008	1,367,422	1.86%	2010	1,367,422	-
Total tax credit		$ 16,538,032			$ 16,538,032	$ 8,300,000
Other:						
Meadows	2006	$ 1,447,845	4.35-1.26%	2008	$ 1,447,845	$ -
Enumclaw	2005	294,984	4.35-1.26%	2008	294,984	-
Greenbridge - LOC	2006	13,930,000	5.41%	2010	13,930,000	-
Pacific Court	2008	3,437,700	0.00%	2018	3,437,700	3,437,700
Wonderland Estates	2008	10,000,000	2.00%	2009	8,676,480	8,676,480
Greenbridge - Nia	2007	3,814,976	5.41-5.87%	2010	6,429,648	-
Burien Park / Northwood	2007	3,688,549	4.41%	2014	1,887,696	313,361
Total other		$ 36,614,053			$ 36,104,352	$ 12,427,541
Total lines of credit		$ 53,152,085			$ 52,642,384	$ 20,727,541
Notes Payable:						
Tax Credit:						
Somerset - Bellevue	2000	$ 700,000	1.00%	2030	$ 700,000	$ -
Somerset	2001	400,000	1.00%	2032	375,411	3,182
Eastwood Square	2002	600,000	6.95%	2041	573,695	4,872
Overlake - 2, 3	2002	1,456,000	3.42%	2042	750,000	-
Greenbridge - Nia	2008	328,000	0.00%	2022	328,000	-
Seola Crossing Ii	2008	250,000	6.38%	2058	250,000	-
Overlake - 4	2001	1,500,000	1.00%	2050	1,500,000	-
Overlake - 5	2001	500,000	1.00%	2050	500,000	-
Southwood Square	2002	380,000	1.00%	2053	380,000	-
Total tax credit		$ 6,114,000			$ 5,357,106	$ 8,054
Other:						
Enumclaw	2007	1,010,000	0.00-1.26%	2057	1,010,000	-
Enumclaw	2007	132,336	0.00-1.26%	2046	132,336	-
Enumclaw	2007	467,664	1.00%	2046	467,664	-
Housing Choice Vouchers	2004	625,000	4.75%	2014	-	-
Hidden Village - Bellevue	1993	200,000	5.00%	2042	200,000	-
Spiritwood - Bellevue	1993	400,000	5.00%	2042	400,000	-
Hidden Village - State	1993	292,157	5.00%	2044	292,157	-
Spiritwood - State	1993	207,843	5.00%	2043	207,843	-
Greenbridge - HTF	2007	350,178	1.00%	2058	-	-
Total other		$ 3,685,178			$ 2,710,000	$ -
Total notes payable		$ 9,799,178			$ 8,067,106	$ 8,054
TOTAL LONG-TERM OBLIGATIONS		$ 363,899,153			$ 327,400,497	$ 52,940,181

The schedule of debt service payments follows:

Debt Service - Total	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2009	$ 38,118,538	$ 3,681,650	$ 837,389	$ 329,462	$ 21,705,824	$ 64,183	$ 64,737,045
2010	12,737,552	2,284,623	771,433	327,945	32,812,045	64,221	48,997,818
2011	13,899,860	2,339,623	766,594	327,945	-	75,413	17,409,435
2012	12,368,873	2,344,623	750,772	327,945	-	113,930	15,906,143
2013	11,839,727	2,354,623	255,942	327,945	-	113,930	14,892,167
2014 - 2018	60,095,095	11,923,113	1,279,712	1,354,118	-	766,828	75,418,865
2019 - 2023	51,768,878	13,188,113	1,279,712	-	-	1,210,976	67,447,678
2024 - 2028	45,739,861	13,938,113	1,261,532	-	-	998,645	61,938,150
2029 - 2033	20,156,335	14,958,113	1,099,755	-	-	1,214,280	37,428,483
2034 - 2038	13,093,751	55,877,286	297,655	-	-	835,592	70,104,285
2039 - 2043	3,318,784	34,914,913	-	-	-	1,533,156	39,766,852
2044 - 2048	1,565,737	1,005,000	-	-	-	354,991	2,925,728
2049 - 2053	-	-	-	-	-	2,240,098	2,240,098
2054 - 2059	-	-	-	-	-	1,315,960	1,315,960
	284,702,992	158,809,789	8,600,496	2,995,361	54,517,868	10,902,201	520,528,708
Unamoritzed:							
Original issue discoun	(476,988)	-	-	-	-	-	(476,988)
Deferred defeasance	(1,002,399)	-	-	-	-	-	(1,002,399)
Total	$ 283,223,604	$ 158,809,789	$ 8,600,496	$ 2,995,361	$ 54,517,868	$ 10,902,201	$ 519,049,320

The schedule of principal payments follows:

Debt Service - Principal	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2009	$ 30,418,655	$ 1,033,906	$ 517,605	$ 234,418	$ 20,727,541	$ 8,054	$ 52,940,181
2010	5,152,104	75,000	483,631	242,149	31,914,843	8,425	37,876,151
2011	4,896,933	130,000	512,897	251,762	-	8,819	5,800,411
2012	5,240,504	135,000	376,322	261,758	-	25,701	6,039,285
2013	5,084,215	145,000	47,723	272,150	-	19,026	5,568,114
2014 - 2018	30,103,454	875,000	305,920	1,242,829	-	261,959	32,789,162
2019 - 2023	29,955,000	2,140,000	458,715	-	-	750,290	33,304,006
2024 - 2028	32,145,000	2,890,000	670,655	-	-	535,401	36,241,055
2029 - 2033	14,275,000	3,910,000	830,324	-	-	754,982	19,770,306
2034 - 2038	10,120,000	48,191,094	195,671	-	-	565,627	59,072,391
2039 - 2043	2,480,000	29,470,000	-	-	-	1,403,010	33,353,010
2044 - 2048	1,395,000	1,005,000	-	-	-	287,869	2,687,869
2049 - 2053	-	-	-	-	-	2,177,943	2,177,943
2054 - 2059	-	-	-	-	-	1,260,000	1,260,000
	171,265,865	90,000,000	4,399,463	2,505,066	52,642,384	8,067,106	328,879,885
Unamortized:							
Original issue discoun	(476,988)	-	-	-	-	-	(476,988)
Deferred defeasance	(1,002,399)	-	-	-	-	-	(1,002,399)
Total	$ 169,786,477	$ 90,000,000	$ 4,399,463	$ 2,505,066	$ 52,642,384	$ 8,067,106	$ 327,400,497

The schedule of interest payments follows:

Debt Service - Interest	Revenue Bonds	Demand Bonds	Mortgage Notes	Financing Lease	Lines of Credit	Notes	Total
2009	$ 7,699,883	$ 2,647,744	$ 319,784	$ 95,043	$ 978,282	$ 56,129	$ 11,796,864
2010	7,585,448	2,209,623	287,802	85,797	897,202	55,796	11,121,667
2011	9,002,928	2,209,623	253,697	76,183	-	66,594	11,609,024
2012	7,128,369	2,209,623	374,450	66,188	-	88,228	9,866,857
2013	6,755,512	2,209,623	208,219	55,795	-	94,904	9,324,053
2014 - 2018	29,991,641	11,048,113	973,792	111,289	-	504,869	42,629,703
2019 - 2023	21,813,878	11,048,113	820,996	-	-	460,685	34,143,672
2024 - 2028	13,594,861	11,048,113	590,877	-	-	463,245	25,697,095
2029 - 2033	5,881,335	11,048,113	269,432	-	-	459,298	17,658,177
2034 - 2038	2,973,751	7,686,193	101,985	-	-	269,965	11,031,894
2039 - 2043	838,784	5,444,913	-	-	-	130,146	6,413,842
2044 - 2048	170,737	-	-	-	-	67,121	237,858
2049 - 2053	-	-	-	-	-	62,155	62,155
2054 - 2059	-	-	-	-	-	55,960	55,960
Total	$ 113,437,127	$ 68,809,789	$ 4,201,033	$ 490,295	$ 1,875,484	$ 2,835,095	$ 191,648,823

NOTE 6-DEMAND BONDS

The Authority had $85.66 million in outstanding variable rate demand bonds on two separate projects and one 8-project bond pool. The Landmark Apartments (Landmark) project had $18.275 million, the Village at Overlake Station (Overlake) had $23.610 million, and the 2005 bond pool (comprised of the Carriage House, Cottonwood, Newporter, Timberwood, Cove East, Woodside East, Aspen Ridge and Bellepark East projects) had $43.775 million outstanding, respectively, at December 31, 2008. The bonds for each have the following common characteristics:

- Credit enhancements have been obtained for each of the bond issuances. For Overlake and Landmark, the credit enhancement is in the form of a Letter of Credit (LOC) and is equal to the outstanding bond balance plus one interest payment, priced at .20% and .40% of the facility, respectively. For the 2005 Pool, the credit enhancement is in the form of a direct pay credit enhancement agreement issued by the Federal Home Loan Mortgage Corporation priced at .30% of the facility.
- The credit enhancements are intended to not only provide security to bondholders, but also to pay periodic interest payments for which the Authority regularly reimburses the credit enhancement providers.
- The Banc of America Securities LLC acts as remarketing agent, reselling at market rates any bonds sold by bondholders. It has committed to repurchasing bonds for its own portfolio if the bonds cannot be resold on the open market.
- Interest rates are recalculated weekly, based on the rate at which bonds can be remarketed.
- The bonds are subject to an annual remarketing fee of .05% of the outstanding amount of the bonds or $5,000 whichever is greater.
- Underlying source of repayment for the bonds is the revenues produced by the respective properties.
- In conjunction with the sale of these bonds, the Authority entered into interest rate swap agreements as a cash flow hedge to reduce the volatility related to variable rate interest debt.
- Bonds are convertible to fixed rate at the Authority's option.

