

MOVING TO WORK ANNUAL REPORT FY 2011





KING COUNTY HOUSING AUTHORITY

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Prepared by: Judi Jones, MTW Program Director Submitted: March 30, 2012 June 8, 2012 (Revised)

Board of Commissioners

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HOUSING AUTHORITY

Executive Director: STEPHEN J. NORMAN

March 9, 2012

Dear Colleagues,

I am pleased to forward the King County Housing Authority's Moving to Work Report for 2011. As KCHA completes its seventh year as a participant in the Moving to Work Demonstration Program it has become abundantly clear that this experiment in deregulation has been successful.

KCHA served more households during FY 2011, with broader housing choices, than ever before. Equally important, the programmatic flexibility provided under MTW has enabled KCHA to effectively partner with public and behavioral health care systems to stably house chronically homeless and "hard to house" populations that had not previously been successful in our programs. And integrated "single fund" budgeting has enabled KCHA to develop a multi-year business plan that has leveraged significant outside resources in addressing the repair and redevelopment needs of our public housing stock.

While we are supportive of the need for more rigorous evaluations of specific initiatives being tested by participating housing authorities under the MTW program, we also believe that proven "best practices" developed by participating Housing Authorities under the Demonstration Program should be implemented more broadly right now.

Nowhere is the need more pressing than in the elimination of administrative burdens for Housing Authorities administering the Housing Choice Voucher program. In the introduction to this report KCHA identifies a number of policy changes that have significantly reduced our administrative burden while preserving and enhancing the quality of this program. These changes save KCHA an estimated 3,200 hours of staff time annually. With full implementation of rent reform changes currently underway, KCHA estimates total savings could reach nearly 14,200 staff hours (approximately 7 FTEs) annually. We are very pleased to note that HUD has just instituted a number of these enhancements more broadly for non-MTW agencies through Notice PIH 2012-15. This is precisely how the MTW program should be used. As Housing Authorities struggle to sustain voucher utilization rates and effectively manage public housing in an era of increasingly constrained resources, we would encourage HUD's on-going review of MTW "best practices" and additional deregulation based on MTW innovations by Notice or through more aggressive use of the

Secretary's waiver authority.

Sponsor-based housing is another innovation developed under the MTW program that should be more broadly available to Housing Authorities. KCHA has administered a sponsor-based program in partnership with local service providers since 2008. The results are detailed in this report. In short, this approach has enabled households previously screened out by either KCHA or the private landlord community to successfully secure housing and to remain stably housed. We are extremely heartened by HUD's inclusion of the sponsor-based approach in its FFY 2013 budget proposal and would urge close examination of successful existing programs at KCHA and other MTW housing authorities across the country in bringing this approach to scale.

As KCHA has matured as an MTW Authority the benefits the program confers have enabled us to begin looking beyond the day to day crisis management that has characterized the public housing industry for so many years. The shift to site-based management, significant leveraged investment in our inventory and greater control over how we allocate available funding have placed day to day housing and program operations on a level footing. While the long term viability of these programs remains dependent upon adequate federal funding, the flexibility provided under MTW has left us far better equipped to deal with the vicissitudes of the annual appropriations process.

This stability has enabled KCHA to expand its focus to the ultimate goals of these affordable housing programs: opportunities for families and children to thrive and for senior and disabled households to live with dignity and security. In particular I would highlight three multi-year initiatives presently underway:

There is arguably no greater determinant of our country's future than our success in educating our children. KCHA is partnering with three school districts to develop placed-based initiatives that coordinate closely with parents, non-profit partners and local schools to assure that all children have the opportunity and the resources necessary to succeed academically and in life. Seven new after-school facilities are currently under development and early learning programs are being expanded and coordinated. Data sharing agreements now in place with the school districts will ensure that we can measure and evaluate our progress.

Expanded housing choice is a key element in assuring opportunity. Research increasingly supports the premise that where you live in 21st century America determines to a great degree your household's economic and educational outcomes. KCHA has focused on this issue since its admission into the Demonstration program. Utilizing MTW flexibility to set its own payment standards, KCHA established separate rent standards for diverse sub-markets in our region, enabling households to afford housing across a much broader geographic and socio/economic spectrum. To supplement this, KCHA streamlined the project-basing process for Housing Choice Vouchers, enabling us to extensively project-base vouchers in "opportunity" areas of the county. As detailed in this report, these efforts have borne fruit. This coming year we will build upon this success with a new "Family Choice" initiative that will provide greater in depth mobility counseling for our voucher holders.

KCHA has also embarked on two multi-year program initiatives to significantly improve long term self-sufficiency outcomes for our residents. In 2010 the Authority initiated a pilot "Resident

Opportunity Program", a local variation on the national Family Self-Sufficiency model, to build skills, remove barriers and promote meaningful employment. And in 2011 KCHA implemented a sweeping rent reform policy designed to remove disincentives to income progression embedded within existing Public Housing and Housing Choice Voucher rent regulations. Outside evaluators are being used to assess the effectiveness of these two approaches and to help inform the national discussion around this critical issue.

Legislation currently under consideration by Congress would both expand the number of Housing Authorities participating in the Moving to Work program and make this initiative permanent. KCHA strongly supports these goals. Only the sweeping deregulation offered by Moving to Work, deregulation that should continue to hold Housing Authorities accountable for the quality and efficiency of their programs, the effectiveness of their outcomes and the equitable treatment of their program participants, while loosening the overly prescriptive nature of the current regulatory environment, will enable the Public Housing and Housing Choice Voucher programs to survive in this era of increasing fiscal austerity.

While much remains to be done, I believe that the accomplishments of KCHA and of the other Housing Authorities participating in the Moving to Work Demonstration create a clear signpost towards the future of the industry.

Regards,

Stephen Norman

Executive Director, King County Housing Authority

KCHA: AT-A-GLANCE

	FY 2003	FY 2011
Units in Inventory:	10,415	11,778
Transitional and Supportive Housing Units	1,956	3,148
HCV Units Available in High Opportunity Neighborhoods	11.7%	18.2%

	FY 2003	FY 2011
Households Served:	11,260	13,452
Sponsor-based "Housing First" households assisted	0	133
Low-income households - Income below 50% of Median	97%	96.5%
HCV households paying more than 30% of income toward rent	40.2%	24.9%

^{19.5} percent increase in number of households served

⁴⁹ percent of families entering KCHA's programs have previously been homeless

	FY 2003	FY 2011
ntaining Operational Excellence:		
Shopping Success rate: Section HCV households	82.4%	92%
Utilization (Lease-up): Section 8 HCV program	98.8%	108.5%
Occupancy Rate: Public Housing program	98.9%	97.3%
REAC Inspection scoring : Public Housing program	93.3%	94.4%
gs through MTW Streamlining:"	0 3	3.200 hours/1.7 FTE

More than 16,000 accumulated hours saved to date through implementation of MTW-modified policies and procedures

\$8.0 million saved through completion of interior rehab of Public Housing units using "in-house" crews under KCHA's MTW-supported Unit Upgrade program

 ${\it 50}$ percent reduction in Housing Quality Standards re-inspections required due to minor unit deficiencies

40 percent reduction in water consumption at KCHA-owned facilities

 $\it 3,000$ units added to HCV administrative and inspection caseloads without a significant increase in FTEs

ⁱDoes not include HCV port-ins residing in KCHA's jurisdiction

ⁱⁱDoes not include savings anticipated in FY 2012 as a result of modified WIN and EASY Rent Recertification procedures

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SECTION I. INTRODUCTION

In 2003, KCHA's record as a high-performing housing authority - together with its reputation for developing innovative, strategic approaches to the critical housing needs of the Puget Sound region - opened the door for the Agency's entry into the Department of Housing and Urban Development's (HUD's) Moving to Work (MTW) demonstration. One of just 35 industry leaders selected for the

program, KCHA's MTW designation provides the latitude to incorporate "out of the box" thinking into virtually every facet of its federally subsidized housing programs. Developed by Congress and signed into law as part of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, the MTW program provides KCHA relief from HUD's overly prescriptive program regulations and encourages the agency to design and test new approaches in providing and delivering housing assistance that:

- ☐ Increases housing choices for low-income families;
- ☐ Helps KCHA clients become increasingly self-sufficient;
- ☐ Reduces costs and achieves greater operational efficiencies.

The key elements of the MTW demonstration are the ability to combine Public Housing Operating, Capital and Section 8 program resources into a single MTW block grant and the flexibility to use those funds to support locally designed housing programs that effectively respond to the housing needs of the local jurisdiction. In granting participating agencies this programmatic latitude, the MTW demonstration hoped to accomplish an additional, overarching goal: to identify program and policy changes that could be implemented more broadly – strengthening federal housing programs while continuing to address the goal of ensuring safe, secure housing for the nation's low-income households.

Under the terms of its MTW Agreement, KCHA is required to submit an Annual Report to HUD documenting progress toward meeting the program's objectives and the initiatives and activities identified in the Agency's Annual MTW Plan. This is KCHA's FY 2011 MTW Annual Report, covering the fiscal year that began January 1, 2011 and ended December 31, 2011. Presented in HUD's prescribed format, the report highlights activities of the past year, while recapping KCHA's MTW accomplishments since entering the program in 2003. The information provided is designed to allow HUD to

evaluate the extent to which the Authority has accomplished the goals of the Demonstration and of the Annual MTW Plan and to help identify MTW innovations that can be successfully replicated across the country.

As this report details, KCHA has made significant strides in developing and applying innovative and sustainable solutions that respond to the specific housing needs and markets of the greater Puget Sound area. As the County's largest provider of affordable housing and a leader in regional efforts to end homelessness, participation in the MTW program has enabled KCHA to transform its operations and expand housing opportunities for the region's most vulnerable "at-risk" populations, including elderly and disabled households and homeless families.

The successful initiatives and activities discussed in this report are possible only as a direct result of the KCHA's MTW participation. It is unfortunate that the opportunity for replicating Moving to Work successes nationwide – by allowing all PHAs the broad programmatic flexibility enjoyed by current MTW program participants – has been stalled for the last several years. However, KCHA believes that a narrowed approach to regulatory relief – focusing on a limited scope of proven "MTW best practices" – would also positively impact program delivery and leave Housing Authorities nationwide better equipped to respond to the critical shortfall of safe, secure and affordable housing in their local communities. Nowhere is the need for streamlining and more efficient business processes more pressing than in the administration of the Section 8 program. This FY 2011 MTW Annual Report provides examples of the gains that could result from program and policy modifications in a number of areas:

☐ Streamlining the HQS Inspection process:

With a jurisdiction in excess of two thousand square miles, identifying and implementing efficiency measures relating to Section 8 HQS inspections have significantly improved the cost effectiveness of KCHA operations. The following changes in particular have produced significant savings in staff time and travel without adversely impacting unit quality and would produce significant savings industry-wide:

(1) Allow implementation of a geographic "clustering" model. Under current program regulations, units must be inspected at least annually within a narrow time band. Unfortunately, this requirement meant that KCHA inspectors often made repeated trips to the same development each month. To reduce repeat trips to the same neighborhood, KCHA used MTW program flexibility to modify 24 CFR 982, Subpart I to allow the first annual inspection to be completed as early as 8 months after initial unit set-up or

delayed up to 20 months following initial occupancy. This modification allows KCHA to cluster inspections geographically to reduce travel time and repetitive trips to the same neighborhood and. in many cases, the same building and make the program more efficient and attractive to landlords.

(2) Give PHAs the ability to release HAP payments when a unit fails an HQS Inspection due to only minor deficiencies. Where minor deficiencies once meant a return inspection and delay in rent payments, modified policies allow landlords to self-certify timely completion of necessary minor repairs – reducing administrative costs and accelerating access to affordable housing. Implementation of this policy change has reduced the number of re-inspections required under the program more by than 50 percent since its implementation – saving valuable staff time and travel and allowing KCHA to re-assign inspector duties and increase caseloads as the HCV unit inventory increased.

■ Streamlining program requirements and processes:

Through the use of "lean engineering" techniques, KCHA has identified a number of program processes that provide little or no value and slow down program administration. Eliminating low value activities streamlines business processes, freeing up valuable staff time and allowing PHAs the freedom to realign staff to address more urgent needs. KCHA considers the following processes as "low-hanging fruit", ripe for replication in the broader public housing community:

- (1) Allow HCV participants who qualify for \$0 HAP to self-certify household income. Current program rules require the PHA to retain HCV participant program eligibility for an additional six months when the family income rises to the point that the effective HAP payment drops to \$0. During this time, family reporting and annual review requirements remain in place, even though future increases in income will not impact HAP payments.

 Using MTW flexibility, KCHA has simplified reporting requirements for these households allowing them to self-certify income at the time of the annual review.
- (2) Extend the term over which verifications are considered valid. "Lean engineering" reviews have helped identify the large amount of time spent re-verifying applicant or participant data simply because the original document was slightly more than 90-120 days old the deadline that determined whether information was current enough for use in a pending

initial, interim or annual review. The extra time taken to obtain fresh documentation was of little value as the update rarely revealed any change in income that would impact client eligibility or rent. To reduce the time staff spent chasing paperwork, KCHA used MTW program flexibility to modify HUD guidelines by extending the term over which documents were considered valid to a full 180 days.

(3) Allow PHAs to flex up annual review schedules. Implemented in 2009, KCHA's EASY Rent policy shifts elderly and disabled households living on a fixed income from annual review requirements to re-certifications completed just once every three years. Moving to biennial or triennial recertifications as suggested in earlier versions of SEVRA legislation has the potential to produce significant savings for PHAs. Tested in varying ways among a collection of MTW participants, KCHA would encourage HUD to develop guidelines that would allow adaptation of modified re-certification policies nationwide.

☐ Allow PHAs to use HCV resources to develop a local Sponsor-based program:

To address the housing needs of chronically homeless individuals, KCHA has utilized its MTW block grant to design and implement a **Sponsor-Based Permanent Supportive Housing Program**. Through partnerships with local public health and behavioral health care systems this service-enriched housing provides "low barrier" access to safe, secure housing for underserved, hard-to-house populations with multiple challenges to housing stability, including individuals who are chronically homeless, patients transitioning from long-term care in state psychiatric institutions and young adults (age 18-25) who are homeless or transitioning out of foster care. By placing subsidy directly in the hands of KCHA's carefully selected service partners - KCHA's Sponsor-based program allows "at risk" clients to move directly off the street into supportive housing.

As evidenced by the South King County Housing First Pilot's Two Year Outcome report completed in August 2011, KCHA's Sponsor-based program has resulted in increased housing stability - with nearly 75 percent of participants retaining occupancy for a full year. In addition, Sponsor-based program participants have seen significant reductions in jail bookings and jail days (48 and 38 percent respectively in the first year). Together with reductions in hospital and outpatient facility stays, these results are indicative of substantial tax-payer cost savings that can be gained by linking these vulnerable, underserved populations with access to stable, service-enriched housing. KCHA was very pleased to see expansion of this innovative program to all PHAs included in HUD's FY2012 budget proposal.

KCHA believes participation in the MTW program has been the key to building partnerships and leveraging resources vital to continued success in meeting the Agency's core mission of ensuring the availability of quality affordable housing for the region's low-income households. Examples of how MTW program participation has assisted KCHA's in effectively responding to the diverse needs of the communities we serve are outlined in the remainder of this report. It is KCHA's hope that new approaches developed by MTW participants, and the results achieved, will lay the framework for broader regulatory changes that benefit both the communities and clients we serve.

A. HOUSING STOCK INFORMATION

TABLE II.A: INVENTORY BREAKDOWN for FY 2011 (Public Housing, HCV, Other-HUD and Local programs)

(Fublic Housing, Hev, Other-Hob and Local programs)							
Program	Inventory at MTW Program Entry: 2003	Inventory at Fiscal Year Begin: Jan. 1, 2011	Inventory at Fiscal Year End: Dec. 31, 2011				
Public Housing: MTW	3292	2490	2488				
Total PH Inventory	3292	2490	2488				
HCV: General MTW	6024	5977	5858 ¹				
HCV: Project-based MTW	0	1025	1423				
HCV: Local MTW-funded	0	275	43 ²				
Total MTW Vouchers	6024	7277	7324				
Other MTW: Sponsor-based	0	152	142				
Total Other-MTW	0	152	142				
VASH, non-MTW	0	165	213				
Mainstream, non-MTW	350	350	350				
Designated, non-MTW	0	100	100				
Certain Development, non-MTW	0	100	100				
FUP-2009/2010, non-MTW	0	108	132				
Enhanced / Relocation, non-MTW	0	121	157				
Total non-MTW Vouchers	350	944	1052				
Other HUD: Sec 8 New Const/236	174	234	196				
Other HUD: Preservation	271	119	41				
Other, non-HUD: LOCAL	303	149	149				
Total OTHER programs	748	502	386				
TOTAL	10,415	11,365	11,778 ³				

SECTION II.
GENERAL
HOUSING
AUTHORITY
OPERATING
INFORMATION

¹Does not include 2,396 HCV port-ins administered by KCHA at the end of FY 2011.

²Represents HCV units funded above HUD's baseline through the use of MTW block grant resources. During FY 2011, KCHA ramped down its commitment to this initiative as a result of budgeting uncertainties.

³In addition, KCHA's inventory includes 5,370 "Workforce" units that are affordable to households with incomes below 60% to 80% of AMI.

☐ Description of Significant Capital Expenditures:

Since 2003, the flexibility to combine Public Housing Operating and Capital funds and Section 8 resources into a single MTW block grant has played a vital role in KCHA's goal of improving the quality of its aging Public Housing inventory. KCHA's MTW block grant, formulaic and competitive grants awarded under the American Reinvestment and Recovery Act (ARRA) and the leveraging of private capital into Public Housing developments through innovative financing approaches have all played a part in KCHA's strategy to ensure the long-term viability of its existing Public Housing inventory.

During FY 2011, through its combined resources, KCHA expended more than \$29.3 million to complete necessary capital improvements to its Public Housing communities. Funds received under ARRA are not included in KCHA's MTW block grant and are subject to separate reporting requirements. Though no individual activity reached HUD's 30 percent reporting threshold, major capital projects and related FY 2011 expenditures include:

- Uniform Federal Accessibility Standards (UFAS) Upgrade Project-\$2,890,245. Funded through KCHA's MTW single fund budget and an ARRA grant received in late 2009, this project is designed to ensure full compliance with Section 504 of the Rehabilitation Act. During FY 2011, KCHA continued work to bring 70 housing units and their related common areas up to current UFAS standards. Resulting upgrades will ensure that at least 5 percent of KCHA's Public Housing inventory is fully accessible to persons with disabilities. Targeted Public Housing developments include Northridge I, Casa Juanita, Valli Kee, Cascade Homes, Southridge, Eastridge, Yardley Arms, Wayland Arms, Wellswood, Juanita Court, Ballinger Homes, Brittany Park and Riverton Terrace. KCHA anticipates construction costs of \$4,123,408 to complete the full scope of work. KCHA's MTW block grant contributed approximately five percent (\$211,553) of the construction costs attributed to this project in FY 2011. This initiative will complete in FY 2012.
- Green Communities, Energy Efficiency and Building Envelope
 Upgrades \$ 4,349,576. Part of KCHA's larger "green" initiative, this
 project is designed to increase the energy efficiency and
 environmental sustainability of the Agency's Public Housing
 properties. Upgrades to reduce energy costs benefit both KCHA and

its residents. By year's end, work to replace toilets at Avondale Manor and install new heat pumps and replace building envelopes at Forest Glen had begun. In addition, improvements at Briarwood, including a new roof, siding, exterior insulation, decks and windows were underway. KCHA anticipates construction costs to complete work scheduled under this initiative will total \$9,680,187. The project is funded in part through a \$4,678,341 ARRA grant received in FY 2009 and through allocations from KCHA's MTW block grant and Washington State weatherization funds. 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. KCHA is currently in the first year of a 5-year plan to reduce overall agency energy consumption by 10 percent.

- Unit Upgrade Project \$2,870,540. During FY 2011, KCHA continued to use its MTW block grant to support its highly successful Unit Upgrade program which allows the Agency to complete interior upgrades within KCHA's Public Housing, HUD-subsidized and local program units as they become vacant, rather than using a "whole building" and tenant relocation approach. By completing the needed work, including new flooring, cabinets and fixtures, using KCHA's own in-house skilled labor and careful scheduling, KCHA has realized significant savings in soft-costs, contractor's overhead and profit and tenant relocation that would otherwise be incurred. KCHA staff completed interior renovations to 131 units in FY 2011 at an average cost of just over \$21,500 per unit. With estimated savings of over 40 percent compared to the general contractor model, to date, KCHA's approach has saved the agency more than \$8 million.
- Greenbridge Redevelopment \$6,293,043. Formerly the site of Park Lake Homes Site I, once KCHA's oldest Public Housing development, the Greenbridge site is being transformed into a completely revitalized community. As a mixed-income neighborhood, Greenbridge combines subsidized and workforce rental housing with affordable and market rate for-sale homes. Organized around White Center's 8th Avenue corridor, Greenbridge includes Public Housing live-work units, retail storefronts and community educational and recreational facilities anchored by a new library, elementary school and Head Start/Educare facility. The master-planned design replaces the original 569 Public Housing units with 324 on-site units affordable to very low-income households and up to 700 affordable and market-rate rentals and forsale homes. Subsidized units not rebuilt on-site have been located off-

site in targeted low-poverty neighborhoods, primarily on King County's Eastside, with access to high-performing school systems and greater opportunities for employment – dually serving KCHA's commitment to deconcentrate poverty and ensure one-for-one hard unit replacement. During FY 2011, KCHA constructed and occupied the Sixth Place Apartments– adding 24 new Public Housing units to KCHA's inventory.

Completion of Sixth Place brought the total number of rental units at the site to 472 – including 204 Public Housing and Section 8 rentals. To date, 42 percent of the previous Park Lake I residents have returned to the Greenbridge community. In addition to affordable and market rate rentals, KCHA has also partnered with Homesight, a non-profit developer and homeownership counseling provider, in the development of seven affordable homeownership units at the site. At the end of FY 2011, two of the seven units had been sold and sales were pending on three more. Unfortunately, expanded homeownership development has been slowed by current market conditions in the Puget Sound region. Short-term financing, backed by KCHA's MTW balance sheet, is preserving these housing opportunities until economic conditions improve.

• Seola Gardens Redevelopment - \$12,931,000. Located just a few blocks from Park Lake Homes Site I, KCHA's other HOPE VI redevelopment project will result in the transformation of another aging Public Housing development into a mixed income community. As with the Greenbridge initiative, Seola Gardens is part of KCHA's effort to help revitalize White Center, one of the poorest areas of King County. Built in the early 1960s, this 165-unit Public Housing development required significant investment to address extensive infrastructure needs and replace obsolete housing. Funded in part through a \$20 million HOPE VI grant received in late 2008, redevelopment of the 31-acre parcel will make way for 177 new rental and 107 for-sale housing units with small "pocket" parks and on-site community facilities integrated into the master plan. Infrastructure improvements commenced in FY 2010. In FY 2011 the first phase of vertical construction – the Zephyr Apartments – was completed, adding 25 units of Public Housing to KCHA's inventory. Phase II is currently underway and Phase III is scheduled to break ground in spring of 2012. All 165 Public Housing units will be replaced by federally assisted housing on site.

In addition to the work detailed above, during FY 2011, KCHA continued to move forward with the following major renovation projects:

• Reconstruction of Green River Homes. As one of KCHA's oldest Public

Housing developments, this aging and physically distressed site requires significant reinvestment that cannot be provided at current capital grant funding levels. In February 2011, KCHA received HUD approval for the disposition of the 60-unit development. KCHA intends to utilize Project-based housing vouchers to leverage the capital necessary to complete the planned revitalization. Funding will be provided through a mixed-finance approach that will include tax credit equity, tax-exempt bonds and KCHA's MTW reserves. Planning, architectural and engineering work on the project began in FY 2009 and completed in FY 2011. Construction will start early in 2012. Renovations will transform the Green River Homes development into a modern, well designed rental community – positively impacting the quality of life for its residents as well as significantly strengthening the surrounding neighborhood.

- Preservation of Public Housing Financial restructuring to support needed Capital Improvements. Through use of MTW flexibility, KCHA is planning to rehabilitate 509 of its most scattered Public Housing units 22 separate sites by conversion to Project-based subsidy.

 Approximately \$33 million in repairs \$65,000 per unit is necessary in order to ensure the viability of this housing stock over the long term.

 As FY 2011 came to an end, KCHA continued efforts to gain HUD approval for disposition of these units its smallest and least economically viable developments to a non-profit entity created and controlled by KCHA.
- Community Facilities Project. This initiative improves and expands six community facilities that support youth and family self-sufficiency initiatives in KCHA's family developments, enhance educational and life outcomes for public housing youth and increase community safety and security. The first facility, the Bellevue Boys and Girls Club at Eastside Terrace, was completed in FY 2011 and three other facilities Valli Kee Homes, Burndale and Firwood Circle are underway. Two remaining sites located at Spiritwood and Hidden Village completed design and will begin construction in early 2012. Funding is being provided through a mixture of MTW reserves, capital grants and local philanthropic support.

■ New Public Housing units added during the year by development: 58 units

• Sixth Place Apartments - 24 Public Housing Units. KCHA's newly constructed Sixth Place Apartments opened its doors in July 2011.

The latest phase of KCHA's HOPE VI Greenbridge project, the 24-unit

Sixth Place Apartments				
24 Public Housing Units				
1 bdrm	2			
2 bdrm	4			
3 bdrm	13			
4 bdrm	5			
Development Type: Family Accessibility Features: 3 Units fully accessible				

	solar powered attic fans. KCHA anticipates that reduced electrical
	loads will have a favorable impact upon utility costs for the site's
	low-income residents. In addition, benefiting Greenbridge as a
	whole, Sixth Place includes one of the largest residential solar panel
	systems in the State of Washington. The panels will provide 52 kwh
	of electricity to common areas in the development - and surplus
	electricity to offset utility expenses throughout the community.
	Zankan az Baki'a Harakan Maria Canada
•	Zephyr – 25 Public Housing Units. Completion of the Zephyr phase
	of the Seola Gardens project in FY 2011 added another 25 new units
	to KCHA's Public Housing inventory. Formerly known as Park Lake
	Homes Site II, Seola Gardens is currently undergoing revitalization

Zephyr				
25 Public Housing Units				
2 bdrm	7			
3 bdrm	13			
4 bdrm	4			
5 bdrm	1			
Development Type: Family				
Accessibility Features: 4 Units fully accessible; 1 for sensory impaired				

on of the Zephyr phase another 25 new units y known as Park Lake eola Gardens is currently undergoing revitalization using a HOPE VI grant received by KCHA in 2009. Slated for completion in 2018, the mixed-income Seola Gardens community will include 177 units of rental housing and up to 107 for-sale homes. Zephyr, the first phase of vertical construction at the site, includes a mix of two, three, four and five bedroom units that will serve extremely low-income households.