The Landmark bonds mature in 2042. At December 31, 2008 the variable interest rate on the bonds was 1.20%. The Letter of Credit is renewable automatically in one-year increments until 2009 and supports the variable rate bonds only. In 2009 the Authority will either convert all existing bonds to fixed or refinance the project. Under the swap contract terms, the Authority pays a fixed rate of 3.88% and receives a variable rate equal to 67% of the 1 Month USD-LIBOR-BBA on the declining notional amount. As of December 31, 2008, the notional amount was $18,275,000 and the fair market value of the swap contract was ($327,654).

The Overlake bonds mature in 2040. At December 31, 2008 the variable rates on the bonds was 1.20%. The Letter of Credit will expire in 2010 and supports the variable rate bonds only. In 2010 the Authority will either convert all existing variable rate bonds to fixed bonds or refinance the project. Under the swap contract terms, the Authority pays a fixed rate of 4.11% and receives a variable rate equal to 70% of the 1 Month USD-LIBOR-BBA on the declining notional amount. As of December 31, 2008, the notional amount was $22,925,000 and the fair market value of the swap contract was ($2,467,074).

The 2005 bond pool bonds mature in 2035. At December 31, 2008 the variable rate on the bonds was 1.20%. The credit enhancement agreement is for a fixed term of 15 years and, upon maturity of the credit facility, the Authority will either refinance the bond issue or obtain another credit enhancement. The Authority has entered into three swap contracts with respect to the bonds. Under the swap contract terms, the Authority pays a fixed rate of 3.87%; 3.459%; and 3.609% and receives a variable rate equal to the weekly weighted average of SIFMA resets for the respective period on the applicable notional amounts. As of June 30, 2007, the notional amounts were $23,725,000, $10,415,162, and $9,489,000 respectively and the aggregate fair market value of the swaps was ($4,337,520).

NOTE 7 -TAX CREDIT PROPERTIES

Low Income Housing Tax Credit (LIHTC)
The tax credit program is the result of Federal legislation, which allows investors certain tax incentives for investing in low-income housing. Investors also are allowed to deduct any losses passed through to them from the partnerships. Under terms of the tax code, the buildings must continue to serve the targeted population for 15 years. The Authority has the option to purchase them at the expiration of this compliance period.

The Authority currently is a general partner in the following tax credit partnerships: Cascadian (Bellevue), Woodridge (Riverton), Fairwood (Renton), Laurelwood (Federal Way), the Rural Preservation projects (Enumclaw and North Bend), Windsor Heights (Sea Tac), Heritage Park (Bothell), Colonial Gardens (Shoreline), Alpine Ridge (Bothell), Somerset Gardens (Bellevue), Overlake Station (Redmond), Southwood Square (Kent), Arbor Heights (White Center), Harrison House (Kent) and Green River (aka Valley Park) (Auburn), Seola Crossing (White Center), Egis (scattered sites), and Soosette Creek (Kent).

Typically, at the time of closing, the Authority will earn a developer's fee for its role in bringing the project to fruition. Developer fees are paid primarily from available cash flows and development proceeds. Under the various partnership agreements, any outstanding developer fees are generally required to be paid within 10 to 15 years of the project's placed-in-service date and may accrue interest on unpaid balances. Certain tax credit projects also incur a management fee and sometimes a construction management fee owed to the general partner. These incurred fees and interest are reflected in the Authority's operating income and totaled $2,200,000 in fiscal year 2008.

The Cascadian, Woodridge Park and Fairwood Limited Partnerships were financed as a direct sale of property to the partnerships. The Authority borrowed the funds to purchase the projects, lent the funds to the partnerships that then purchased the buildings. The Authority carries the related debt on its books, offset by notes receivable from the partnerships. The partnerships make all payments on the bonds and other acquisition debt although the Authority remains contingently liable for them. Both the debt interest expense and an offsetting amount of interest income are reflected on the Authority's books and totaled $3,407,909 for the fiscal year.

The financing for the remaining tax credit partnerships was structured as direct financing leases from the Authority to the partnerships. Upon issuance of the bonds, the Authority purchases the projects. The Authority retains ownership of the buildings, and leases them to the partnerships under terms of a long term financing lease, which is treated as a sale for tax purposes. Payments from the partnerships are sufficient to pay the outstanding bonds, but the Authority remains contingently liable for their payment. The debt interest expense and an offsetting amount of interest income are reflected on the Authority's books and total $3,741,905 for the fiscal year.

Although the bonds are the primary source of funds for the purchase of the developments, other funding is usually required. Lines of credit, both taxable and non-taxable, are secured by the Authority to pay some of the acquisition costs and most of the rehabilitation costs. These lines are retired primarily using proceeds from the sale of Low Income Housing Tax Credits to the limited partners usually within two to three years of the partnership's inception. The Authority also may receive grant funds or other loans to assist in purchasing the properties and in preserving affordability within the projects. Because of limitations posed by the Internal Revenue Service, all such funds are lent to the partnerships. These advances are accounted for as part of the financing lease if the proceeds are used for purchasing the property and are accounted for as notes receivable from the partnerships if the proceeds are used for rehabilitating the property. A summary of the Authority's long-term debt is reflected in Note 5. A summary of notes receivable and investments in direct financing leases with the partnerships is reflected in Note 3.

In February 2008 and August 2008, limited liability corporations, Salmon Creek LLC and Eastbridge Apartments LLC were formed respectively to receive the second Greenbridge housing development upon its completion. No transactions occurred between the Authority and either the Salmon Creek LLC or Eastbridge Apartments LLC in fiscal year 2008.

In April 2008, the Springwood Apartments were sold to the Soosette Creek LLC through a Low Income Housing Tax Credit transaction. A summary of the transaction follows:

	Gain On Sale	Financing Lease Receivable
Springwood sale proceeds / financing lease	$ 24,675,000	$ 24,675,000
Net book value of Springwood assets sold	(3,552,352)	-
	$ 21,122,648	$ 24,675,000

In addition, the Authority earned a $863,625 developer fee from the Soosette Creek transaction and received a developer fee note receivable as consideration.

Summarized partnership information for the year ended December 31, 2008 is as follows:

Partnership Name	Alpine Ridge	Cascadian	Colonial Gardens	Cones	Egis	Fairwood
Fiscal Year Acquired / Sold	1999	1994	1999	2003	2007	1995
ASSETS, LIABILITIES AND NET ASSETS:						
ASSETS						
Cash and investments	$ 600,068	$ 2,107,469	$ 874,760	$ 588,764	$ 12,445,982	$ 889,321
Receivables and other	68,275	154,843	101,153	14,514	1,148,005	114,309
Capital assets, net	3,246,078	8,031,370	5,648,486	9,624,536	69,230,270	5,237,224
Total Assets	$ 3,914,421	$ 10,293,682	$ 6,624,399	$ 10,227,814	$ 82,824,257	$ 6,240,854
LIABILITIES						
Current liabilities	$ 214,468	$ 782,799	$ 350,800	$ 194,766	$ 1,837,203	$ 354,662
Long-term liabilities	2,857,392	6,329,983	4,634,739	5,385,195	71,781,618	4,252,995
NET ASSETS	842,561	3,180,900	1,638,860	4,647,853	9,205,436	1,633,197
Total Liabilities & Net Assets	$ 3,914,421	$ 10,293,682	$ 6,624,399	$ 10,227,814	$ 82,824,257	$ 6,240,854
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:						
OPERATING REVENUES	$ 496,539	$ 2,119,394	$ 828,828	$ 828,797	$ 1,907,472	$ 1,435,131
OPERATING EXPENSES						
Administrative	28,549	355,317	118,230	196,144	787,231	270,911
Operating and maintenance	218,086	651,846	307,640	266,077	986,035	700,390
Depreciation	126,600	233,110	200,418	300,545	1,187,160	167,740
Total Operating Expense	373,235	1,240,273	626,288	762,766	2,960,426	1,139,041
Total Operating Income	123,304	879,121	202,540	66,031	(1,052,954)	296,090
NONOPERATING REVENUES (EXPENSES)						
Grant Revenue	-	-	-	-	-	-
Investment income	23,170	75,585	21,496	10,757	612,976	35,445
Interest expense	(159,270)	(478,258)	(260,251)	(183,831)	(1,862,116)	(275,392)
Gain (loss) on disposal of assets	-	(6,674)	-	-	-	-
Total nonoperating revenues (expenses)	(136,100)	(409,347)	(238,755)	(173,074)	(1,249,140)	(239,947)
Total Net Income (Loss)	(12,796)	469,774	(36,215)	(107,043)	(2,302,094)	56,143
Contributions (distributions)	-	-	-	(5,464)	11,279,288	-
CHANGE IN NET ASSETS	(12,796)	469,774	(36,215)	(112,507)	8,977,194	56,143
Beginning Net Assets	855,357	2,711,126	1,675,075	4,760,360	228,242	1,577,054
Total Ending Net Assets	$ 842,561	$ 3,180,900	$ 1,638,860	$ 4,647,853	$ 9,205,436	$ 1,633,197

Continued - Summarized partnership information for the year ended December 31, 2008:

Partnership Name	Green River Homes	Greenbridge Foundation	Harrison House Apts.	Heritage Park	Kona Village
Fiscal Year Acquired / Sold	2004	2007	2004	1999	1999
ASSETS, LIABILITIES AND NET ASSETS:					
ASSETS					
Cash and investments	$ 403,124	$ 719,543	$ 500,514	$ 875,215	$ 1,478,854
Receivables and other	86,051	243,842	123,818	128,408	180,757
Capital assets, net	8,285,576	9,793,161	7,860,301	5,942,714	15,067,765
Total Assets	$ 8,774,751	$10,756,546	$ 8,484,633	$ 6,946,337	$16,727,376
LIABILITIES					
Current liabilities	$ 163,557	$ 226,522	$ 184,604	$ 260,761	$ 503,902
Long-term liabilities	4,717,608	10,742,251	5,912,069	4,790,155	12,648,776
NET ASSETS	3,893,586	(212,227)	2,387,960	1,895,421	3,574,698
Total Liabilities & Net Assets	$ 8,774,751	$10,756,546	$ 8,484,633	$ 6,946,337	$16,727,376
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:					
OPERATING REVENUES	$ 567,203	$ 259,920	$ 589,301	$ 806,113	$ 1,721,359
OPERATING EXPENSES					
Administrative	188,232	80,766	199,252	129,608	307,346
Operating and maintenance	159,550	129,307	140,505	241,007	583,802
Depreciation	391,424	256,876	411,866	198,811	430,599
Total Operating Expense	739,206	466,949	751,623	569,426	1,321,747
Total Operating Income	(172,003)	(207,029)	(162,322)	236,687	399,612
NONOPERATING REVENUES (EXPENSES)					
Grant Revenue	-	130,560	-	-	-
Investment income	-	15,188	-	21,487	30,601
Interest expense	(170,292)	(111,071)	(229,644)	(230,712)	(702,146)
Gain (loss) on disposal of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	(170,292)	34,677	(229,644)	(209,225)	(671,545)
Total Net Income (Loss)	(342,295)	(172,352)	(391,966)	27,462	(271,933)
Contributions (distributions)	-	-	-	-	-
CHANGE IN NET ASSETS	(342,295)	(172,352)	(391,966)	27,462	(271,933)
Beginning Net Assets	4,235,881	(39,875)	2,779,926	1,867,959	3,846,631
Total Ending Net Assets	$ 3,893,586	$ (212,227)	$ 2,387,960	$ 1,895,421	$ 3,574,698

Continued - Summarized partnership information for the year ended December 31, 2008:

Partnership Name	Laurelwood Gardens	Nia	Overlake TOD Housing	Rural Housing	Seatac
Fiscal Year Acquired / Sold	1997	2008	2000	1997	1998
ASSETS, LIABILITIES AND NET ASSETS:					
ASSETS					
Cash and investments	$ 876,224	$ 125,776	$ 1,734,680	$ 732,315	$ 2,977,072
Receivables and other	56,843	292,015	559,679	102,470	103,659
Capital assets, net	3,819,220	20,460,094	34,452,583	4,409,991	15,047,127
Total Assets	$ 4,752,287	$ 20,877,885	$ 36,746,942	$ 5,244,776	$ 18,127,858
LIABILITIES					
Current liabilities	$ 123,524	$ 868,770	$ 524,401	$ 252,951	$ 1,100,802
Long-term liabilities	3,161,164	20,662,268	29,186,586	3,774,570	11,679,484
NET ASSETS	1,467,599	(653,153)	7,035,955	1,217,255	5,347,572
Total Liabilities & Net Assets	$ 4,752,287	$ 20,877,885	$ 36,746,942	$ 5,244,776	$ 18,127,858
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:					
OPERATING REVENUES	$ 824,574	$ 136,786	$ 3,190,807	$ 753,928	$ 2,444,694
OPERATING EXPENSES					
Administrative	171,473	238,538	513,060	224,841	504,251
Operating and maintenance	298,645	172,050	707,850	278,107	844,693
Depreciation	185,076	138,714	1,109,892	217,269	578,485
Total Operating Expense	655,194	549,302	2,330,802	720,217	1,927,429
Total Operating Income	169,380	(412,516)	860,005	33,711	517,265
NONOPERATING REVENUES (EXPENSES)					
Grant Revenue	-	-	-	-	-
Investment income	-	9,352	33,707	12,314	85,851
Interest expense	(156,767)	(235,489)	(1,271,286)	(142,008)	(514,901)
Gain (loss) on disposal of assets	-	-	-	-	-
Total nonoperating revenues (expenses)	(156,767)	(226,137)	(1,237,579)	(129,694)	(429,050)
Total Net Income (Loss)	12,613	(638,653)	(377,574)	(95,983)	88,215
Contributions (distributions)	-	(14,500)	-	-	-
CHANGE IN NET ASSETS	12,613	(653,153)	(377,574)	(95,983)	88,215
Beginning Net Assets	1,454,986	-	7,413,529	1,313,238	5,259,357
Total Ending Net Assets	$ 1,467,599	$ (653,153)	$ 7,035,955	$ 1,217,255	$ 5,347,572

Continued - Summarized partnership information for the year ended December 31, 2008:

Partnership Name	Seola Crossing	South-wood Square	Soosette Creek	Woodridge Park	GRAND TOTAL
Fiscal Year Acquired / Sold	2007	2001	2008	1995	
ASSETS, LIABILITIES AND NET ASSETS:					
ASSETS					
Cash and investments	$ 694,699	$ 905,503	$ 29,437,749	$ 1,051,555	$ 60,019,187
Receivables and other	536,393	106,601	575,892	100,894	4,798,421
Capital assets, net	39,048,577	7,729,042	47,095,784	4,197,832	324,227,731
Total Assets	$ 40,279,669	$ 8,741,146	$ 77,109,425	$ 5,350,281	$ 389,045,339
LIABILITIES					
Current liabilities	$ 333,080	$ 316,646	$ 4,782,305	$ 422,120	$ 13,798,643
Long-term liabilities	18,358,920	5,988,723	69,671,050	4,531,893	301,067,439
NET ASSETS	21,587,669	2,435,777	2,656,070	396,268	74,179,257
Total Liabilities & Net Assets	$ 40,279,669	$ 8,741,146	$ 77,109,425	$ 5,350,281	$ 389,045,339
REVENUE, EXPENSES AND CHANGE IN NET ASSETS:					
OPERATING REVENUES	$ 1,585,394	$ 968,321	$ 1,101,257	$ 1,503,341	$ 24,069,159
OPERATING EXPENSES					
Administrative	276,790	207,578	543,780	322,676	5,664,573
Operating and maintenance	620,915	308,726	196,700	789,960	8,601,891
Depreciation	1,302,071	209,814	348,477	228,513	8,223,460
Total Operating Expense	2,199,776	726,118	1,088,957	1,341,149	22,489,924
Total Operating Income	(614,382)	242,203	12,300	162,192	1,579,235
NONOPERATING REVENUES (EXPENSES)					
Grant Revenue	-	-	-	-	130,560
Investment income	866	37,153	969	32,057	1,058,974
Interest expense	(1,069,594)	(324,666)	(372,862)	(280,696)	(9,031,252)
Gain (loss) on disposal of assets	-	-	-	-	(6,674)
Total nonoperating revenues (expenses)	(1,068,728)	(287,513)	(371,893)	(248,639)	(7,848,392)
Total Net Income (Loss)	(1,683,110)	(45,310)	(359,593)	(86,447)	(6,269,157)
Contributions (distributions)	13,197,820	(5,628)	3,015,663	-	27,467,179
CHANGE IN NET ASSETS	11,514,710	(50,938)	2,656,070	(86,447)	21,198,022
Beginning Net Assets	10,072,959	2,486,715	-	482,715	52,981,235
Total Ending Net Assets	$ 21,587,669	$ 2,435,777	$ 2,656,070	$ 396,268	$ 74,179,257

NOTE 8 – SUPPLEMENTAL FINANCIAL INFORMATION

Following are details of selected financial statement line items.

Other Revenue:				
Portability administrative fee from other authorities	$	1,859,006		
Developer fees		9,436,030		
Other		4,648,195	$	15,943,231
Net Gain (Loss) on Disposal of Capital Assets:				
Net proceeds from property sales:				
Public housing property to Egis, LP	$	872,064		
Wiley Center to Greenbridge Foundation		548,022		
Net disposal of fixed assets and other		17,734,372	$	19,154,457
Current Receivables:				
Grants: HUD, Section 8 program	$	25,313		
Grants: HUD, other programs		456,466		
Grants: Other		697,551		
Notes and financing leases		62,728,037		
Interest: Notes and financing lease		3,899,322		
Tenants		321,965		
Other		511,853	$	68,640,507
Other Current Assets:				
Prepaid insurance and other	$	185,790		
Materials & mobile home inventory		285,665	$	471,454
Noncurrent Receivables:				
Notes and financing leases	$	227,572,494		
Noncurrent interest		4,477,261	$	232,049,755
Other Noncurrent Assets:				
Unamortized bond issuance costs	$	2,021,091		
Investment in tax credit properties and other		652,411	$	2,673,502
Other Current Liabilities:				
Accounts payable	$	2,668,193		
Interest payable		2,152,534		
Accrued compensated absences		1,559,679		
Tenant security deposits		1,143,263		
Accrued wages and benefits		902,564		
Family Self Sufficiency escrow		591,742		
Prepaid revenue and other		320,034	$	9,338,009
Other Noncurrent Liabilities:				
Contract retention	$	1,849,462		
Deferred revenue		453,488		
Noncurrent interest		235,204		
Payment in lieu of taxes and other		2,795	$	2,540,950

NOTE 9 - PENSION PLAN

Substantially all (district) full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

Public Employees' Retirement System (PERS) Plans 1, 2, and 3 Plan Description
PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option.