Public Housing development was built to adhere to high standards of sustainability and energy efficiency and includes a number of energy efficiency measures such as high density insulation, light tubes and

Kirkland Place 9 Public Housing Units 2 bdrm 9 Development Type: Family Accessibility Features: No units are fully modified; feasibility of future modifications will be considered at tenant request

- Kirkland Place 9 Public Housing Units. As outlined in its FY 2011 MTW Annual Plan, KCHA has continued efforts to acquire additional units in order to increase or preserve the region's affordable housing supply. Using the flexibility of the MTW program's single fund budget, KCHA acquired the Kirkland Place Apartments in the city of Kirkland's downtown core this year. Following purchase, KCHA is using its "banked" Public Housing ACC to "turn on" Public Housing subsidy in the new development for currently eligible household and as vacancies occur. Kirkland Place includes nine two-bedroom, onebath units. Though the site is small, securing access to rentals affordable to extremely low-income households within the East County corridor's "high opportunity" neighborhoods is among KCHA's long-term MTW strategies.
- Number of Public Housing units removed from inventory during the FY: 60 units

As outlined in its MTW Plan and noted above, during FY 2011, KCHA continued to move forward with plans for the complete renovation of Green River Homes in the City of Auburn. Built in the late1950s, the aging 60-unit development requires significant investment in order to

address major site infrastructure needs, deteriorated structural conditions and obsolete mechanical systems. In order to facilitate redevelopment of the site, KCHA removed all Green River units from its Public Housing inventory in 2011. Project-based Section 8 vouchers will substitute for Public Housing subsidies in order to finance necessary capital investments and to ensure continued use of this site for extremely low-income households.

■ Number of new Project-based units during FY 2011: 262 units

In accordance with its Project-based Section 8 Administrative Plan, KCHA has used MTW program flexibility to project-base Section 8 vouchers to increase the supply of transitional and permanent supportive housing and to help the region's most at-risk households find a safe, secure home where they can build skills leading to housing stability. In addition, KCHA project-bases Section 8 vouchers to: (1) ensure continued affordability to low and extremely low income households when a property owner "optsout" of a Section 8 project-based contract; (2) to replace units lost through public housing redevelopment; and (3) deconcentrate poverty throughout the region.

Brief descriptions of Project-based Section 8 contracts assigned during FY 2011 and the resulting units added to KCHA's PBS8 inventory are as follows:

- The Sophia Way at Coal Creek Apartments and The Sophia Way at Discovery Heights: Through King County's Combined Funders NOFA, KCHA made available 17 project-based subsidies to support permanent supportive housing for formerly homeless women on the eastside of King County. All are clients of The Sophia Way, a local service provider providing individualized case management services to these tenants.
- VASH Housing at Woodland North: In early 2011, HUD made available a competitive allocation of project-based VASH vouchers. KCHA applied and was awarded 10 project-based VASH vouchers to be used at Woodland North, a KCHA-owned property in Lake Forest Park. In addition to VA services, each veteran is also a participant in Project THRIVE, run by Community Psychiatric Clinic, a SAMHSA-funded program that uses the evidence-based Assertive Community Treatment model to provide intensive, community-based services to homeless veterans.

- Unity Village: These 6 project-based units serve homeless families in newly-constructed housing in the White Center community. On-site services for the homeless families will be provided by Wellspring Family Services. These units are non-time-limited with services available for as long as needed.
- Imagine Housing and Friends of Youth at Francis Village: These 10 units are located in newly constructed housing in Kirkland.
 Developed by Imagine Housing, these units house formerly homeless young adults, both singles and families, in one and two-bedroom units. Individualized case management services are supplied by Friends of Youth. This project-based contract is actually a conversion from a previous sponsor-based supportive housing contract between Friends of Youth and KCHA.
- VASH Housing with Imagine Housing and VA at Francis Village:
 KCHA and the VA jointly submitted a waiver application to HUD to
 project-base 10 VASH vouchers at a newly constructed property in
 the City of Kirkland. These VASH units will house a mix of single
 adults and families, all referred by the VA, who will provide case
 management services, with supplemental services offered on-site by
 Imagine Housing.
- The Sophia Way at Copper Lantern: In early 2011, KCHA project-based 4 units at Copper Lantern, a development owned by Low Income Housing Institute (LIHI). These units will assist formerly homeless families who are clients of The Sophia Way.
- Passage Point: In partnership with the YWCA and King County's
 Department of Community and Human Services, the former Cedar
 Hills Alcohol Treatment facility was redeveloped and opened as
 Passage Point. The development provides 46 units of transitional
 housing for parents leaving correctional institutions and reuniting
 with their children. On-site supportive services are provided by the
 YWCA and focus on prisoner re-entry, housing stability, family
 reunification, and reducing recidivism. Successful program
 graduates will have priority access to KCHA's Public Housing
 program.
- Hidden Village and Northlake House: Owned by KCHA, both Hidden Village and Northlake House were transferred to the agency's project-based program as their HUD Multi-family subsidy contracts came to an end. Hidden Village includes a mix of one, two, three and four bedroom units and is a valuable resource to low-income families providing 78 units of affordable housing in a high opportunity

- neighborhood of Bellevue. Northlake House includes 38 one-bedroom units to assist elderly and disabled adults in the City of Bothell. The project-based assistance will allow the sites to continue to serve low and extremely low-income households and provide adequate financial resources to address capital needs and extend the useful life of the properties.
- Replacement Housing with LIHI at Copper Lantern (7 units), Family Village (26 units) and Imagine Housing at Andrew's Glen (10 units):

 This project-based assistance under our Replacement Housing category replaces units lost through public housing redevelopment and deconcentrates poverty by shifting affordable housing resources to east King County. All of the project-based assistance contracts listed above were awarded through a competitive process administered by ARCH (A Regional Coalition for Housing) to provide rental assistance and operating subsidies to new properties on the eastside, increasing the supply of affordable housing in a low-poverty, high-income part of the county.

New Project-based Units Added to Inventory: FY 2011						
Property	Studio	1 bdrm	2 bdrm	3 bdrm	4 bdrm	Contract Units
nent Supportive Housing						
Copper Lantern/The Sophia Way		3	1			4
Francis Village/Friends of Youth		5	5			10
Francis Village / VASH		5	5			10
Discovery Heights/ The Sophia Way		10				10
Woodland North / VASH	2	4	4			10
Coal Creek / The Sophia Way	3	4				7
Replacement Housing						
Copper Lantern		5	2			7
Andrews Glen			10			10
Family Village			13	13		26
Local Affordable Housing Preserv	vation					
Northlake House		38				38
Hidden Village		8	28	38	4	78
Transitional Housing						
Passage Point / YWCA		39	7			46
Unity Village / Wellspring			6			6
TOTALS	5	121	81	51	4	262

Overview of Other Housing Managed by KCHA

This report on KCHA's MTW initiatives to increase the supply of units available to various low income households does not paint a full picture of the Authority's efforts to respond to the County's critical shortfall of affordable housing. In addition to its Public Housing and Section 8 programs, KCHA provides affordable housing through a number of additional funding streams and community partnerships. Currently, through the use of federal, state, local government and private investments, KCHA's affordable housing portfolio provides more than 18,000 households daily with a safe, secure and affordable place to call home. In addition to the MTW program, KCHA provides the following avenues to affordable housing:

- Section 8 New Construction/Section 236 Programs 196 units: KCHA's
 Section 8 New Construction and Section 236 units deliver deep
 subsidy affordability to extremely low-income elderly and disabled
 households. Operated under Section 8 HAP contracts through HUD's
 Multi-family branch, sites include Burien Park (102 units), The
 Northwood (34 units) and Westminster Manor, a 60 unit
 development KCHA purchased in FY 2010 to ensure that these
 affordable units were not lost to private market investment.
- Preservation Program 41 units: The Preservation Program offers both subsidized and non-subsidized apartments to low-income households in Redmond, Washington. Acquired by KCHA in the mid-1990's, the Parkway Apartments in Redmond (41 units) provides affordable housing opportunities to families with children. Funded through a Section 8 HAP contract administered under HUD's Multifamily branch, subsidized households pay rent calculated at HUD's affordability standard of 30 percent of adjusted monthly income.
- Home Ownership Program 430 units: KCHA's Homeownership program offers qualified low-income individuals, families and seniors the opportunity to own a manufactured home located on a leased lot in one of four manufactured housing communities owned and managed by KCHA. Three of the sites, Vantage Glen (164 units), Rainier View (31 units) and Wonderland Estates (109 units) are targeted to low-income elderly households. Tall Cedars, the remaining 126-unit development, provides affordable work-force housing to low-income families with children. These sites were acquired with taxexempt bonds, and pad rents are held at levels well below market for similar communities. At Vantage Glen and Rainier View tenants agree to sell their homes back to KCHA when they move so that affordable

- home ownership opportunities can be offered to the next qualified household on the waiting list.
- Bond Financed Program 2,837 units: Since 1990, at the direction of the Board of Commissioners, KCHA has steadily expanded its inventory of non-Federally subsidized multi-family rental housing. These "work-force" housing units do not receive operating subsidy from the Federal government or any other state or local source. KCHA has used this program to support its strategy of deconcentrating poverty through acquisitions in targeted submarkets of the County. By the end of FY 2011, KCHA's Bond Financed inventory totaled 2,837 units, located in 19 separate apartment communities. Typically these units have a broad mix of residents with the majority having incomes below 80% of Area Median Income. Project and tenant-based Section 8 subsidies ensure these properties provide access to highly desirable "opportunity areas" for extremely low income households.
- Tax Credit Program 2,103 units: The tax credit program is one of the few remaining sources of low-income development equity in the United States today and KCHA anticipates that much of the growth in its affordable housing stock will come from participation in tax credit transactions. Unlike the bond-financed projects where KCHA is the direct owner, tax credit projects are owned by separate limited partnerships, with KCHA serving as the general partner. At the end of FY 2011, KCHA's Tax Credit inventory (exclusive of former or current public housing sites) included a total of 2,103 units within 20 different developments. Though certain sites may have more stringent requirements, units are typically available to households with incomes below 60 percent of the Area Median Income. Here, as with the bond-financed program, acquisitions are targeted to low poverty markets and Section 8 subsidies are coordinated with non-subsidized units.

B. LEASING INFORMATION

Table II.A, shown on page 5, includes the total number of "hard units" owned by KCHA together with the number of HCV units directly funded by KCHA. In contrast, the information shown below on Table II.B details the total number of **actual households served** at the end of the fiscal year, inclusive of Section 8 "port-ins" administered by KCHA. In addition to changes in occupancy resulting from normal operations, Table II.B illustrates the shift in households from Public Housing to Section 8 Project-based assistance through the end of FY 2011. This shift has resulted, in large part, as a direct result of KCHA actions to increase housing choice throughout the greater Puget Sound region and ensure the long-term viability of existing affordable housing for the County's lowest income residents. As discussed throughout this report, KCHA's participation in the MTW program has played a direct role in the success of these efforts.

TABLE II.B: Total HOUSEHOLDS UNDER LEASE: FY 2011 (Public Housing, HCV, Other-HUD and Local programs)						
Program	Households at MTW Program Entry:	Households at Fiscal Year Begin: January 1, 2011	Households at Fiscal Year End: December 31, 2011			
Public Housing: MTW Total PH Households	3259 3,259	2372 2,372	2404 2,404			
HCV: General MTW HCV: Project-based MTW HCV: Local MTW-funded	6903 0 0	8401 1008 275	8445 ⁴ 1056 43 ⁵			
Total MTW Households Other-MTW: Sponsor-based	6,903 0	9,684 130	9,544 133			
Total Other-MTW VASH, non-MTW Mainstream. non-MTW Designated, non-MTW Certain Develop, non-MTW FUP-2009-2011, non-MTW Enhanced / Relocation, non-MTW Total non-MTW Vouchers Other HUD: Sec 8 New Constr / 236 Other HUD: Preservation Other, non-HUD: LOCAL	0 0 350 0 0 0 0 0 350 174 271 303	130 125 350 100 100 108 121 904 234 119 149	133 184 350 100 100 123 128 985 196 41 149			
Total OTHER programs Total Households Served	748 11,260	13,592	386 13,452			

⁴Includes 2,396 port-ins administered by KCHA at the end of FY 2011.

⁵Respresents HCV units funded above HUD's baseline through the use of MTW block grant resources. During FY 2011, KCHA temporarily ramped down its commitment to this initiative as a result of budgeting uncertainties.

☐ Description of issues related to the leasing of Public Housing and Section 8 units

- Public Housing. To speed access to affordable housing for low-income households, KCHA staff continues to focus on ensuring that the number of days a Public Housing unit remains vacant as a result of normal turnover is held to an absolute minimum. Effective wait list management, unit turn and lease-up protocols all work together to assist KCHA efforts to maintain occupancy near the established benchmark of 98 percent. In 2011, KCHA averaged 16.7 turn days per unit and its adjusted occupancy rate at the end of the fiscal year was 97.3 percent.
- Section 8 Housing Vouchers. In support of its MTW objective to expand the region's supply of affordable housing for the County's poorest households, during FY 2011 KCHA's Section 8 Housing Choice Voucher program continued to maintain a program utilization rate above 100 percent of HUD allocated subsidy. However, during FY 2011, material uncertainties resulted from anticipated reductions in HUD's Section 8 HAP funding and the potential restriction and recapture of accumulated MTW reserves. These potential actions and the constraints they placed on KCHA's short and long-term budget led the agency to deliberately slow HCV lease-up and reduce its commitment to support the funding of HCV units above the established HUD baseline. KCHA anticipates ramping back up to the 275 vouchers during FY 2012.

KCHA's commitment to targeting MTW and non-MTW HCV assistance to "hard-to-house" households to eliminate barriers to housing access for chronically homeless and mentally-ill households presents significant challenges in assisting these households to successfully lease-up in the private rental market - and can adversely impact program utilization. Toaddress this issue, KCHA continues to allocate savings attained through MTW initiatives to expand both staff resources and contract with non-profit service providers to help clients successfully lease units. As a result, KCHA's voucher programs had an average shopping success rate of 90 percent during FY 2011.

Number of Project-based vouchers committed or in use at the end of the Plan year

KCHA's Project-based inventory at the end of FY 2011 totaled 1,423 units and included the following:

Project-based Unit Allocations: FY 2011 Development Number Description **Development** Number Description Name of Units Name of Units Appian Way 15 Nia 42 PH Redevelopment Transitional Housing 43 Avondale Park **Transitional Housing** Salmon Creek PH Redevelopment 4/5 Chalet Transitional Housing / Eastbridge 31 PH Redevelopment Private PH Replacement City Park 11 **Transitional Housing** Alpine Ridge 8 Private PH Replacement Enumclaw Belle Park 12 Private PH Replacement **Transitional Housing Foster Commons** Transitional Housing Eernisse 13 Private PH Replacement Heritage Park 15 **Transitional Housing** Landmark 27 Private PH Replacement Lauren Heights Laurelwood Gardens Private PH Replacement 5 **Transitional Housing** 8 Linden Highlands 8 **Transitional Housing** Newporter 20 Private PH Replacement Petter Court Transitional Housing Plum Court 10 Private PH Replacement Rose Crest 10 Transitional Housing **Rose Crest** Private PH Replacement Valley Park 2 Transitional Housing Summerfield 13 Private PH Replacement Permanent Supportive Summerwood 25 Private PH Replacement Valley Park 12 Villa Capri 5 Transitional Housing Timberwood 21 Private PH Replacement Villa Esperanza **Woodland North** 23 Transitional Housing Private PH Replacement Willows 15 Transitional Housing Woodside East 20 Private PH Replacement **Kensington Square** 6 **Transitional Housing** Johnson Hill 8 Private PH Replacement **Creston Point** 25 **Permanent Supportive** Northlake Grove 6 Private PH Replacement Inland Permanent Supportive Easternwood Private PH Replacement Overlake Family 20 Permanent Supportive Harrison House 48 Local Preservation Village Parkview 4 Permanent Supportive Valley Park 16 Local Preservation **Burien Heights** 15 **Permanent Supportive** Spiritwood Manor 128 Local Preservation Seola Crossing 106 PH Redevelopment **Newport Apts** 23 **Local Preservation** Birch Creek 262 PH Redevelopment **Compass Center** 22 Permanent Supportive Andrews Glen 10 Private PH Replacement Francis Village (FOY) 10 **Permanent Supportive**

	Project-based Unit Allocations: FY 2011									
Development Name	Number of Units	Description	Development Name	Number of Units	Description					
Francis Village (VASH)	10	Permanent Supportive	Discovery Heights	10	Permanent Supportive					
Woodland North (VASH)	10	Permanent Supportive	Copper Lantern	4/7	Permanent Supportive / Private PH Replacement					
Family Village	26	Private PH Replacement	Northlake House	38	Local Preservation					
Hidden Village	78	Local Preservation	Passage Point	46	Transitional Housing					
Unity Village	6	Transitional Housing	Coal Creek	7	Permanent Supportive					

C. WAITING LIST INFORMATION

Description of waiting lists

KCHA operates separate waiting lists for its Public Housing, Section 8 and Project-based programs. KCHA did not implement any changes to the waiting list protocols in place for Public Housing, Project-based or Tenant-based Section 8 program administration in FY 2011. At the end of 2011, KCHA's Section 8 Housing Choice Voucher waiting list remained closed, while the Public Housing and Project-based waiting lists remained open to eligible applicants.

• Section 8 Housing Choice Voucher Program. Generally, applications for the Section 8 Housing Choice Voucher program are accepted during specified periods only. The Section 8 waiting list was opened in May 2011, for the first time since May 2007. Over the short two-week period, nearly 25,000 households completed the application process – either through KCHA's direct internet application portal or a hard copy application. At the end of the designated time period, the waiting list closed and KCHA selected a limited number of applicants (2,500) for the waiting list through random "lottery" number assignment. From the pool of 2,500, eligible applicants meeting local preference criteria are selected for program participation according to their assigned lottery number. KCHA anticipates that the 2,500 household application pool will be sufficient to meet expected voucher turnover during the next two years.

In addition to the lottery process for its general voucher pool, KCHA maintains separate waiting lists for vouchers 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.

 Public Housing Program. KCHA's Public Housing program currently operates Site-based, Regional and Set-aside waiting lists as well as a set of local preferences to



determine the order of tenant selection. 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 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, a supportive housing complex, every third vacancy in KCHA's Public Housing developments is prioritized for formerly homeless families graduating from the region's Sound Families transitional housing system.

Project-based Section 8 Voucher Program. Excluding
units subsidized through transitional and supportive
service programs, the Project-based Section 8 waiting
list operates in similar fashion to the Public Housing
waiting list and is managed by KCHA's Central
Applications office. However, direct Owner referrals to a
vacant unit are allowed when KCHA is unable to locate a
suitable applicant and fill a vacancy in a timely manner.

Where Project-based subsidies are used in support of transitional or supportive housing programs, KCHA defers applicant screening and program eligibility determinations to its non-profit service provider partners. Acting as KCHA's "agent", these partner agencies directly refer clients to available units in accordance with KCHA established criteria - significantly reducing barriers to program entry to ensure these special needs populations streamlined access to critical housing and supportive resources.

Race Characteristics of KCHA Waiting Lists - FY 2011									
	White	Black	Indian / Eskimo	SE Asian	Hawaiian / Pac Islander	Hispanic	Unknown	Grand Total	
PH: Regional	2746	2032	143	664	172	508	20	6285	
PH: Site-based	2170	1563	92	1269	158	411	18	5681	
PH: Sound Families	10	7	0	1	0	2	0	20	
Project-based Section 8	886	727	37	236	105	223	0	2213	
Section 8 HCV	909	1002	81	192	36	121	1	2342	

Race Characteristics of KCHA Waiting Lists - FY 2011									
	White	Black	Indian / Eskimo	SE Asian	Hawaiian / Pac Islander	Hispanic	Unknown	Grand Total	
PH: Regional	43.6%	32.3%	2.3%	10.5%	2.7%	8.1%	.4%	6285	
PH: Site-based	38.2%	27.5%	1.6%	22.3%	2.8%	7.3%	.3%	5681	
PH: Sound Families	50%	35%	0	5%	0	10%	0	20	
Project-based Section 8	40%	32.8%	1.7%	10.7%	4.7%	10.1%	0	2213	
Section 8 HCV	38.8%	42.8%	3.5%	8.2%	1.5%	5.1%	.1%	2342	

Bedroom Size Characteristics of KCHA Waiting Lists - FY 2011								
Bedroom Size	1 bd	2 bd	3 bd	4 bd	5 bd	6 bd	Grand Total	
Public Housing - Regional	2132	2581	1188	305	74	5	6285	
Public Housing - Site-based	2314	2085	1017	217	45	3	5681	
Public Housing - Sound Families	2	11	4	3	0	0	20	
Project-based Section 8	12	1191	798	211	1	0	2213	
Section 8 HCV	bedroom size breakdown not available 2342						2342	

Bedroom Size Characteristics of KCHA Waiting Lists - FY 2011								
Bedroom Size	1 bd	2 bd	3 bd	4 bd	5 bd	6 bd	Grand Total	
Public Housing - Regional	33.9%	41.1%	18.9%	4.8%	1.2%	.1%	6285	
Public Housing - Site-based	40.7%	36.7%	17.9%	3.8%	1%	.1%	5681	
Public Housing - Sound Families	10%	55%	20%	15%	0	0	20	
Project-based Section 8	.55%	53.8%	36.1%	9.5%	.05%	0	2213	
Section 8 HCV	bedroom size breakdown not available 2342							

Family Type Characteristics of KCHA Waiting Lists - FY 2011								
Family Type	Disabled	Elderly	Family	Grand Total				
Public Housing - Regional	1990	415	3880	6285				
Public Housing - Site-based	1476	1008	3197	5681				
Public Housing - Sound Families	2	0	18	20				
Project-based Section 8		307	1906	2213				
Section 8 HCV	580	182	1580	2342				

Family Type Characteristics of KCHA Waiting Lists - FY 2011								
Family Type	Disabled	Elderly	Family	Grand Total				
Public Housing - Regional	31.7%	6.6%	61.7%	6285				
Public Housing - Site-based	25.9%	17.8%	56.3%	5681				
Public Housing - Sound Families	10%	0	90%	20				
Project-based Section 8	0	13.9%	86.1%	2213				
Section 8 HCV	24.8%	7.8%	67.4%	2342				

Non-MTW related information has been integrated into other sections of this Report – see in particular the overview of other housing managed by KCHA on page 15.

SECTION III.

NON-MTW

RELATED

HOUSING

AUTHORITY

INFORMATION

SECTION IV. LONG-TERM MTW PLAN

Since entry into the MTW demonstration on September 8th, 2003, KCHA has used its block grant and regulatory flexibility to support the Authority's overarching strategic goals for the Puget Sound region. Approaches have evolved as regional priorities, demographics and housing markets have shifted. 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:

- Strategy 1: Continue to strengthen the physical, operational, financial and environmental sustainability of the portfolio of over 8,000 affordable housing units that we own or control.
- Strategy 2: Expand the number of units in the region affordable to households earning below 30 percent of Area Median Income (AMI) through both development and preservation.
- Strategy 3: Provide expanded geographic choice for low-income households, including disabled and elderly households with mobility impairments, providing our clients with the opportunity to live in neighborhoods with high achieving schools, ready access to quality services and mass transit and adjacent to the workplace.
- Strategy 4: Close coordination 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.
- Strategy 5: On-going "place-centered" revitalization of King County's low income neighborhoods, involving both a focus on housing and on the wide array of other physical improvements, services and partnerships that create strong, healthy communities.
- Strategy 6: Working with the County, regional transit agencies and suburban cities, promote the integration of new affordable housing into regional growth corridors aligned with mass transit corridors in support of sustainable regional development.

- ❖ Strategy 7: Expand partnerships with Public Health, Head Start programs, school districts, after-school providers, community colleges and the philanthropic community to eliminate the academic achievement gap for the low-income households we serve and significantly improve educational and life outcomes for youth.
- Strategy 8: 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 building assets, earned income and reducing length of stay, where appropriate, in subsidized housing.
- Strategy 9: Continue to develop institutional capacity and efficiencies at the Housing Authority to ensure efficient, effective use of Federal resources. Continue to expand KCHA's non-federally subsidized programs to address the need for additional workforce housing and to support and ensure the financial sustainability of Authority initiatives.

SECTION V.
PROPOSED
FY 2011 MTW
ACTIVITIES –
APPROVED BY
HUD BUT NOT YET
IMPLEMENTED

This section includes information on proposed FY 2011 MTW Plan activities that were approved by HUD but not yet implemented as of the end of the fiscal year.

To improve tracking, MTW activities have been renumbered since submission of KCHA's FY 2011 MTW Annual Plan. New numbers have been assigned based upon the MTW Plan year in which the activity was identified/approved. For example, 11-01 indicates the activity was the first activity proposed in the FY 2011 MTW Plan.

Appendix C of this FY 2011 MTW Report includes a complete listing of MTW activities proposed by KCHA and approved for implementation by HUD

The following activity proposed in KCHA's 2011 MTW Plan had not been fully implemented by the end of the fiscal year:

ACTIVITY 11-2: Redesign of the Sound Families Program

Statutory Objective: Increase housing choice by ensuring the existing supportive housing units remain available to special needs households.

Description: Initial service funding provided by the Bill and Melinda Gates Foundation for the highly successful Sound Families program is coming to an end for many of KCHA's non-profit agency partners. Since KCHA's entry into the MTW program, the Sound Families Initiative has provided transitional housing and necessary services to homeless families – providing the support needed to assist these at-risk households to stabilize and obtain skills and assets that will lead to sustained self-sufficiency. In addition, households graduating from this program are provided with priority access to Public Housing units. During FY 2011, to ensure that this valuable housing resource remains available to those in need, KCHA continued to support this network of facilities through the provision of project-based Section 8 and worked to develop a partnership with the Department of Social and Health Services' Division of Child and Family Services (DCFS) to create a state funded support program targeted to families

similar to those served under HUD's FUP program. Under a memorandum of agreement, KCHA envisioned use of MTW authority to transfer application, waitlist and selection responsibilities to DCFS and local providers – whose staff are better positioned to determine client readiness for program participation. As KCHA's subagent, DCFS and its partner agencies would be required to ensure compliance with established Fair Housing and Equal Opportunity protocols. This "FUP-like" program would ensure families in transition the support needed to stabilize their household while working to meet established self-sufficiency goals.

Although planning and program development continued throughout FY 2011, restrictions on the use of federal and state funding provided through the Department of Social and Health Services' Division of Child and Family Services (DCFS) has delayed the development of a new program to support ongoing services to targeted units and households. As fiscal year 2011 came to a close, KCHA – together with local, state and regional partners – was in the process of submitting a formal 4-E waiver to the U.S. Department of Health and Human Services (HHS) that would allow the proposed program to move forward. In the interim, KCHA continues to utilize MTW single-fund budget authority to ensure current households are not adversely impacted by the Gates foundation funding phase out.



SECTION VI.
ONGOING MTW
ACTIVITIES: HUD
APPROVAL
PREVIOUSLY
GRANTED

This section reviews previously approved and implemented MTW activities – together with anticipated and actual outcomes as of the end of FY 2011. Information included in this section assesses KCHA's progress in meeting the goals of the MTW program and the Agency's own long-term plan for increasing and preserving affordable housing resources, moving families down a path toward independence and self-sufficiency and ensuring the efficient and effective allocation of its critical resources.

To facilitate tracking, MTW activities have been renumbered. For initiatives proposed in FY 2010 and beyond, numbers are assigned

based upon the MTW Plan Year in which the activity was identified. For example, 11-01 identifies the first activity proposed in the FY 2011 MTW Plan. For prior MTW activities, numbers have been assigned using the MTW Plan Year in which the activity was identified and the activity number shown in KCHA's most recently submitted FY 2012 MTW Plan.

ACTIVITY 08-1: Acquire New Public Housing

Description: As a result of disposition activity at Park Lake Homes and Springwood Apartments, KCHA's Public Housing Annual Contributions Contract (ACC) currently reflects a total of approximately 700 units that are not in use or otherwise identified for replacement through revitalization efforts. KCHA intends to use this "banked" PH ACC to turn-on subsidy in units acquired by KCHA under its initiative to expand and preserve affordable housing resources in the region – increasing the number of deep subsidy units available to extremely low income households. During FY 2012, KCHA will consider the possible expansion of this initiative to include the possible assignment of banked ACC to previously KCHA-owned local program units in addition to newly acquired sites near/adjacent to current PH developments.