A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
TOTAL	**255,849**

Funding Policy
Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008# were as follows:

	PERS Plan 1	*PERS Plan 2*	*PERS Plan 3*
Employer*	8.31%**	8.31%**	8.31%***
Employee	6.00%****	5.45%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Please contact the Department of Retirement for participating and current rate information.

Both (authority) and the employees made the required contributions. The (authority's) required contributions for the years ended December 31 were as follows:

	PERS Plan 1	*PERS Plan 2*	*PERS Plan 2*
2008	$ 66,324	$662,006	$109,401
2007	$65,139	$728,697	$92,655
2006	$37,119	$361,419	$46,174

NOTE 10 - CONDUIT DEBT OBLIGATIONS

The Authority has issued debt instruments for the purpose of providing capital financing for specific non-governmental corporations that are not part of the Authority's financial reporting entity. In general, the Authority issues such conduit debt, but the Authority is not responsible for the payment of the original debt. That debt is secured solely by payments received by the Authority from the various non-governmental corporations, and by the Deeds of Trust to the underlying properties. Owners of the debt have no recourse to any other revenues of the Authority.

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Baptist Rest Home Association	Refinancing of an existing 82 unit building known as Fred Lind Manor, located in Seattle, WA	May 1, 1997	$3,790,000
Auburn North Associates Limited Partnership	Purchase of land and construction of a 296-unit complex for elderly or disabled, low-income persons in Auburn Washington, known as Auburn Court Apartments.	December 1, 1997	$11,445,000
Manufactured Housing Community Preservationists	Acquisition and rehabilitation of a 93-unit mobile home park in the city of Redmond, Washington, known as Avon Villa Mobile Home Park.	December 2, 1997	$2,400,000*
Seaview Apartments Limited Partnership	Acquisition and rehabilitation of a 72-unit multifamily development in Des Moines, Washington.	December 1, 1998	$2,180,000
St. Andrews Housing Group	Acquisition of a 59-unit apartment complex located on Mercer Island, Washington, known as Ellsworth House.	October 20, 1999	$2,840,176
Vashon Island Community Care	Construction of a 40-unit assisted living and 30-bed skilled nursing facility on Vashon Island to be known as Vashon Community Care Center.	September 1, 2001	$6,650,000

*Original Issue Amount

Continued – Conduit Debt Obligations:

Non-governmental Corporation	Project Description	Date of Issue	Dec 31 Balance
Evergreen Court Associates Ltd	Acquisition and rehabilitation of 111-unit Washington Court assisted living in Bellevue to be rehabilitated into a 82-unit complex known as Evergreen Court	September 7, 2001	$6,359,296
Angle Lake Apartments	Construction of an 80-unit independent living, senior housing facility located in SeaTac.	November 14, 2002	$5,000,000*
Radcliffe Place, LLC	Construction of a 135 unit senior housing facility located in Kent know as Radcliffe Place Senior Apartments	December 22, 2004	$10,029,269
Wild Garden Housing LLC-DASH	Refinancing of three affordable housing projects owned by DASH that comprise a total of 136 apartment units in Bellevue known as Glendale, Wildwood Court and Garden Grove.	August 1, 2005	$7,249,649
Summerfield	Acquisition of an existing 52 unit affordable apartment complex in the City of Bellevue known as Summerfield Apartments	September 1, 2005	$3,420,000
Eernisse Apartments	Construction of a 26 unit affordable rental townhouse project on Vashon Island known as Eernisse Apartments.	December 20, 2005	$1,657,063
Young Women's Association of Seattle, King and Snohomish County (YWCA)	Acquisition, rehabilitation, or construction of housing for persons of low income to be located on multiple sites within King County, Snohomish County, and the City of Seattle	June 27,2007	$15,040,000
280 Clark Limited Partnership	To finance or refinance a portion of the costs of acquiring, constructing and rehabilitating the 280 Clark Apartments to provide housing for low-income persons in King County	November 1, 2007	$4,500,000*

*Original Issue Amount

NOTE 11 - RISK MANAGEMENT

The Authority is exposed to perils commonly associated with the ownership and rental of real property. Perils including bodily injury to individuals; property damage by fire and forces of nature; loss of assets from theft and employee dishonesty; and liability for public officials' and employees' conduct are handled through a combination of purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.

For Public Housing, the Authority secures third-party liability insurance primarily through the Housing Authority Risk Retention Pool (HAARP), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer's Liability, is $2,000,000 per occurrence on an occurrence basis with a $1,000 deductible. Contractor's Pollution Liability limit is $1,000,000 claims-made basis with a $10,000 per claim self-insured retention provided through CRC. Automobile Liability insurance is $5,000,000 total limits provided through Liberty Northwest Insurance Company. Property insurance including Rental Income coverage through HARRP has a standard limit of $3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is $50,000 per loss. The Authority has secured Fidelity coverage through HARRP for $100,000 per occurrence for all employees, and $500,000 for employees with greater exposure.

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Risk Retention Group (HARRG) with $5,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at $50,000 and $250,000, respectively.

Tax Credit Partnership properties are covered for general liability with total limits of $6,000,000 per occurrence basis provided by Great American Specialty Insurance ($1,000,000 each occurrence, $2,000,000 general aggregate) on the primary level, and $5,000,000 aggregate limit on the umbrella level, with a $10,000 self-insured retention. Lexington Landmark provides property insurance for building values on replacement cost basis are provided with a $25,000 deductible, with Contents and Business Income including Extra Expense covered according to reported values.

Excess Liability over all of the above liability coverages is provided to raise the limits noted above to a total of $10 million. This coverage is with Lexington Insurance Company.

Public Officials and Employment Practices Liability are provided on all properties with a $5 million limit with a $75,000 Self-Insured Retention with Lexington Insurance Company.

No closed claims are known to have exceeded the applicable limits of insurance secured from any of the mentioned providers.

NOTE 12 – SUBSEQUENT EVENTS

Pepper Tree Apartments

In April, the Authority purchased Pepper Tree Apartments for $2.4 million. The purchase was financed primarily through a line of credit. Pepper Tree Apartments contains 30 housing units.

HOUSING AUTHORITY OF THE COUNTY OF KING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Eighteen Months Ended December 31, 2008

GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER ID NUMBER	PASS THROUGH ENTITY	CURRENT YEAR EXPENDITURES	DEBT LIABILITY BALANCE
DIRECT ASSISTANCE					
U.S. DEPARTMENT OF AGRICULTURE					
RURAL RENTAL HOUSING LOANS:					
RAINIER I	10.415	LOAN		$ -	$ 427,980
RAINIER II	10.415	LOAN		-	596,883
SI VIEW	10.415	LOAN		-	172,437
TOTAL - U.S. DEPARTMENT OF AGRICULTURE				-	**1,197,300**
U.S. DEPARTMENT OF JUSTICE					
INSTITUTE OF LAW & JUSTICE:					
PUBLIC HOUSING SAFETY INITIATIVE	16.595	39.71		331,441	-
TOTAL - U.S. DEPARTMENT OF JUSTICE				**331,441**	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)					
SECTION 8 NEW CONSTRUCTION:					
BURIEN PARK	14.182	WA19-8023-007		958,930	-
NORTHLAKE HOUSE	14.182	WA19-0049-002		341,662	-
NORTHWOOD	14.182	WA19-8023-006		370,610	-
MULTIFAMILY HOUSING SERVICE COORDINATOR:					
SENIOR HOUSING (2002)	14.191	WA19HS00003		91,503	-
SENIOR HOUSING (2004)	14.191	WA19HS02005		139,376	-
SECTION 8 HAP PROGRAM SPECIAL ALLOCATIONS:					
HIDDEN VILLAGE	14.195	WA19M000184		636,665	-
NEWPORT	14.195	WA19M000179		187,836	205,992
PARKWAY	14.195	WA19M000203		521,525	1,520,892
SPIRITWOOD	14.195	WA19M000182		1,256,546	1,473,513
ECONOMIC DEVELOPMENT INITIATIVE:					
HUD TRANSPORTATION GRANT EDI	14.251	B06NOWA1131		1,485,000	-
PUBLIC AND INDIAN HOUSING:					
OPERATING SUBSIDY	14.850			12,694,388	-
SECTION 8 MODERATE REHABILITATION:					
TITUSVILLE	14.856	S0023K		118,958	-
REVITALIZATION SEVERLY DISTRESSED PUBLIC HOUSING:					
HOPE VI	14.866	WA19URD002I101		3,058,691	-
RESIDENT OPPORTUNITY AND SELF SUFFICIENCY:					
NEIGHBORHOOD NETWORKS (AUBURN)	14.870	WA002RNN041A005		92,042	-
NEIGHBORHOOD NETWORK (GREENBRIDGE)	14.870	WA002RNN009A006		141,315	-
NEIGHBORHOOD NETWORK (SPRINGWOOD)	14.870	WA002REF015A006		117,306	-
REFUGEE WOMENS ALLIANCE	14.870	WA002REF014A007		34,547	-
HOUSING CHOICE VOUCHERS:					
HOUSING ASSISTANCE PAYMENTS	14.871	S023V		118,612,629	-
PUBLIC HOUSING CAPITAL FUND PROGRAM:					
CFP - 2004	14.872	WA19P00250104		406,609	-
CFP - 2005	14.872	WA19P00250105		519,255	-
CFP - 2006	14.872	WA19P00250106		1,416,303	-
CFP - 2006	14.872	WA19P00250206		159,438	-
CFP - 2007	14.872	WA19P00250107		3,372,760	-
RHF - 2007	14.872	WA19R00250108		332,780	-
CFP - 2008	14.872	WA19P00250108		555,246	-
MOVING TO WORK DEMONSTRATION PROGRAM:					
BLOCK GRANT	14.881			3,735,514	-
TOTAL - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				**151,357,434**	**3,200,397**
SUBTOTAL DIRECT ASSISTANCE				**151,688,875**	**4,397,697**

HOUSING AUTHORITY OF THE COUNTY OF KING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Eighteen Months Ended December 31, 2008

GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	OTHER ID NUMBER	PASS THROUGH ENTITY	CURRENT YEAR EXPENDITURES	DEBT LIABILITY BALANCE
PASS-THROUGH ASSISTANCE					
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)					
CDBG ENTITLEMENT GRANT:					
BELLEVUE HOUSING REPAIR (2006)	14.218	CDBG 199	1	148,081	-
BELLEVUE HOUSING REPAIR (2007)	14.218	CDBG 209	1	451,209	-
BELLEVUE HOUSING REPAIR (2008)	14.218	CDBG 218	1	391,116	-
KING COUNTY HOUSING REPAIR (2003)	14.218	C03461	2	122,835	-
TOTAL - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)				1,113,241	-
U.S DEPARTMENT OF ENERGY					
WEATHERIZATION ASSISTANCE FOR LOW INCOME PERSONS:					
2007	81.042	F07-43103-413 DOE	3	329,214	-
2008	81.042	F08-43103-413 DOE	3	367,033	-
2007	81.042	F07-446-413 BPA	3	78,558	-
TOTAL - U.S. DEPARTMENT OF ENERGY				774,805	-
U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES					
LOW-INCOME HOME ENERGY ASSISTANCE:					
2007	93.568	F07-431-413 HHS	3	892,659	-
2008	93.568	F09-43101-413 HHS	3	103,436	-
TOTAL U.S. DEPARTMENT OF HUMAN AND HEALTH SERVICES				996,095	-
AMERICORPS					
AMERICORPS - (2006-2007)	94.006	ESD 07-010-G	4	8,353	-
AMERICORPS - (2007-2008)	94.006	ESD K11	4	76,461	-
AMERICORPS - (2008-2009)	94.006	ESD K501	4	39,779	-
TOTAL - AMERICORPS				124,593	-
SUBTOTAL PASS-THROUGH ASSISTANCE				3,008,734	-
TOTAL ASSISTANCE				154,697,609	$ 4,397,697

Pass Through Entity:

1 City of Bellevue, WA
2 King County, Washington
3 Washington State Department of CTED
4 Washington State Employment Security Department

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Financial Assistance is prepared on the same basis of accounting as the King County Housing Authority's financial statements. (See Note 1 in the Notes to the Financial Statements.)

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal portion of the program costs. Entire program costs, including The Authority's portion, may be more than shown.

POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
BALANCE SHEET
As of December 31, 2008

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	7,675,521
Restricted cash and cash equivalents		1,246,160
Receivables, net		68,563
Restricted investments		3,291,340
Other current assets		235,873
Total Current Assets		12,517,457
NONCURRENT ASSETS:		
Land, buildings and equipment, net		21,933,392
Other noncurrent assets		792,730
Total Noncurrent Assets		22,726,122
TOTAL ASSETS	$	35,243,579
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$	116,171
Tenants' security deposits		371,064
Accrued interest payable		702,334
Other current liabilities		-
Current portion of long-term debt		785,000
Total Current Liabilities		1,974,568
LONG-TERM LIABILITIES:		
Deferred revenue		-
Long-term debt, net		
Notes payable		492,157
Bonds payable, net		25,138,750
Total Long-Term Liabilities		
TOTAL LIABILITIES		27,605,476
NET ASSETS:		
Invested in capital assets		(4,482,515)
Restricted		4,166,436
Unrestricted		7,954,183
TOTAL NET ASSETS		7,638,104
TOTAL LIABILITIES AND NET ASSETS	$	35,243,579

The accompanying notes are an integral part of these financial statements

POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Eighteen Months Ended December 31, 2008

OPERATING REVENUES	
Rent	$ 9,639,234
Other	613,496
Total Operating Revenues	10,252,730
OPERATING EXPENSES	
Administrative	557,651
Payroll	1,243,260
Operating and maintenance	2,747,198
Utilities	1,410,741
Insurance	155,184
Depreciation	849,460
Amortization	59,151
Collection losses	53,108
Property management	386,647
Asset management	-
Total Operating Expenses	7,462,399
Operating Income (Loss)	2,790,331
NONOPERATING REVENUE (EXPENSE)	
HUD contributions	636,665
Grant revenue	52,534
Investment income	752,360
Other nonoperating revenue	-
Interest expense	(2,211,175)
Net Nonoperating Revenue (Expense)	(769,616)
INCOME (LOSS) before transfers	2,020,716
Transfer of funds to agency	(5,210,000)
CHANGE IN NET ASSETS	$ (3,189,284)
Total Net Assets -- beginning	10,827,388
Total Net Assets -- ending	$ 7,638,104

The accompanying notes are an integral part of these financial statements

POOLED HOUSING REFUNDING REVENUE BONDS, SERIES 1998A
A PROPRIETARY FUND OF THE HOUSING AUTHORITY OF THE COUNTY OF KING
STATEMENT OF CASH FLOWS
For the Eighteen Months Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants	$ 9,956,854
Receipts from homeowners	201,693
Payments to employees	(1,239,963)
Payments to suppliers of goods and services	(5,432,993)
Other receipts (payments)	-
Net cash provided by operating activities	3,485,591
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating subsidies from HUD	636,665
Grant revenue	45,662
Transfer of funds to agency	(5,210,000)
Net cash provided by noncapital financing activities	(4,527,673)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on capital debt	(1,115,000)
Interest paid on capital debt	(2,197,777)
Net fixed asset transfers / (additions)	-
Net proceeds capital asset disposal	-
Net cash used in capital and related financing activities	(3,312,777)
CASH FLOW FROM INVESTING ACTIVITIES:	
Net withdrawals (deposits) to reserves	302,958
Net (purchase) sale of investments	-
Investment income	759,743
Net cash provided by (used in) investing activities	1,062,701
Net increase (decrease) in cash and cash equivalents	(3,292,157)
Cash and cash equivalents -- beginning	12,213,838
Cash and cash equivalents -- ending	$ 8,921,681
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	2,790,331
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation	849,460
Amortization	59,150
Change in assets and liabilities:	
(Increase) decrease in receivables and other current assets	(4,370)
Increase (decrease) in accounts payable and accrued liabilities	(208,980)
Net cash provided by (used in) operating activities	$ 3,485,591

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE COUNTY OF KING

Pooled Housing Refunding Revenue Bonds, Series 1998A
NOTES TO FINANCIAL STATEMENTS
December 31,2008

The following notes are an integral part of the financial statements of the Housing Authority of the County of King, Pooled Housing Refunding Revenue Bonds, Series 1998A.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) GENERAL

The Pooled Housing Refunding Revenue Bonds, Series 1998A (the Fund) were issued in September 1998, by the Housing Authority of the County of King (the Authority) to refinance five multifamily housing projects comprised of 573 units and three mobile home parks comprised of 321 spaces. The projects are Walnut Park Apartments (140 units), Auburn Square Apartments (160 units), Woodland North Apartments (105 units), Parkwood Apartments (90 units), Hidden Village Apartments (78 units), Vantage Glen Mobile Home Park (164 spaces), Rainier View Mobile Home Park (31 spaces) and Tall Cedars Mobile Home Park (126 spaces). The eight projects (the Projects) are owned by the Authority and are located throughout King County, Washington. These financial statements represent only the accounts of the Fund and are not intended to present fairly the financial position, results of operations and cash flows of the Authority taken as a whole.

b) BASIS OF ACCOUNTING

Accounting records are maintained according to the proprietary fund model that is similar to private business enterprises. The Authority applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. As allowed by GASB reporting standards, the Authority has elected not to apply FASB Statements and Interpretations, APB opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989.

c) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

d) REVENUES AND EXPENSES

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are tenant revenues. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The basis for recognition of revenues and expenses is the accrual basis of accounting. Revenues are recorded when earned. Expenses are recorded when incurred. Revenue from operating subsidies and grants is classified as non-operating revenue.

e) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash consists of Federal Depository Insurance Corporation (FDIC) insurable deposits with original maturities of less than three months. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Investments include deposits with original maturities exceeding three months, and securities and other assets held by trustees. Most assets held by trustees are restricted for specific uses including capital additions and improvements and debt service.

f) RECEIVABLES

Receivables consist primarily of rents due from tenants. Annually, tenant receivables are analyzed and the allowance for doubtful accounts are appropriately adjusted. No allowances existed at December 31 other than the allowance for tenant accounts receivable.

g) CAPITAL ASSETS

Capital assets are recorded at historical cost in the land, structures, and equipment accounts and at appraised fair market value at date of receipt if contributed. The Authority defines capital assets as tangible items with an initial individual cost of at least $5,000 if the item is equipment and $100,000 if the item is real property or a capital improvement. Capital assets are depreciated using the straight-line method with depreciation commencing in the acquisition year and ceasing in the disposal year. Capital project costs clearly associated with the acquisition, development, and construction of a real estate project, including indirect costs and interest, are capitalized as a cost of that project. See Note 4 for the capital asset components and balances at June 30, 2007 and fiscal year activity.