Statutory Objective: Increase

Housing Choice
Plan YR: 2008

2012 MTW Plan Activity No: 1

Modified Benchmarks/Metrics/Data/.
Authorizations? None

Authorization(s): Attachment C, item B.1.b allows use of funds for this purpose.

Metric	Baseline	Benchmark	FY 2011 Results
# of Units Acquired and Added to PH Inventory	0 Units	KCHA's goal is to add units as financially feasible up to the maximum of 700 "banked" ACC units over the term of KCHA's MTW Agreement	Four developments, including a total of 94 units added to date –14 percent of the ACC target. 9 units were added KCHA's PH inventory in FY 2011.

Benchmarks Attained/On Track? Yes. Four developments - Pacific Court (32 units), Pepper Tree (30 units), Park Royal (23 units) and Kirkland Place (9 units) - have added 94 units to KCHA's Public Housing program inventory. Two additional sites – Westminster Manor (60 units) and Island Crest (30 units) – have also been acquired by KCHA and are under consideration for PH ACC assignment in future years.

ACTIVITY 04-2: Local Project-based Section 8 Program

Description: The ability to Project-base Section 8 subsidy through a streamlined process has provided a unique opportunity to address the critical shortfall of affordable housing in King County through: (1) strategic targeting of PBS8 funding to low-poverty areas of the County, in order to increase access to these desirable neighborhoods for low income populations; (2) partnerships with non-profit community service providers to create housing directly targeted to assist special needs populations – opening new avenues to housing for chronically disabled, mentally ill households, elderly and disabled residents and homeless families with children not traditionally served through KCHA mainstream Public Housing and Section 8 programs; and (3) coordinate with state and local government leaders to underwrite a pipeline of new affordable housing developed by local non-profit Community Development Centers (CDCs).

Statutory Objective: Increase Housing Choice; Reduce costs and achieve greater cost effectiveness

Plan YR: 2004

2012 MTW Plan Activity No: 2

Modified Benchmarks/Metrics/Data/.
Authorizations? None

Authorization(s): Attachment C, items D.1-D.7 and Attachment D, item E.1 allow KCHA to create a locally designed PBS8 program as described.

MTW flexibility has enabled KCHA to:

- Allow the project sponsor to manage the waiting list as determined by KCHA (FY 2004)
- Allow KCHA to use its standard HCV process for determining Rent Reasonableness for units in lieu of requiring third party appraisals (FY2004)
- Allow KCHA to prioritize assignment of PBS8
 assistance to units located in low-poverty census
 tracts including those with poverty rates below 20
 percent (FY 2004)
- Allow KCHA to assign PBS8 subsidy to a limited number of demonstration projects not qualifying under standard policy in order to serve an important public purpose (FY 2004)

- Allow participants in wrong-sized units to remain in place and pay the higher rent if needed (FY 2004)
- Assign standard HCV payment standards to PBS8 units

 allows modification with approval of Executive
 Director when deemed appropriate / necessary (FY
- Waive the 25 percent cap on the number of units that can be project-based for transitional, supportive or elderly housing and sites with fewer than 20 units (FY2004)
- Allow KCHA to allocate PBS8 subsidy noncompetitively to KCHA controlled and transitional units or to use an existing local procurement process for project-basing Section 8 assistance (FY 2004)

- Allow owners / agents to conduct their own construction / rehab inspections and the Management entity to complete the initial inspection rather than KCHA – with inspection sampling at annual review (FY 2004)
- Offer moves to Public Housing in lieu of a Section 8
 HCV exit voucher (FY 2004)
- Modify eligible unit / housing types to include shared housing cooperative housing, transitional housing and high-rise buildings (FY 2004)
- Allow KCHA to modify the HAP contract to ensure consistency with MTW changes (FY 2004)
- Allow PBS8 rules to defer to PH rules when used in conjunction with a mixed finance approach to housing preservation or when assigned to a redeveloped former PH property (FY 2008)
- Use Public Housing preferences for PBS8 units in place of HCV preferences (FY 2008)

- Modify the definition of Homeless to include overcrowded households entering transitional housing to align with entry criteria for non-profit operated transitional housing (FY 2004)
- Allow KCHA to inspect units at contract execution rather than contract proposal (FY 2009)
- Modify definition of Existing Housing to include housing that could meet HQS within 180 days (FY 2009)
- Allow direct owner referral to a PBS8 vacancy when the unit has remained vacant for more than 30 days (FY 2010)
- Waive the 20% cap on the amount of HCV budget authority that can be project-based – allowing KCHA to determine the size of its PBS8 program (FY 2010)

Metric	Baseline	Benchmark	FY 2011 Results
Staff Hours to Complete RFP Process	60 Hours per contract	75% Reduction	Average savings: 40-45 Hours per contract
# of non-Traditional PBS8 Units in inventory	0	FY 2011: 374 FY 2018: 404	374 Transitional and Permanent Supportive Housing units under contract
Increase in PBS8 units to meet KCHA priorities	0 units	FY 2011: 1,423 FY 2018: 2,202	1423 units contracted, with an added 350 in the pipeline
Reduction in Initial Inspections completed by KCHA Staff at Transitional units	100% completed by KCHA staff	50% completed by KCHA staff	28% of initial inspections completed by KCHA staff - 72% by partner agency staff

Benchmarks Attained/On Track? Yes. As of the end of FY 2011, KCHA had allocated nearly 93 percent of the established program target for non-traditional units. With a Project-based program that has grown to include 1,423 units under contract, KCHA appears well on the way to meeting program size benchmarks over the term of its MTW Agreement.

At the same time, KCHA has continued to see efficiencies through streamlined contract

processing and program administration. During FY 2011, KCHA awarded 13 new project-based subsidy contracts – saving an estimated 585 staff hours. In addition, when on-site Transitional Housing staff complete HQS inspections for clients as they move into an apartment, not only does KCHA save staff time, the family does not incur the average three day wait for a KCHA Inspector to complete the task – speeding housing entry of a family in need. During FY 2011 a total of 81 Initial Inspections – 72 percent of those scheduled – were completed directly by Owner/Agents of Transitional Housing facilities. As a result, KCHA staff performed just 28 percent of the initial inspections completed for these units. To date, KCHA's estimated accumulated savings total more than 2,300 staff hours as a result of these combined efforts.

ACTIVITY 04-3: Develop Site-based Waiting Lists

Description: Under this initiative KCHA has implemented a streamlined waiting list system for its Public Housing program that provides applicants with increased options in choosing the development in which they would reside. While offering individual Site-based waiting list, KCHA also maintains Regional waiting lists and has established a waiting list to accommodate the needs of graduates from the region's network of transition housing facilities for homeless families. In general, applicants are selected for occupancy using a rotation between the Site-based, Regional and Sound Families applicant pool following a ratio of 1:1:1, however units are not held vacant if a particular waiting list does not have an eligible applicant waiting for assistance. In such instances, a qualified applicant is pulled from the next waiting list in the rotation.

Statutory Objective: Increase

Housing Choice
Plan YR: 2004

2012 MTW Plan Activity No: 3

Modified Benchmarks/Metrics/Data/. <u>Authorizations</u>? None

Authorization(s): Attachment C, item C.1 allows KCHA to establish local site waiting lists to increase housing choice.

Metric	Baseline	Benchmark	FY 2011 Results
# of Applicants accessing PH units from the Site-based waiting list	0 Applicants	33% of Applicants housed from Site-based waiting lists	48% of Applicants housed from Site- based waiting lists

Benchmarks Attained/On Track? Yes. Following a significant amount of set-up and organizational work, KCHA's site-based waiting list is successfully up and running, providing applicants the opportunity to choose where they would prefer to reside. While

the general intent of the program is to allow selection from each waiting list equally, in reality KCHA has seen a higher number of Site-based applicants successfully lease a Public Housing unit than those from the Regional or Sound Families waiting lists. In FY2011, among the 262 applicants housed from KCHA's Public Housing waiting lists, a total of 126 (48 percent) accessed housing through a Site-based waiting list. Regional applicants accounted for 42 percent of units housed. Though applicants entering a Public Housing unit via the Sound Families waiting list were just 10 percent of new move-ins, this number is limited by the rate of graduation from the associated 12-18 month transitional housing programs. KCHA believes the larger percentage of households entering the Public Housing program as Site-based applicants can be attributed in part to a greater sense of satisfaction applicants experience when provided increased housing choice.

ACTIVITY 05-4: Payment Standard Changes

Description: In FY 2005, KCHA implemented minor changes to Payment Standard regulations – modifying regulations to apply new Payment Standard amounts at the time of the resident's next annual review. In FY 2007, KCHA expanded this initiative, modifying policies to allow KCHA approval of Payment Standards up to 120% of the FMR without HUD approval. In early FY 2008, in order to allow KCHA to respond to rent diversity in the Puget Sound region's sub-markets, KCHA decoupled the Payment Standards from HUD's FMR entirely. The approach assists KCHA efforts to provide adequate subsidy levels that ensure families are not priced out of low-poverty, high-rent areas of the County, while ensuring that allowable rents in lower areas are not above market. KCHA's MTW Payment Standards are

Statutory Objective: Increase

Housing Choice
Plan YR: 2005

2012 MTW Plan Activity No: 4

Modified Benchmarks/Metrics/Data/.

<u>Authorizations</u>? None

Authorization(s): MTW Use of Funds (Attachment D, item A); and Attachment C, item D.2.a allow KCHA to determine Payment Standards locally.

established through an annual analysis of local sub-market conditions, trends and projections. The ability to flexibly respond to changing conditions helps ensure the percent of residents leasing units in low-poverty neighborhoods is not adversely impacted in a tight rental market.

Metric	Baseline	Benchmark	FY 2011 Results
# of HCV Units in exception rent "high opportunity" neighborhoods	992 units (11.7% of HCV Units)	FY 2011: 1, 043 Units	1,809 Units located in "high opportunity" areas - 18.2% of participating households

Benchmarks Attained/On Track? Yes. At the end of October 2011, a total of 1,809 households – 18.2 percent of all tenant and project-based voucher holders – had secured housing in low poverty, high opportunity neighborhoods of King County. KCHA's use of locally-driven HCV subsidy limits have been a key component of the Agency's success in increasing access to new markets and deconcentration of poverty in the region. Adjusting for program growth, the share of HCV households renting in targeted exception rent neighborhoods has increased more than 55 percent since FY 2006.

ACTIVITY 04-5: Modified HQS Inspection Protocols

Description: Through a series of Section 8 program modifications, this initiative is designed to streamline the HQS inspection process in order to simplify program administration, improve stakeholder satisfaction and reduce administration costs. Specific policy changes include: (1) ability to release HAP payments when a unit fails an HQS inspection due to only minor deficiencies – initially implemented (2004) to cover only Annual HQS inspections, but modified in 2007 to include inspections completed at initial move-in; (2) Allow KCHA to cluster inspections to reduce repeat trips to the same neighborhood. Under this FY 2006 modification, annual inspections can be completed as early as eight months after initial set-up or delayed until 20 months after initial occupancy in order to align the inspection with other units in the same neighborhood; (3) Allow KCHA staff to self-inspect KCHA-owned units rather that require inspection by a 3rd party.

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2004-2007

2012 MTW Plan Activity No: 5

Modified Benchmarks/Metrics/Data/.

Authorizations? None

Authorization(s): Attachment C, item D.5 allows KCHA to implement a local system for certifying units meet HQS standards.

Metric	Baseline	Benchmark	FY 2011 Results
% of Units that fail HQS and require re-inspection	50% of Units re- inspected each month	50% fewer Re-inspections (25% of Inspections qualify as Minor Fails and do not require re-inspection)	10,884 inspections completed: 25.5% failed for minor reasons – a 45.6% reduction in the number of re-inspections required
# of Annual Inspections reset using clustering model's completion within 8-20 months of Initial HQS inspection	0	50 per month	692 Inspections reset through clustering
# of Staff Hours saved through modified HQS procedures and policies	0	700 Hours annually	865 Hours saved in FY 2011

Benchmarks Attained/On Track? Yes. During FY 2011, KCHA's HCV operations continued to achieve significant savings through the realignment of its inspection processes. Savings generated through modified inspection standards that allow KCHA an 8-20 month window for setting annual inspections and to forego re-inspections relating to minor unit deficiencies saved KCHA more than 865 staff hours and produced in FY 2011. Since implementing these changes, KCHA has accumulated savings in excess of 3,530 staff hours. Modification of HQS inspection protocols have allowed KCHA to increase HQS Inspector caseloads more than 21 percent in order to absorb an additional 3,000 units into its HCV inventory - while continuing meet the Agency's high standards of operational excellence.

ACTIVITY 07-6: Develop a Sponsor-based Housing Program

Description: To reduce barriers to housing for chronically mentally ill, homeless individuals, this initiative established a Sponsor-based housing program. Using MTW block grant proceeds, KCHA provides housing funds directly to contracted service provider partners who use the funds to secure private market rentals that are sub-leased to program participants. Tenant selection and eligibility screening are completed by the service provider using streamlined protocols. Under the South King County "Housing First" program, established in 2007, pilot initiative provided housing for 25 individuals, with significant matching supportive services provided by King County. Since 2007, the program expansion - both in size and scope – has opened doors to stable housing for the County's most vulnerable at-risk households including chronically homeless, mentally ill individuals and homeless youth living on the street or transitioning out of foster care.

Statutory Objective: Increase

Housing Choice
Plan YR: 2007

2012 MTW Plan Activity No: 6

Modified Benchmarks/Metrics/Data/.