Depreciable lives for the capital asset categories follow:

Land	no depreciation
Buildings and land improvements	22-60 years
Personal property	3-10 years
Construction-in-progress	no depreciation

Maintenance and repairs are charged to expense when incurred. Management reviews land, structures, and equipment for possible impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If there is an indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. Preparation of estimated expected future cash flows is inherently subjective and is based on management's best estimate of assumptions concerning expected future conditions.

h) TAX LIABILITY

The Authority is by law exempt from all federal, state, and local taxes and assessments. Several developments make a Payment in Lieu of Taxes (PILOT) based on contracts with local jurisdictions.

i) COMPENSATED ABSENCES

It is the Authority's policy to pay 100% of accumulated annual leave when an employee terminates employment from the Authority. As such, the value of annual leave earned but not used at year-end is accrued. Sick leave does not vest and is only paid to those separating from the Authority as retirees as defined by the state pension system. Because the amount of such payments is difficult to estimate, an accrual is made only when the actual payment amount is known.

j) ECONOMIC CONCENTRATIONS

The Projects are located in King County, Washington. Changes in the economic or other conditions in that geographical area or the demand for housing could affect future operations.

NOTE 2 – INVENTORIES

Inventory consists of supplies purchased primarily for use in maintenance of the rental units. The perpetual method is used to account for inventory. As such, purchases are recorded into the inventory account and, as items are used, the inventory account is reduced and the expense account is charged. Periodically throughout the year, physical counts are taken of all supplies on hand and the inventory records are adjusted. The weighted average method is used to value the inventory.

The mobile home inventory represents homes held for sale to eligible senior citizens under the Home Ownership Program. The seniors purchase the homes and lease the underlying land from the Authority. The buyers are obligated to sell the mobile home back to the Authority for the original purchase price net of adjustments for improvements or deterioration.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

The Authority is restricted in its cash deposits and investments to those allowed by RCW 35.82.070(6). In general, deposits must be made with qualified financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC).

Insurance and Collateralization
Deposits that are in excess of the $100,000 insured amount must be continuously and fully (100%) secured. Collateral, comprised of identifiable U.S. Government securities as prescribed by HUD, are pledged or set aside to secure these deposits. The Public Deposit Protection Act in effect in the State of Washington set up a multiple financial institution collateral pool to insure public deposits. This protection is in the form of securities pledged as collateral to the Public Deposit Protection Commission (PDPC) by all qualified depositories. In 1994, the Authority received a waiver from HUD that enabled it to make deposits in excess of $100,000 in a qualified public depository because HUD determined that there were "adequate safeguards against the loss of Public Housing Authority funds."

Interest Rate Risk
As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the maximum maturity of an investment to not greater than three years. Exceptions may be made for collateralization of repurchase agreements using investments not exceeding 30 years and for the investment of reserve funds, which can be invested up to 30 years if matched to an anticipated future cash flow.

Credit Risk
The Department of Housing and Urban Development (HUD), Washington State law, and the Authority's investment policy all limit the instruments in which the Authority may invest. Not all Authority funds have the same restrictions. Following are some of the instruments in which any Authority funds, including Federal funds, may be invested:

7) Direct obligations of the Federal government backed by the full faith and credit of the United States
   a) U.S. Treasury Bills.
   b) U.S. Treasury Notes and Bonds.
8) Obligations of Federal government agencies, such as:
   a) Government National Mortgage Association (GNMA) mortgage-backed securities.
   b) GNMA participation securities.
   c) Maritime Administration Bonds.
   d) Small Business Administration Bonds.

9) Securities of Government Sponsored Agencies, such as:
   a) Federal Home Loan Mortgage Corporation (FHLMC) notes and bonds.
   b) Federal National Mortgage Association (FNMA) notes and bonds.
   c) Federal Home Loan Bank (FHLB) notes and bonds.
   d) Federal Farm Credit Bank (FFCB) notes and bonds.
   e) Student Loan Marketing Association (SLMA) notes and bonds.
10) Demand and savings accounts.
11) Money Market Deposit accounts.
12) Certain mutual funds.

In addition to the above, non-federal funds and federal funds subject to the Authority's Moving To Work Agreement with HUD may be invested in the following which are allowed by the State of Washington:

1) Banker's acceptances purchased on the secondary market.
2) Commercial paper.
3) Bonds of the State of Washington or any local government of the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
4) General obligation bonds of a state other than the State of Washington and general obligation bonds of a local government of a state other than the State of Washington that have one of the three highest credit ratings of a nationally recognized rating agency.
5) Utility revenues bonds or warrants of any city of town in the State of Washington.
6) Bonds or warrants of a local improvement district that is within the protection of the local improvement guaranty fund law.

Concentration of Credit Risk
The Authority diversifies its investments by security type and institution. The investment policy states: "With the exception of U.S. Treasury securities, investment agreements for trustee held funds, and authorized pools, no more than 15% of the Authority's total investment portfolio will be invested in a single security type or with a single financial institution.

Other Information:
The Authority has established arrangements with the Bank of America for safekeeping of investments.

Valuation and Classification
Cash equivalents include deposits and investments that are readily convertible to cash. Instruments with an original maturity date of over 3 months are classified as investments. Cash and investments held for the future payment of long-term liabilities are classified as non-current assets. Cash and investments legally or contractually restricted as to use are classified as restricted.

Cash equivalents include an investment in a Local Government Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC), but adheres to SEC Rule 2(a)(7) of the Investment Company Act of 1940 that requires portfolio diversification, divestiture considerations and action if the market value of the portfolio deviates more than .5 percent from the amortized costs. Government pools that adhere to the SEC rule can report their investments at amortized costs if the remaining maturities of the debt securities are 90 days or less. As of December 31, 2008, the pool had an average days-to-maturity of 63 days and therefore is reported at cost. Government securities are reported at fair value.

A summary of cash and investments at December 31, 2008 follows.

	Unrestricted	Restricted	Total
CASH AND CASH EQUIVALENTS:			
Uncategorized:			
Cash on hand	$ 1,250	$ -	$ 1,250
Depository accounts	3,304,368	318,932	3,623,299
Westdeutsche Landesbank Collateralized Repurchase Agreement, 5.27%	4,369,904	-	4,369,904
U.S. Treasury - Money Market	-	7,514	7,514
Other money market	-	919,714	919,714
TOTAL CASH AND CASH EQUIVALENTS	$ 7,675,521	$ 1,246,160	$ 8,921,681
INVESTMENTS:			
Westdeutshe Landesbank Gironzentrale, 5.42%, 7/1/2028	$ -	$ 2,269,307	$ 2,269,307
Bank of America 6.1% 7/1/2028	-	1,022,033	1,022,033
TOTAL INVESTMENTS	-	3,291,340	3,291,340
TOTAL	$ 7,675,521.17	$ 4,537,499.76	$ 12,213,020.93

NOTE 4 – CAPITAL ASSETS

The components and fiscal year activity of land, structures and equipment follow.

	Beginning Balances	Additions	Disposals / Adjustments	Ending Balances
NONDEPRECIABLE:				
Land	$ 6,299,523	$ -	$ -	$ 6,299,523
Total Nondepreciable	6,299,523	-	-	6,299,523
DEPRECIABLE:				
Land Improvements	362,874		-	362,874
Buildings and improvements	24,957,006		-	24,957,006
Equipment	68,622		(15,260)	53,362
Total Depreciable	25,388,502	-	(15,260)	25,373,242
TOTAL CAPITAL ASSETS:	31,688,025	-	(15,260)	31,672,765
Accumulated depreciation	(8,905,174)	(849,460)	15,262	(9,739,373)
NET CAPITAL ASSETS	$ 22,782,851	$ (849,460)	$ 2	$ 21,933,392

NOTE 5 – LONG TERM DEBT OBLIGATIONS

The components of outstanding debt at June 30, 2007 and the fiscal year activity are stated below.

	Beginning Balance	Additions	Retirements/ Payments	Ending Balance	*Current Portion*
Notes	$ 492,157	$ -	$ -	$ 492,157	*$ -*
Series 1998A Bonds	26,967,458	-	(1,043,708)	25,923,750	*785,000*
	$ 27,459,615	$ -	$ (1,043,708)	$ 26,415,907	*$ 785,000*

Notes
Deferred loans were obtained from the State of Washington and the City of Bellevue to acquire Hidden Village Apartments. The amount due the State of Washington is $292,157 and is repayable commencing in the year 2024 for a twenty-year term. Interest will not accrue until the year 2024 and the rate thereafter will be 5%. The amount due the City of Bellevue is $200,000 payable commencing in the year 2012 for a thirty-year term with interest at the rate of 5% commencing as of that date.

Series 1998A Bonds
In September 1998, the Authority issued its Pooled Housing Refunding Revenue Bonds, Series 1998A with principal amounts totaling $32,955,000. The Authority is required to make, and has made, all payments required under the trust indenture. The bonds mature in varying amounts through July 1, 2028 and have stated interest rates that vary from 3.85% to 5.25% per annum. The bonds were issued at a discount of $480,155. The discount is amortized as interest expense over the life of the debt. The unamortized balance is reported as a reduction to the outstanding bonds payable. The amortized discount charged to interest expense for the period totaled $6,095. The bonds are secured with a deed of trust on the Projects' rental property, equipment and net operating income. Remaining debt service payments are due as follows:

Year	Principal	Interest
2009	$ 785,000	$ 1,394,946
2010	825,000	1,354,799
2011	870,000	1,312,505
2012	910,000	1,268,065
2013	965,000	1,221,479
2014-2018	5,620,000	5,297,620
2019-2023	7,405,000	3,629,325
2024-2028	9,595,000	1,439,156
TOTAL	$ 26,975,000	$ 16,917,895
Unamortized original issue discount	(48,850)	
Unamortized deferred defeasance	(1,002,399)	
BALANCE OF OUTSTANDING DEBT	$ 25,923,750	
Due in one year or less	$ 785,000	
Due in over one year	$ 25,138,750	

The bond proceeds paid the cost of refunding all of the Authority's outstanding revenue bonds that had been previously issued to acquire the Projects. The purpose of the advanced refunding was to consolidate the issues, reduce the overall interest rate, allow for a longer maturity and permit cross collateralization of the Projects.