Authorizations? None

Authorization(s): MTW Use of Funds (Attachment D, item A); Single Fund Budget (Attachment C, item B.1 and Attachment D, item C.1); and Attachment C, item B.2 allow funding to support this initiative.

Metric	Baseline	Benchmark	FY 2011 Results
# of Households assisted under Sponsor-based model	0	FY 2008: 25 Households	At the end of the fiscal year 142 units were available for occupancy under
		FY 2011: 140 Households	program – of those 133 were leased by eligible households

Benchmarks Attained/On Track? Yes. KCHA's initial program allotment of 25 units was successfully leased by the end of FY 2008. At the end of FY 2011 KCHA had contracted with

support service providers to provide 142 units of housing for eligible households. However, budget cuts continue to affect many of KCHA's partner agencies – adversely impacting their ability to extend services support and maintain full occupancy of available units. At the end of FY 2011, KCHA's Sponsor-based program assisted 133 of the County's most vulnerable, at-risk households - providing low-barrier housing access together with wrap-around support services designed to allow residents to stabilize and attain tools leading to self-sufficiency. Detailed information regarding the success of the program can be found in the South King County Housing First Pilot Two-Year Outcome report which is attached as Appendix F. The report demonstrates how increased program flexibility can positively impact housing choice and facilitate coordination between housing and services funding and relieve downstream tax payer costs.

ACTIVITY 04-7: Streamlining PH and S8 Forms/Data processing

Description: Policy modifications under this proposal are designed to simplify program administration by removing non-value added activity from the business process and by eliminating or replacing HUD forms and verification requirements that provide little or no value. Through the use of lean engineering techniques, KCHA reviewed office protocols and identified ways in which tasks could be accomplished more effectively, while requiring less intrusion into the lives of program participants. Under this initiative, KCHA has implemented changes to:

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2004-2010

2012 MTW Plan Activity No: 7

Modified Benchmarks/Metrics/Data/. <u>Authorizations</u>? None

Authorization(s): Attachment C, items C.4, C.9, D.1 and D.2 allow KCHA to modify program protocols, replace standardized forms, and modify policies as described above.

- Exclude payments made to a landlord by a state agency (DSHS) on behalf of a tenant from the income and rent calculation under the Section 8 program
- Allow Section 8 residents to self-certify income of \$50 or less received as a passthrough DSHS childcare subsidy
- Modify Section 8 policy to require notice to move prior to the 20th of the month in order to have paperwork processed during the month
- Allow applicant households to self-certify membership in the family at the time of admission
- Extend the term over which verifications are considered valid to 180 days
- Allow Section 8 applicant households to selfcertify preference eligibility when income is below 75 percent of 30 percent of AMI
- Modify the definition of Income to exclude (1) income from assets whose value is less than \$50,000; and (2) income from Resident Service Stipends less than \$500 per month

- Allow Public Housing Applicant households to qualify for a preference when household income is below 30 percent of AMI
- Eliminate verification of SSNs for all household members under age 18 (restored due to EIV/PIC reporting requirements)
- Apply any decrease in Payment Standard at the time of the next annual review or update – rather than using HUD's 2-year phase in approach.
- Modify the HQS inspection process to allow streamlined processing of inspection data
- Allow Section 8 residents who are at \$o HAP to self-certify income at the time of review
- Streamline procedures for processing interim rent changes resulting from wholesale reductions in State entitlement programs

Metric	Baseline	Benchmark	FY 2011 Results
Average # of HCV Units managed per FTE	157 Units/FTE	165 Units per FTE	188 HCV Units per FTE
# of forms / processes modified or eliminated using MTW flexibility	0	FY 2012: 15	12 forms / processes modified to date
# of Staff Hours saved through streamlining	0	FY 2012: 2,000 hours	N/A – FY 2012 survey will determine outcome

Benchmarks Attained/On Track? Yes. KCHA's Section 8 program, which assisted more than 10,000 households in FY 2011, has benefited substantially from efforts to remove non-value added activity from staff workloads. Streamlining of essential Section 8 program protocols has been the key to KCHA's success in increasing HCV program size without a substantial increase in personnel. In FY 2011, KCHA's HCV staff caseloads* grew to 188 units per employee - nearly 14 percent above prior year's target of 165 - increasing the cost effectiveness of KCHA operations. To date, KCHA has identified and implemented policies that reduce program administration in 12 areas indicated above and additional work is underway to reach its FY 2012 goal of 15. In FY 2012, KCHA intends to survey HCV and PH staffs in order further determine how simplification and streamlining measures implemented under the demonstration have impacted employee production.

^{*}Does not include savings attributed to HQS Inspection staff as savings from this work group are tabulated separately

ACTIVITY 07-8: Remove cap on Voucher Utilization

Description: In order to increase housing choice and respond to the growing demand for affordable housing in the region, this initiative was implemented using MTW block grant funding. The initiative allows use of KCHA's MTW block grant to award HCV assistance to households in excess of the annual HUD established baseline. KCHA's initial FY 2007 commitment allowed up to 350 additional households to enter the HCV program. In FY 2011, increased concerns relating to federal financial support of the HCV program resulted in a temporary reduction in KCHA's commitment to this initiative as described below.

Statutory Objective: Increase

Housing Choice
Plan YR: 2007

2012 MTW Plan Activity No: 8

Modified Benchmarks/Metrics/Data/.

<u>Authorizations</u>? Yes, benchmark
temporarily adjusted as described
below.

Authorization(s): Single Fund Budget (Attachment C, item B.1.b and Attachment D, item C.1) allows KCHA to fund additional vouchers.

Metric	Baseline	Benchmark	FY 2011 Results
# of Households assisted above KCHA's HUD established baseline	0	FY 2011: up to 275 Households	At the end of FY 2011 KCHA was assisting 43 households above the HUD baseline

Benchmarks Attained/On Track? Yes. KCHA continues to utilize MTW program flexibility to support housing voucher distribution above HUD's established baseline. However, during FY 2011 projected reductions in HUD funding of the HCV program resulted in the need to scale back the number of households assisted under this initiative. As a result, at the end of FY 2011, total additional households assisted in excess of KCHA's HUD's established baseline had dropped to 43. In early FY 2012, with greater certainty as to funding levels over the next year, and in response to the rising need for "deep subsidy" housing units in the County, KCHA intends to again increase the number of households assisted under this initiative to 275 units over baseline by the end of the fiscal year.

ACTIVITY 04-9: Rent Reasonableness Modifications

Description: Under HUD regulations, completion of a Rent Reasonableness review is required annually, in conjunction with each recertification completed under the program. KCHA's MTW-revised policies consider that if an owner has not requested a rent increase, it is unlikely a RR review will find that the current rent does not fall within established guidelines. Therefore, much of the time expended to complete annual RR reviews is of little value. In eliminating the requirement to complete RR inspections where no increase in rent has been requested, KCHA has the potential to attain considerable savings in staff time and expense. As a result, KCHA has streamlined the Rent Reasonableness process by (1) allowing KCHA to complete RR determinations only when the Landlord requests a rent increase– rather than annually; and (2) allowing KCHA to perform Rent Reasonableness inspections at KCHA-owned properties – rather than contracting with a 3rd party.

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2004

2012 MTW Plan Activity No: 9

Modified Benchmarks/Metrics/Data/.
Authorizations? None

Authorization(s): Attachment C, Items C.2 .b and C.2.c allow KCHA to modify HUD's process for determining Rent Reasonableness as described above.

Metric	Baseline	Benchmark	FY 2011 Results
# of Recertifications requiring RR reviews	9,268 Recertifications that required RR review	75% reduction in the # of RR reviews required	1,164 RR reviews completed – 87% fewer than those required under pre-MTW protocols
Staff Hours to complete RR Reviews	1,545 Hours (@ 10min/RR)	75% reduction in Staff Hours associated with RR reviews	194 Hours to complete RR reviews – 87% fewer than those required under pre-MTW protocols

Benchmarks Attained/On Track? Yes. Although the level of KCHA gains from this initiative will vary with the number of owners who request a rent increase each year, KCHA has continued to generate significant savings since implementing the described changes. In FY 2011, a total of 8,798 Recertifications were completed. However, a rent increase request triggered the need for a RR review in just 1,164 (18.7%) of the contract renewals. As a result, FY 2011 savings totaled 1,272 staff hours – an 85.4 percent reduction in RR reviews completed compared to that required following standard pre-MTW protocols. Accumulated savings over the last five years have reached 5,301 hours.

ACTIVITY 08-10: EASY Rent Policy

Description: Implemented in FY 2008, KCHA's EASY Rent policy included PH, HCV and PBS8 program and policy changes for Elderly and Disabled households living on a fixed income. The initiative was designed to streamline KCHA operations through the implementation of triennial reviews and modified income and deduction calculations. To be eligible for EASY Rent, clients must derive 90 percent of their income from a fixed source such as Social Security, SSI, GAU, or pension benefits. In exchange for elimination of the standard \$400 Elderly Family deduction and limited Medical/Handicapped Assistance deductions, rents were set at 28.3 percent of adjusted gross income. Recertification reviews are performed on a three year cycle, with only annual adjustments to rent based upon COLA adjustments to Social Security and SSI completed in the intervening years. In FY 2010, in conjunction with WIN Rent program

Statutory Objective: Reduce costs and achieve greater cost

effectiveness

Plan YR: 2008

2012 MTW Plan Activity No: 10

Modified
Benchmarks/Metrics/Data/.
Authorizations? None

Authorization(s): Amended Agreement, Section III; Attachment C, items C.4 and C.11and D.1.c and D.2 allow changes to HUD rent policies as described.

changes discussed below, KCHA further modified the EASY Rent program guidelines – reducing the percent of income charged for rent to 28 percent and establishing deductions for Medical/Handicapped expenses in \$2,500 bands, with a cap on deductions at \$10,000. Per KCHA's MTW Program Agreement, a Hardship Policy is incorporated into the EASY and WIN Rent policies. The policy is designed to allow KCHA to respond to unique household circumstances and documented cases of hardship.

Metric	Baseline	Benchmark	FY 2011 Results
# of Recertifications completed	FY 2011: PH = 2,120 Section 8 = 10,219	FY 2012: 20% reduction in Full Recertifications	N/A - # of Full Recertifications in FY 2011 established baseline
Staff Hours to complete Full Recertifications	PH: 3.8 Hours each Section 8: 4.9 Hours each	FY 2012: 20% reduction in Staff Hours to complete Full Recertifications	Comparison to FY 2012 actuals to be included in FY 2012 MTW Report

Benchmarks Attained/On Track? Yes. Revised policies were implemented in late FY 2008. File audits completed in FY 2010 indicated the need for further staff training and follow-up regarding policy changes and implementation of program requirements. In FY 2011, in tandem with the roll-out of WIN Rent policy changes

for work-able households, KCHA developed an extensive in-house training program in order to ensure clear understanding of new rent policies. During FY 2011, hardship relief was sought by just 30 EASY and WIN Rent households. Of those requesting a Hardship Rent, 10 households were granted modifications to their rent calculation following review of the household's circumstances. An additional 13 households were determined to have experienced no hardship as a result of KCHA's modified policies, thus the households were determined to be ineligible for a hardship rent adjustment. The remaining 7 requests were returned to staff following determination that the request did not fall under the purview of KCHA's established Hardship Policy.

ACTIVITY 08-11: WIN Rent Policy

Description: In FY 2010, KCHA completed a multi-year process that resulted in adoption of revised rent policies for working and work-able households. As a follow-up to the EASY Rent policy adopted in FY 2008, KCHA developed the WIN Rent program in order to eliminate disincentives and establish a rent policy that would encourage economic self-sufficiency for non-elderly, nondisabled households. Under revised WIN Rent rules, deductions (other than childcare for eligible households), flat rents and income disregards are eliminated. Employment income of household members under age 21 is excluded from the rent calculation. Household rent is based upon a series of income bands and rent does not change until household income increases to the next band level. Rent for each income band is set at 28.3 percent of the low end of each income grouping.

Statutory Objective: Provide incentives to families with children to increase economic self-sufficiency

Plan YR: 2008

2012 MTW Plan Activity No: 11

Modified Benchmarks/Metrics/Data/. <u>Authorizations</u>? None

Authorization(s): Amended Agreement, Section III; Attachment C, items C.4 and C.11 and D.1.c and D.2 as described above.

Deductions are phased out entirely for households with income above \$75,000. For households with little or no income, a true minimum rent of \$25 applies following a 6-month window at a lower (or credit) rent, during which time the family is expected to seek assistance and/or income restoration. Annual Recertification of WIN Rent households is replaced with Recertification every two years. Integrated into the changes are revised interim review policies designed to streamline processing and limit the number of interim reviews required. As adopted, tenant requested interims to reduce rent are limited to two in a 2-year period. These policies are designed to encourage families increase positive graduation rates to private market housing among HCV and PH households. Per

KCHA's MTW Program Agreement, a Hardship Policy is incorporated into the WIN Rent policies adopted in July 2010. The policy is designed to allow KCHA to respond to unique household circumstances and documented cases of hardship.

Metric	Baseline	Benchmark	FY 2011 Results
# of Positive Graduations from PH and Section 8	PH: 61 (14 to Homeownership) Section 8: 81(16 to Homeownership; 41 Over- Income)	FY 2012: 10% Increase in Positive Graduations	N/A - Implementation underway in FY 2011
Average Income: Public Housing WIN Rent Households	\$21,392	FY 2015: 5% Increase in Household Income (\$22,461)	N/A - Implementation underway in FY 2011
Average Income: Section 8 WIN Rent Households	\$11,924	FY 2015: 5% Increase in Household Income (\$12,250)	N/A - Implementation underway in FY 2011

Benchmarks Attained/On Track? Yes, on track. Staff training is continuing with full implementation expected by the end of FY 2012. KCHA has developed an extensive training program and is encouraging staff feedback in order to ensure clear understanding of the impact of these new policies. Information regarding the outcome of requests for hardship relief among WIN Rent households is included under Activity 08-10 (EASY Rent Policy) shown above.

ACTIVITY 05-18: Modified Rent Cap for Section 8 HCV Set-ups

Description: In an effort to provide greater housing choice, this initiative modifies the HUD calculation that caps the percent of income a Section 8 participant may pay toward rent when initially entering into a lease for a unit with a Section 8 subsidy. In lieu of the prior standard, which required tenant rent to be capped at 40 percent of adjusted income, KCHA allows program participants to pay up to 40 percent of GROSS Income toward the rent upon initial lease of a rental unit. The measure is intended to assist residents in leasing a unit under the program and providing participants with greater choice in their living environment.

Statutory Objective: Increase

Housing Choice

Plan YR: 2005

2012 MTW Plan Activity No: 18

Modified Benchmarks/Metrics/Data/.

<u>Authorizations</u>? None

Authorization(s): Attachment C, item

D.2 as described.

Metric	Baseline	Benchmark	FY 2011 Results
# Households allowed to pay up to 40% of Gross Income toward rent at lease-up	0	100% of new participants allowed to pay up to 40% of Gross Income toward rent	All Households provided opportunity to pay up to 40% of Gross Income toward rent

Benchmarks Attained/On Track? Yes. This item was implemented in FY 2005. All new lease-ups to the Section 8 program are allowed to pay up to 40 percent of Gross Income toward rent at initial occupancy.

ACTIVITY 08-15: Combined Program Management

Description: This initiative streamlines program administration for units operated in a mixed finance setting – including former PH developments that have undergone substantial revitalization supported with PBS8 funding rather than through the standard mixed finance scenario. In general, where KCHA has substituted PBS8 assistance for some or all of the units in order to facilitate revitalization of a PH development, management practices are intended to mirror the Public Housing program in order to lessen the impact upon KCHA clients. However, in some cases, leveraged funding received is linked to unit occupancy and use restrictions that differ from HUD and/or KCHA requirements. In such cases, this initiative allows KCHA to modify PH, Section 8 and PBS8

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2008

2012 MTW Plan Activity No: 15

Modified Benchmarks/Metrics/Data/.

<u>Authorizations</u>? None

Authorization(s): Attachment C, item B.2 provides the flexibility described.

program rules as necessary to conform to meet covenants or restrictions of other funding sources such as the LIHTC program or other Federal, State or Local program. Conforming program rules in this manner allows KCHA to operate mixed finance developments under a single set of policies, resulting in more streamlined alternatives to the layered management model, while ensuring to the greatest extent possible that all residents are treated equally – regardless of the program under which any particular apartment is supported. Standard HUD protocols have been modified as follows to allow a single set of consistent policies between overlapping programs:

- Modify program eligibility and unit size assignment as needed to meet covenants of LIHTC or other Federal, State or Local program relating to unit eligibility or to meet special targets program goals (i.e. % of units rented to large households, etc.).
- Allow KCHA to cap development eligibility to conform to the lower of 80% of AMI or the maximum income threshold of LIHTC or Federal, State or Local program in order to comply with program requirement of partner Agency/Funder.
- Modify KCHA/ HUD requirements regarding allowable unit use (i.e. use as a dwelling vs. operation of a childcare facility or business) in order to adhere to covenants and use requirements of a mixed finance property or former PH site that has undergone revitalization.

Metric	Baseline	Benchmark	FY 2011 Results
# Units under the Combined Program Management model	0	100% of KCHA's Mixed- Finance Units managed under the model	1,198 units at FYE 2011 – 100% of KCHA's mixed-finance and revitalized PH inventory

Benchmarks Attained/On Track? Yes. KCHA has transitioned all mixed-finance and PH revitalized units to this approach. At the end of FY 2011 a total of 1,198 units - with a mix of Public Housing, Project-based Section 8, Tenant–based Section 8 and LIHTC funding sources - operated under the combined program management model. Additional units, such as those currently under construction in KCHA's HOPE VI revitalization projects at Greenbridge and Seola Gardens, are in the pipeline.

ACTIVITY 08-16: Section 8 Occupancy Requirements

Description: This initiative allows households to remain in occupancy in their current unit when their family size exceeds standard occupancy requirements by one member. For example, under standard guidelines, a seven person household living in a 3-bedroom unit would be considered overcrowded and required to move to a larger unit. Under KCHA's MTW-modified policy, the household would not be required to move. Instead, the policy allows the family to remain in the current unit, avoiding the costs and disruption of moving, and retain the subsidy at the current level. This initiative increases the amount of choice provided to the household, while reducing KCHA expenses relating to program administration through a reduction in the number of unit moves processed annually.

Statutory Objective: Reduce costs and achieve greater cost effectiveness; Increase Housing

Choice

Plan YR: 2004

2012 MTW Plan Activity No: 16

Modified Benchmarks/Metrics/Data/.
Authorizations? None

Authorization(s): Attachment C, item D.3 and D.4 as described.

Metric	Baseline	Benchmark	FY 2011 Results
# of Households allowed to exceed Occupancy Standards (2 per bedroom + 1)	0	100% of households allowed to exceed standards by 1	115 Households occupied units with a family size that exceeded the 2 per bedroom standard by 1
Time to Process HCV moves	3 Hours per File	0 Hours - 100% Reduction in need to process moves due to 2+1 over-crowding	0 Hours to process moves in this category

Benchmarks Attained/On Track? Yes. Modified policies were implemented in 2004 and remain in place for all Section 8 program participants. At the end of FY 2011, a total of 115 households retained units although their family size exceeded standard occupancy requirements by a single household member. During FY 2011, allowing these program participants to exercise choice and remain in their current unit allowed KCHA to reallocate nearly 350 hours of staff time to more urgent needs.

ACTIVITY 08-17: Single Person Eligibility

Description: This initiative seeks to reduce wait list administration by restricting eligibility of single persons who do not otherwise qualify as elderly, near-elderly, disabled or displaced. Under HUD program rules applications are taken from all interested parties and then ranked on the waiting list according to KCHA established priorities. As such "other" single persons can apply for housing, but receive the lowest ranking on the waiting list and are subsequently "bumped" down the waiting list by new applicants who qualify under KCHA's housing priorities. The amount of administration directed at maintaining applications for those who will rarely, if ever, be selected for tenancy detracts from KCHA's ability to effectively manage its waiting lists and misleads applicants into thinking they will eventually get to the top of the waiting list.

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2008

2012 MTW Plan Activity No: 17

Modified Benchmarks/Metrics/Data/.

Authorizations? None

Authorization(s): Attachment C, item C.2 allows KCHA to modify eligibility criteria and deny applications for single persons as described.

Metric	Baseline	Benchmark	FY 2011 Results
# of Single-person Applicants who are not otherwise eligible	694	0	0 – No Applications accepted
Hours to administer Ineligible Applications from Single-persons	4,164	0	0 – No Hours to administer Ineligible Applications from this group

Benchmarks Attained/On Track? Yes. This initiative is complete. Policy changes implemented in 2008 remain in place.

ACTIVITY 07-18: Resident Opportunity Plan (ROP)

Description: An expanded and locally designed version of the FSS program, KCHA's ROP program began enrolling households in May 2009. The program seeks to advance families towards selfsufficiency through the provision of case management, support services and program incentives leading to positive transition from Public Housing or Section 8 into private market rental or homeownership. The ROP seeks to provide gains in resident education, job skills, employment and income and includes a youth employment program that connects participating youth with educational and employment development services. The 5-year ROP program is operated in partnership with community partners including Bellevue College and the

Statutory Objective: Provide incentives for families with children to encourage economic selfsufficiency

Plan YR: 2007

2012 MTW Plan Activity No: 18

Modified Benchmarks/Metrics/Data/. Authorizations? None

Authorization(s): Single Fund Budget (Attachment C, item B.1.b) and Use of Funds (Attachment D, item A) allow KCHA to allocate funding for ROP program operations.

YWCA. Under the program, participant rent is calculated according to established KCHA policy. In lieu of a standard FSS escrow account, each household receives a monthly stipend upon enrollment and continuing throughout program participation. Deposits to the household savings account may be withdrawn for specific program purposes (as defined by KCHA) or will be made available to residents upon ROP goal completion and graduation from Public Housing or

Section 8 subsidy. Funded through the use of KCHA's MTW reserves, the ROP program seeks to assist up to 100 households over the 5-year term.

Metric	Baseline	Benchmark	FY 2011 Results
# of Households Enrolled	0	May 2011: 50 Households	50 Households were enrolled prior to May 2011
# of ROP Graduates	0	May 2014: 70 Graduates	4 Households Graduated by the end of FY 2011

Benchmarks Attained/On Track? Yes. By May 2011, the ROP program had enrolled a total of 50 households – the YR 2 benchmark established at program implementation. To date, four families have completed program goals and successfully transitioned to non- subsidized housing – including three who have purchased homes of their own. Early ROP graduates have met program goals well under the 5-year target – recording average lengths of participation of just 11 months. However, the short length of stay for these graduates may be reflected in their high level of achievement prior to ROP entry. As a result, KCHA anticipates the average length of stay will increase over time nearing the 5-year target. Current ROP participants have been enrolled in the program for an average length 21 of months.

ACTIVITY 07-21: Utility Allowances – PH and Section 8

Description: In conjunction with KCHA's Rent Policy initiative, KCHA investigated methods of streamlining HUD rules relating to Utility Allowances provided under Public Housing and Section 8 program regulations. KCHA wanted to produce savings through simplified calculations of amounts that could be universally applied to Section 8 and Public Housing units in order to create uniformity between programs and ensure equal treatment of program participants. Working with data available through a Seattle City Light study (completed in late 2009) KCHA was able to identify key factors relating to household energy

Statutory Objective: Reduce costs and achieve greater cost effectiveness

Plan YR: 2007

2012 MTW Plan Activity No: 21

Modified Benchmarks/Metrics/Data/.
? Yes, benchmarks rolled to FY 2012 due to delay in implementation.

Authorization(s): Amended Agreement, Section III; Attachment C, Items C.11 and D.2 allow KCHA to develop a local system for establishing Utility Allowances.

use and produce average anticipated consumption amounts for units in the Puget Sound Region. Factors applied to KCHA's utility consumption calculation included: Type of Unit (Single vs. Multi-family apartments), Size of Unit and Utility Provider. A supplement is added to calculated allowances for units in which the resident is required to pay water or sewer. Implementation of the revised amounts, re-labeled Energy Assistance Supplements, was rolled out beginning in November 2010. In addition to simplifying utility schedules, KCHA modified HUD rules regarding how allowances are updated (annually rather than with each cumulative 10% increase for PH units). Modified allowances are applied to tenant accounts at the next recertification. As shown below, this initiative has the potential to contribute considerable savings to KCHA. KCHA's, Hardship Policy adopted in July 2010 applies to changes resulting from implementation of this initiative. The policy is designed to allow KCHA to respond to unique household circumstances and documented cases of hardship. Information regarding the outcome of requests for hardship relief as a result of this initiative is included under Activity 08-10 (EASY Rent Policy) shown above.

Metric	Baseline	Benchmark	FY 2011 Results
Staff Hours to Update Allowance Tables	PH: 364 Hours Section 8: 24 Hours	FY 2012: 75% Reduction	Staff implementation continued throughout FY 2011
Cost to Update Tables	PH: \$10,060 Section 8: \$960	FY 2012: 75% Reduction	Staff implementation continued throughout FY 2011
Costs to determine Individual Client UAs	PH: \$9,883 @ 10 min per file Section 8: \$98,248 @ 22 min per file	FY 2012: 50% Reduction	Staff implementation continued throughout FY 2011

Benchmarks Attained/On Track? Full implementation of new EAS amounts proceeded during FY 2011 in tandem with WIN and EASY Rent program and policy modifications. Although the benchmarks for this initiative were scheduled to complete in FY 2011, KCHA's decision to delay full implementation to allow for increased staff training has resulted in the need to roll these initial benchmarks to FY 2012.

ACTIVITY 11- 1: Transfer of 509 Public Housing Units to Project-based Subsidy

Description: As outlined in its FY 2011 MTW Plan, KCHA intends to dispose of 509 of its smallest and most scattered Public Housing units and replace the current subsidy stream with Section 8 Projectbased assistance. These units have a combined backlog of approximately \$ 33 million in critical capital repairs and incur annual operating losses due to their size and locations. In conjunction with the disposition, mobility vouchers will be provided to all current households. KCHA will dispose of the units to a KCHA-controlled non-profit and then project-base vouchers in 100 percent of these former Public Housing units. This model will provide continued assistance for eligible households and allow KCHA to leverage significant additional capital investment to ensure these units remain a viable affordable housing resource for the County's lowest income residents over the long-term.

Statutory Objective: Reduce costs and achieve greater cost effectiveness; Increase Housing Choice

Plan YR: 2011

2012 MTW Plan Activity: 11-1

Modified Benchmarks/Metrics/Data/. <u>Authorizations</u>? None

Authorization(s): Single-fund Budget; Attachment C, item D.7, and item D.1.e and Attachment D, item E.1 allow KCHA to develop a local program for projectbasing Section 8 vouchers.

Metric	Baseline	Benchmark	FY 2011 Results
# of Units to be Preserved	509	Year 3: 100% of Identified Units Preserved	N/A – KCHA continued to work with HUD to gain required Disposition approval
# of Households provided opportunity to move using HCV	0	Year 2: 100% of Households provided opportunity to move using HCV	N/A – KCHA continued to work with HUD to gain required Disposition approval
Total \$ in Capital Repair needs at selected sites	\$30 million	Year 5: 40% Reduction in identified Capital Repair needs	N/A – KCHA continued to work with HUD to gain required Disposition approval

Benchmarks Attained/On Track? Yes. During FY 2011, KCHA continued to work with HUD to gain approval of the disposition application submitted in January 2011. Though formal approval remained pending at the end of the fiscal year, on February 22nd, 2012 KCHA received notification from HUD that approval had been granted. The Agency anticipates moving this program forward in earnest during FY 2012.