Deferred Defeasance
GASB Statement No. 23 states that in an advanced refunding of debt, the difference between the reacquisition price of the new debt and the net carrying amount of the old debt be deferred and amortized as a component of interest expense, a non-cash transaction, in a systematic and rational manner over the original remaining life of the old debt or the new debt whichever is shorter. The advanced refunding resulted in a deferred defeasance loss of $1,827,791 in September 1998. The deferred defeasance loss of $1,002,399 at December 31, 2008 is reported on the Statement of Net Assets as a reduction from the new debt liability. Amortization of deferred defeasance for the period was $48,573 and is included with interest expense. The current deferred defeasance balance is amortized as follows:

Fiscal Year	Amortization
2009	44,433
2010	47,992
2011	50,658
2012	54,217
2013	58,165
2014-2018	353,003
2019-2023	393,929
	$1,002,399

NOTE 6 - PENSION PLANS

Substantially all (district) full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

Public Employees' Retirement System (PERS) Plans 1, 2, and 3 Plan Description
PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option.

A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of 2 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to but not yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-vested	52,575
TOTAL	**255,849**

Funding Policy
Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008# were as follows:

	PERS Plan 1	*PERS Plan 2*	*PERS Plan 3*
Employer*	8.31%**	8.31%**	8.31%***
Employee	6.00%****	5.45%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.
** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Please contact the Department of Retirement for participating and current rate information.
Both (authority) and the employees made the required contributions. The (authority's) required contributions for the years ended December 31 were as follows:

	PERS Plan 1	*PERS Plan 2*	*PERS Plan 2*
2008	$ 66,324	$662,006	$109,401
2007	$65,139	$728,697	$92,655
2006	$37,119	$361,419	$46,174

NOTE 7 - RISK MANAGEMENT

The Authority is exposed to perils commonly associated with the ownership and rental of real property. Perils including bodily injury to individuals; property damage by fire and forces of nature; loss of assets from theft and employee dishonesty; and liability for public officials' and employees' conduct are handled through a combination of purchased commercial insurance, voluntary self-insurance, participation in a risk-sharing pool or group, and contractual risk transfer via indemnification agreements.

For Public Housing, the Authority secures third-party liability insurance primarily through the Housing Authority Risk Retention Pool (HAARP), a public entity risk-sharing pool. The General Liability limit, including Washington Stop-Gap or Employer's Liability, is $2,000,000 per occurrence on an occurrence basis with a $1,000 deductible. Contractor's Pollution Liability limit is $1,000,000 claims-made basis with a $10,000 per claim self-insured retention provided through Rockhill Insurance Company. Automobile Liability insurance is $5,000,000 total limits provided through Philadelphia Indemnity and Princeton E & S. Property insurance including Rental Income coverage through HARRP has a standard limit of $3,000,000 replacement cost basis, with higher limits available upon request. Property deductible is $50,000 per loss. The Authority has secured Fidelity coverage through HARRP for $100,000 per occurrence for all employees, and $500,000 for employees with greater exposure.

Bond Financed Projects are covered for property insurance through HARRP. The general liability is covered through the Housing Authority Risk Retention Group (HARRG) with $5,000,000 per occurrence limit. Additionally, liability sub-limits are provided for fire damage liability and athletic sports liability, at $50,000 and $250,000, respectively.

Excess Liability over all of the above liability coverage is provided to raise the limits noted above to a total of $10 million. This coverage is with Illinois Union.

Public Officials and Employment Practices Liability are provided on all properties with a $5 million limit with a $75,000 Self-Insured Retention with Lexington Insurance Company.

No closed claims are known to have exceeded the applicable limits of insurance secured from any of the mentioned providers.

NOTE 8 – SUBSEQUENT EVENTS

There have been no material events subsequent to December 31, 2008 to report.

HOUSING AUTHORITY OF THE COUNTY OF KING
Appendix A
Fiscal Year 2008
PROPERTY LISTING

		Development Name	Year Built/ Acquired	Number of Units
		Federally Assisted Housing:		
		Low Rent Public Housing:		
	1.	Green River Homes	1958	60
	2.	Park Lake Homes II	1964	165
	3.	Cascade Apartments	1968	108
	4.	Valli Kee Homes	1968	114
	5.	Wayland Arms	1968	67
	6.	Ballinger Homes	1969	110
	7.	Boulevard Manor	1969	70
	8.	Northridge House I	1969	70
a)	9.	Paramount House	1969	70
	10.	Riverton Terrace	1969	30
a)		Riverton Terrace Sr	1969	30
	11.	Avondale Manor	1970	20
	12.	Briarwood	1970	70
	13.	Brittany Park	1970	43
a)	14.	Casa Juanita	1970	80
	15.	Forest Glen	1970	40
	16.	Mardis Gras	1970	61
a)	17.	Southridge House	1970	80
	18.	Yardley Arms	1970	67
	19.	Burndale Homes	1971	50
	20.	Firwood Circle	1971	50
	21.	Munro Manor	1971	60
a)	22.	Plaza Seventeen	1971	70
a)	23.	Eastridge House	1972	40
	24.	The Lake House	1972	70
	25.	Casa Madrona	1973	70
a)	26.	Northridge House II	1975	70
	27.	Eastside Terrace	1980	50
	28.	Pickering Court	1980	30
	29.	Cedarwood	1981	25
	30.	College Place	1981	51
	31.	Evergreen Court	1981	30
	32.	Forest Grove	1981	25
	33.	Glenview Heights	1981	10
	34.	Kings Court	1981	30
	35.	Gustaves Manor	1982	35
a)	36.	Juanita Court	1982	30
	37.	Greenleaf	1983	27
	38.	Juanita Trace	1983	39
	39.	Kirkwood Terrace	1983	28
	40.	Wellswood	1983	30
	41.	Campus Court	1991	13
	42.	Victorian Woods	1993	15
	43.	Federal Way Homes	1993	3
	44.	Bellevue 8	1994	8
	45.	Shoreham	1995	18
	46.	Vista Heights	1995	30
	47.	Youngs Lake	1997	28
	48.	Seola Crossing I	2007	40
b)	49.	Seola Crossing II	2007	37
	50.	Nia Apartments	2008	40
	51.	Paicif Court	2008	32
				2,539
c)		***Tenant Based Housing Choice Vouchers:***		7,319
		Section 8 New Construction:		
	1.	Northlake House	1981	38
	2.	The Northwood	1983	34
	3.	Burien Park	1983	102
				174
		Preservation of Affordable Housing:		
	1.	Spiritwood Manor	1992	130
	2.	Newport	1992	23
	3.	Hidden Village	1992	78
	4.	Parkway Apartments	1995	41
				272

	Development Name	Year Built/ Acquired	Number of Units
	Unassisted Locally Financed Housing:		
	Tax-Exempt Bond Program:		
1.	Carriage House	1991	236
2.	Cottonwood	1991	75
3.	Newporter	1991	120
4.	Cove East	1992	190
5.	Parkwood	1992	90
6.	Timberwood	1992	240
7.	Walnut Park	1992	140
8.	Woodland North	1992	105
9.	Aurburn Square	1993	160
10.	Woodside East	1993	244
11.	Aspen Ridge	1996	88
12.	Landmark Apartments	2001	191
13.	Bellepark East	2001	118
14.	Meadows at Lea Hill	2006	90
			2,087
	Home Ownership Program:		
1.	Vantage Glen	1985	164
2.	Rainier View	1989	31
3.	Tall Cedars	1993	126
4.	Wonderland Estates	2008	109
			430
	Miscellaneous Local Programs:		
1.	Campus Green	1981	15
2.	Echo Cove	1981	4
3.	Harbor Villa	1981	5
4.	Slater Park	1981	5
5.	Brookside	1983	16
6.	Shadrack	1984	9
7.	Shelcor	1985	8
8.	Nike	1990	31
9.	Anita Vista	1991	14
10.	Federal Way Duplexes	1992	4
11.	Avondale House	1992	16
12.	Sunnydale	1992	16
13.	Vet's Housing	1997	6
14.	Enumclaw 4-plex	2005	16
			165
	Memo: Tax Credit Developments:		
1.	Cascadian	1994	198
2.	Woodridge	1995	201
3.	Fairwood	1995	176
4.	Laurelwood Gardens	1997	91
5.	Rainier View I	1997	48
	Rainier View II	1997	36
6.	Si View	1997	20
7.	Windsor Heights	1998	326
8.	Heritage Park	1999	77
9.	Colonial Gardens	1999	72
10.	Alpine Ridge	1999	42
11.	Somerset Village	1999	198
12.	Overlake Station	2000	308
13.	Southwood Square	2001	104
14.	Arbor Heights	2002	97
15.	Harrison House	2004	94
16.	Valley Park	2004	60
17.	Seola Crossing I	2007	42
18.	Seola Crossing II	2007	68
19.	Nia	2008	41
			2,299

Summary

Total housing units owned or managed by the Authority	7,966
Tenant based housing choice voucher	7,319
Households served	15,285

a) Public housing properties sold to the Egis LP in May 2007 under the tax credit program.
b) Public housing units owned by the Seola Crossing LLC under the tax credit program.
c) Excludes tenants transferring, or "porting in", to the Authority from other jurisdictions.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

State Auditor	**Brian Sonntag, CGFM**
Chief of Staff	**Ted Rutt**
Deputy Chief of Staff	**Doug Cochran**
Chief Policy Advisor	**Jerry Pugnetti**
Director of Audit	**Chuck Pfeil, CPA**
Director of Special Investigations	**Jim Brittain, CPA**
Director for Legal Affairs	**Jan Jutte, CPA, CGFM**
Director of Quality Assurance	**Ivan Dansereau**
Local Government Liaison	**Mike Murphy**
Communications Director	**Mindy Chambers**
Public Records Officer	**Mary Leider**
Main number	**(360) 902-0370**
Toll-free Citizen Hotline	**(866) 902-3900**

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DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB 0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

(See reverse for public burden disclosure.)

1. Type of Federal Action: b

a. contract
b. grant
c. cooperative agreement
d. loan
e. loan guarantee
f. loan insurance

2. Status of Federal Action: na

a. bid/offer/application
b. initial award
c. post-award

3. Report Type: a

a. initial filing
b. material change

For Material Change Only:
year ________ quarter ________
date of last report ____________

4. Name and Address of Reporting Entity:

☒ Prime ☐ Subawardee

Tier ______, *if known*:

Congressional District, *if known*: 4c

5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:

Congressional District, *if known*:

6. Federal Department/Agency:

U.S. Department of Housing and Urban Development

7. Federal Program Name/Description:

MTW Annual Plan

CFDA Number, *if applicable*: ____________

8. Federal Action Number, *if known*:

9. Award Amount, *if known*:

$

10. a. Name and Address of Lobbying Registrant (*if individual, last name, first name, MI*):

N/A

b. Individuals Performing Services (*including address if different from No. 10a*) (*last name, first name, MI*):

N/A

11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signature: ____________

Print Name: Stephen Norman

Title: Executive Director

Telephone No.: 206-574-1100 Date: 10-14-2009

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Standard Form LLL (Rev. 7-97)

Appendix B

Certification for a Drug-Free Workplace

U.S. Department of Housing and Urban Development

Applicant Name

King County Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Activities-Public Housing Capital Fund-Public Housing -Section 8 Housing Voucher-Section 8 Project-based programs

Acting on behalf of the above named Applicant as its Authorized Official, I make the following certifications and agreements to the Department of Housing and Urban Development (HUD) regarding the sites listed below:

I certify that the above named Applicant will or will continue to provide a drug-free workplace by:

a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employees for violation of such prohibition.

b. Establishing an on-going drug-free awareness program to inform employees ---

(1) The dangers of drug abuse in the workplace;

(2) The Applicant's policy of maintaining a drug-free workplace;

(3) Any available drug counseling, rehabilitation, and employee assistance programs; and

(4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.

c. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph a.;

d. Notifying the employee in the statement required by paragraph a. that, as a condition of employment under the grant, the employee will ---

(1) Abide by the terms of the statement; and

(2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

e. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph d.(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federalagency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

f. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph d.(2), with respect to any employee who is so convicted ---

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or

(2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

g. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs a. thru f.

2. Sites for Work Performance. The Applicant shall list (on separate pages) the site(s) for the performance of work done in connection with the HUD funding of the program/activity shown above: Place of Performance shall include the street address, city, county, State, and zip code. Identify each sheet with the Applicant name and address and the program/activity receiving grant funding.)

Check here ☐ if there are workplaces on file that are not identified on the attached sheets.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Stephen Norman	Executive Director
Signature	Date
X	10-14-2009

form **HUD-50070** (3/98)
ref. Handbooks 7417.1, 7475.13, 7485.1 & .3

Appendix C

OMB Approval No. 2577-0157 (Exp. 3/31/2010)

Certification of Payments to Influence Federal Transactions

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

Applicant Name

King County Housing Authority

Program/Activity Receiving Federal Grant Funding

MTW Program Activities - Public Housing Capital Fund - Public Housing - Section 8 Housing Choice Vouchers - Section 8 Project-based programs

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official	Title
Stephen Norman	Executive Director
Signature	Date (mm/dd/yyyy)
	10-14-2009

Previous edition is obsolete

form HUD 50071 (3/98)
ref. Handboooks 7417.1, 7475.13, 7485.1, & 7485.3

Appendix D

Part I: Summary

PHA Name: King County Housing Authority

Grant Type and Number
Capital Fund Program Grant No: WA19P002501-08
Replacement Housing Factor Grant No:
Date of CFFP:

FFY of Grant: 2008
FFY of Grant Approval:

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	5,552,459.00	5,552,459.00	555,245.90	555,245.90
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Appendix E

Part I: Summary

PHA Name: King County Housing Authority	Grant Type and Number Capital Fund Program Grant No: WA19P002501-08 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant:2008 FFY of Grant Approval:

Type of Grant

☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement (revision no:)

☒ Performance and Evaluation Report for Period Ending: ☐ Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	5,552,459.00	5,552,459.00	555,245.90	555,245.90
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	Date 10/19/09	Signature of Public Housing Director	Date

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-07 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant: 2007** **FFY of Grant Approval:**

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	5,262,486.00	5,262,486.00	4,611,553.00	3,292,668.00
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name:	Grant Type and Number	FFY of Grant
King County Housing Authority	Capital Fund Program Grant No: WA19P002501-07 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2007** **FFY of Grant Approval:**

Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**

☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised[2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	5,262,486.00	5,262,486.00	4,611,553.00	3,292,668.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	Date 10/14/09	Signature of Public Housing Director	Date

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority

Grant Type and Number
Capital Fund Program Grant No: WA19P002501-06
Replacement Housing Factor Grant No:
Date of CFFP:

FFY of Grant: 2006
FFY of Grant Approval:

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost[1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21)[3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	4,849,613.00	4,849,613.00	4,849,613.00	2,843,143.78
16	1495.1 Relocation Costs				
17	1499 Development Activities[4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name: King County Housing Authority	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-06 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2006** **FFY of Grant Approval:**

Type of Grant

☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**

☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	4,849,613.00	4,849,613.00	4,849,613.00	2,843,143.78
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date** 12/14/09	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority

Grant Type and Number
Capital Fund Program Grant No: WA19P002501-05
Replacement Housing Factor Grant No:
Date of CFFP:

FFY of Grant: 2005
FFY of Grant Approval:

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	6,118,426.00	6,118,426.00	6,118,426.00	5,813,757.73
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Part I: Summary

PHA Name: King County Housing Authhority

Grant Type and Number
Capital Fund Program Grant No: WA19P002501-05
Replacement Housing Factor Grant No:
Date of CFFP:

FFY of Grant:2005
FFY of Grant Approval:

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	6,118,426.00	6,118,426.00	6,118,426.00	5,813,757.73
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date** 1/14/09	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: King County Housing Authority	Grant Type and Number Capital Fund Program Grant No: WA19P002501-04 Replacement Housing Factor Grant No: Date of CFFP:	FFY of Grant: 2004 FFY of Grant Approval:

Type of Grant
☐ Original Annual Statement ☐ Reserve for Disasters/Emergencies ☐ Revised Annual Statement (revision no:)
☒ Performance and Evaluation Report for Period Ending: ☐ Final Performance and Evaluation Report

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised[2]	Obligated	Expended
1	Total non-CFP Funds				
2	1406 Operations (may not exceed 20% of line 21) [3]				
3	1408 Management Improvements				
4	1410 Administration (may not exceed 10% of line 21)				
5	1411 Audit				
6	1415 Liquidated Damages				
7	1430 Fees and Costs				
8	1440 Site Acquisition				
9	1450 Site Improvement				
10	1460 Dwelling Structures				
11	1465.1 Dwelling Equipment—Nonexpendable				
12	1470 Non-dwelling Structures				
13	1475 Non-dwelling Equipment				
14	1485 Demolition				
15	1492 Moving to Work Demonstration	6,379,738.00	6,379,738.00	6,379,738.00	6,379,738.00
16	1495.1 Relocation Costs				
17	1499 Development Activities [4]				

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

Annual Statement/Performance and Evaluation Report
Capital Fund Program, Capital Fund Program Replacement Housing Factor and
Capital Fund Financing Program

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 4/30/2011

Part I: Summary

PHA Name: **King County Housing Authority**	**Grant Type and Number** Capital Fund Program Grant No: WA19P002501-04 Replacement Housing Factor Grant No: Date of CFFP:	**FFY of Grant:2004** **FFY of Grant Approval:**

Type of Grant
☐ **Original Annual Statement** ☐ **Reserve for Disasters/Emergencies** ☐ **Revised Annual Statement (revision no:)**
☒ **Performance and Evaluation Report for Period Ending:** ☐ **Final Performance and Evaluation Report**

Line	Summary by Development Account	Total Estimated Cost		Total Actual Cost [1]	
		Original	Revised [2]	Obligated	Expended
18a	1501 Collateralization or Debt Service paid by the PHA				
18ba	9000 Collateralization or Debt Service paid Via System of Direct Payment				
19	1502 Contingency (may not exceed 8% of line 20)				
20	Amount of Annual Grant:: (sum of lines 2 - 19)	6,379,738.00	6,379,738.00	6,379,738.00	6,379,738.00
21	Amount of line 20 Related to LBP Activities				
22	Amount of line 20 Related to Section 504 Activities				
23	Amount of line 20 Related to Security - Soft Costs				
24	Amount of line 20 Related to Security - Hard Costs				
25	Amount of line 20 Related to Energy Conservation Measures				

Signature of Executive Director	**Date** 10/14/05	**Signature of Public Housing Director**	**Date**

[1] To be completed for the Performance and Evaluation Report.
[2] To be completed for the Performance and Evaluation Report or a Revised Annual Statement.
[3] PHAs with under 250 units in management may use 100% of CFP Grants for operations.
[4] RHF funds shall be included here.

form **HUD-50075.1** (4/2008)