SECTION VII. SOURCES AND USES OF MTW FUNDS

A. SOURCES AND USES OF MTW FUNDS

As an MTW Block Grant agency, KCHA combines all Public Housing Operations, Capital and Section 8 program resources into a single fund with full funding flexibility. The tables below, presented in the format required under KCHA's MTW Agreement with HUD, compare anticipated sources and uses of funds shown in KCHA's FY 2011 MTW Annual Plan with actual expenditures during the fiscal year beginning January 1, 2011 and ending December 31, 2011.

Table VII.A.1: SOURCES OF MTW Funds		
	Planned Amount	Actual Amount
HCV Block Grant	\$ 89,417,000	\$ 89,240,589
Public Housing Subsidy	\$ 6,906,000	\$ 8,294,470
Public Housing Rental Income	\$ 5,897,000	\$ 5,553,672
Public Housing non-Rental Income	\$ 166,000	\$ 274,219
Public Housing Capital Fund	\$ 7,293,000	\$ 2,145,202
Interest Income	\$ 325,000	\$ 407,275
MTW Reserves	<u>\$ 3,848,000</u>	<u>\$ 24,171,751</u>
Total	<u>\$ 113,852,000</u>	<u>\$ 130,087,178</u>

Table VII.A.2: USES OF MTW Funds		
	Planned Amount	Actual Amount
HCV Program Operations	\$ 75,960,000	\$ 75,373,473
Sponsor-based Program Operations	\$ 1,485,000	\$ 1,230,156
Public Housing Program Operations	\$ 10,064,000	\$ 9,319,680
Public Housing Rehabilitation	\$ 12,938,000	\$ 12,501,573
Resident Services Activities	\$ 2,322,000	\$ 1,861,540
Site and Facility Utilities	\$ 2,688,000	\$ 2,356,300
Provision/Acquisition of New Affordable Housing	\$ 6,557,000	\$ 3,815,965
Debt Repayment	\$ 960,000	\$ 1,175,372
MTW Program Administration	\$ 513,000	\$ 337,673
Loan Funds for Redevelopment Activities	\$ 0	\$ 3,000,000
Collateralization of MTW Reserves to Leverage KCHA Partnership Debt	\$ 0	\$ 16,139,767
Misc. Development Costs	\$ 265,000	\$ 1,658,386
Other Misc. Operations	\$ 100,000	\$ 1,317,293
Total	\$ 113,852,000	\$ 130,087,178

As detailed in KCHA's FY 2011 MTW Annual Plan, "Planned" Sources and Uses of funds cannot be precisely established due to timing differences between the MTW Annual Plan's submission to HUD and final approval of the consolidated Annual Budget by KCHA's Board of Commissioners. As a result, some variation between "Planned" and "Actual "amounts naturally occurs and is reflected in the tables above. In particular, the following impacted KCHA's year-end results:

- ☐ Public Housing Operating Fund subsidy exceeded forecasts due to a change in HUD's methodology for calculating formula income, higher than anticipated formula expenses, and a lower than expected loss due to prorate.
- ☐ Public Housing rental income was lower than projected as reductions in Washington State entitlement programs resulted in a loss of income to 2,834 KCHA households and a commensurate drop in formula rent.
- During 2011, KCHA made a strategic decision to allocate an increased level of MTW resources to the rehabilitation of existing Public Housing.
- \$3 million was loaned to a Low Income Housing Tax Credit partnership for the rehabilitation of Green River Homes, a 60-unit Public Housing complex located in the City of Auburn. This was not anticipated in the MTW Plan.
- □ \$16.1 million of MTW funds were used either as loan collateral or for repayment of debt related to the rehabilitation of several Public Housing projects. This use of funds was not anticipated in the MTW Plan.
- Miscellaneous development costs exceeded expectations as there were unbudgeted opportunities for strategic land purchases surrounding the Greenbridge and Riverton Terrace projects.
- ☐ Other miscellaneous operations included funds for the completion of KCHA's migration to a new financial software system.

B. SOURCES AND USES OF STATE AND LOCAL FUNDS

VII.B.1: SOURC	VII.B.1: SOURCES OF STATE and LOCAL Funds		
	Planned Amount	Actual Amount	
Washington State Dept of Commerce	\$ 1,031,000	\$ 3,316,161	
Puget Sound Energy	\$ 1,375,000	\$ 1,074,462	
Total	\$ 2,406,000	\$ 4,390,623	

VII.B.2: USES OF STATE and LOCAL Funds		
	Planned Amount	Actual Amount
Home Repair & Weatherization	\$ 2,406,000	\$ 4,390,623
Total	\$ 2,406,000	\$ 4,390,623

C. SOURCES AND USES OF CENTRAL OFFICE COST CENTER FUNDS

Table VII.C.1: SOURCES of CENTRAL OFFICE COST CENTER Funds	

	Planned Amount	Actual Amount
Fees Charged for Management of Housing Units	\$ 3,562,000	\$ 3,783,445
Construction Management Fees	\$ 501,000	\$ 1,774,701
Fees Charged to Section 8 Program	\$ 2,508,000	\$ 2,456,617
Fees Charged to PH AMPS for Regional Maintenance Support	\$ 2,373,000	\$ 2,246,166
CFP Grant Income	\$ 1,875,000	\$ 72,629
Cash Transfers from Locally-owned Properties	\$ 0	\$ 3,686,000
Other Sources of Revenue	\$ 506,000	\$ 1,517,323 ⁶
Total	\$ 11,325,000	\$ 15,536,881

 $^{^6 \}mbox{Includes}\ \$893,000\ \mbox{funding}\ \mbox{for new computer}\ \mbox{system}.$

Table VII.C.2: USES of CENTRAL OFFICE COST CENTER Funds

	Planned Amount	Actual Amount
Administrative Salaries	\$ 5,154,000	\$ 5,582,620
Administrative Benefits	\$ 1,560,000	\$ 1,526,969
Supplies & Equipment	\$ 367,000	\$ 430,613
Professional Services	\$ 704,000	\$ 363,323
Travel & Training	\$ 338,000	\$ 250,451
Communications	\$ 351,000	\$ 109,276
Insurance	\$ 40,000	\$ 114,733
Other Administrative Expenses	\$ 268,000	\$ 397,852
Maintenance Salaries	\$ 1,344,000	\$ 1,363,457
Maintenance Benefits	\$ 486,000	\$ 511,855
Utilities	\$ 77,000	\$ 77,672
Other Facility Expenses	\$ 82,000	\$ 113,442
Other Capital Purchases	\$ 300,000	\$ 2,834,597
Transfer to Vehicle Replacement Fund	\$ 25,000	\$ 0
Debt Service Payment on CO Building	\$ 116,000	\$ 105,345
Total	\$ 11,212,000	\$ 13,782,205

D. CHANGES IN COST ALLOCATIONS FROM 1937 ACT REGULATIONS

To date, KCHA has not implemented any changes from 1937 Act Regulations regarding cost allocations.

E. USES OF SINGLE FUND FLEXIBILITY

Single fund budget flexibility has been the essential tool in KCHA's efforts to advance the goals of the MTW demonstration. With the ability to blend funding resources, KCHA has developed new programmatic approaches that can effectively respond to the local housing needs of the Puget Sound region. Today, as a result, KCHA is leaner, financially stronger and assists more households than would be possible under HUD's traditional funding constraints. The following is a listing of major initiatives where single fund budget authority has assisted KCHA in developing and sustaining innovative housing solutions for the region's low-income households:

- □ KCHA's Sponsor-based (formerly known as Provider-based) program, implemented in 2007, enables the County's most vulnerable households chronically, mentally-ill individuals who would not likely find success in a traditional subsidized housing environment to access safe, secure housing with wrap-around supportive services under a "housing first" model that is designed to break the cycle of homelessness.
- □ KCHA's Resident Opportunity Plan (ROP), approved for implementation by the Board of Commissioners in 2009, is assisting almost 50 households gain the tools needed to move up and out of subsidized housing.
- □ KCHA's Client Assistance Fund provides emergency financial assistance to qualified residents in support of self-sufficiency efforts. Funding is intended to provide residents with emergency financial assistance to cover unexpected costs such as medical or educational needs, utility or car repairs and eviction prevention when no other resource is available to address urgent needs. Under the program design, funding is disbursed to qualified program participants through a

- designated KCHA agency partner, responsible for eligibility screening according to established guidelines. During FY 2011, KCHA assisted 59 households and awarded emergency grants totaling \$49,763 through the Client Assistance Fund.
- Redevelopment of distressed Public Housing. To date, single-fund flexibility of the MTW program has enabled KCHA to undertake the repairs necessary to preserve more than 1,000 units of public housing over the long-term. This includes the continued use of the initial and second 5-year increments of Replacement Housing Factor (RHF) funds from the former Springwood and Park Lake I developments, including units not yet removed from IMS/PIC, for the redevelopment of Birch Creek. In late 2011, KCHA initiated steps leading to the disposition of 509 public housing units in 22 different communities, and the planned substitution of project-based vouchers to stabilize this housing and leverage private capital to address significant repair needs. As FY 2011 drew to a close, the Agency was awaiting the HUD approval necessary to move to the next phase of the preservation project.
- Acquisition and preservation of affordable housing throughout the Puget Sound region. In early 2010 KCHA utilized MTW's single-fund flexibility to support the acquisition of Westminster Apartments, preserving an additional 60 units of affordable housing for extremely low income seniors in the City of Shoreline. Throughout FY 2011, the Authority continued to seek opportunities to acquire additional housing in proximity to existing KCHA properties using MTW resources to preserve affordable housing at risk of loss to for-profit commercial development. To date, these efforts have resulted in the preservation of more than 184 units, located in 6 separate communities in the Puget Sound region.

Single-fund flexibility is also being utilized to reduce outstanding financial liabilities and ensure the long-term viability of KCHA's inventory. The Housing Authority has short-term lines of credit at both HOPE VI sites which are scheduled to be retired with the proceeds from land sales. These loans will be outstanding for longer than originally planned due to ongoing weaknesses in the local market for new homes. MTW reserves backstop these liabilities, address risk concerns of lenders and allow KCHA continued access to private capital markets.

F. USES OF MTW RESERVES

One of the most important elements of the MTW Demonstration Program is that it frees participating housing authorities from single year financial planning cycles for revenues and expenditures. This enables Housing Authorities to establish multi-year business plans and strategically budget resources to achieve long term growth and complex operational goals. It also provides an incentive for the implementation of operational efficiencies and policy innovations that increase operating stability and enable the reallocation of resources to support core mission goals.

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

- □ KCHA is utilizing operational savings to accelerate capital repairs to its affordable housing inventory in order to preserve existing housing and address a substantial backlog of critical repairs (Strategy 1). These renovations also improve the energy efficiency of KCHA's housing and reduce long-term operating costs. Finally, conversion of units to UFAS standards as part of KCHA's inventory upgrade initiative has increased housing choice for households with mobility impairments (Strategy 3).
- The Authority recently opened its HCV waiting list, accepting nearly 25,000 applications in two weeksmore than double the previous record. To respond to the escalating need for deep-subsidy housing assistance for the region's extremely low-income households, KCHA's Board of Commissioners has continued to authorize issuance of up to 275 vouchers above KCHA's HUD base-line (Strategy 2). A number of these vouchers are being project-based through multi-year HAP agreements in partnership with local government capital funding awards to assist in underwriting housing production in low poverty areas of the region (Strategy 3).

- KCHA is also utilizing MTW reserves to purchase existing Class B multifamily properties that are adjacent to existing public housing complexes or in low poverty neighborhoods. Use of MTW reserves to fund new purchases eliminates the need to finance these acquisitions and enables KCHA to activate replacement public housing subsidies, expanding the supply of units available to extremely low-income households in the region (Strategy 2). MTW funds are also being used to purchase existing expiring use federally subsidized properties, preserving these valuable "hard unit" resources for those most in need.
- KCHA has designed a local "sponsor-based" leased housing program to enable service providers to successfully lease housing for "hard-to-house" populations such as chronically homeless mentally ill individuals and homeless youth (Strategy 4). These "housing first" programs leverage significant local service funding to provide wrap-around services. In order to secure long term commitments of service dollars, it was necessary for KCHA to enter into multi-year funding commitments with its non-profit partners.
- To reduce financing costs across a number of programs serving low income households KCHA is utilizing MTW reserves to restructure or issue debt by collateralizing, retiring or replacing high interest loans (Strategy 7). In addition, pursuant to HUD's request, KCHA is retiring outstanding CFFP obligations as part of its initiative to dispose of a number of public housing properties. Use of MTW reserves for this purpose enables KCHA to proceed with the repositioning of a portion of its inventory to assure long-term viability (Strategy 1).
- ☐ KCHA is expanding and modernizing its on-site community facilities to bolster programs designed to increase academic and life success for youth living in our subsidized housing and economic self-sufficiency.

for their parents. Seven facilities are in either design or construction (Strategies 6 & 7). These community centers serve as the foundation for family self-sufficiency by providing a delivery platform for a multitude of educational, job training and family stability services. MTW reserves are being utilized in conjunction with other monies to fund these projects.

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

Prudent reserves not only support KCHA's mission critical long-term objectives but also backstop operational exigencies and allow it to maintain access to capital markets. For example, during FY 2011, KCHA saw a significant increase in subsidy needs for its deep subsidy programs as Washington State reacted to continued government budget shortfalls with the elimination of its cash transfer program for single adults and sanctioned thousands of families off the Temporary Assistance to Needy Families (TANF) program. A total of 2,834 KCHA households were affected. This considerable increase in subsidy costs was covered by reserves. KCHA also relies on short-term borrowing to facilitate its property acquisition activities. Significant reserves, as in any business, are critical for continued access to favorable financing and capital markets.

SECTION VIII. ADMINISTRATIVE

A. Description of Progress on Correction or Elimination of Observed Deficiencies

This section of the MTW Report template does not apply. The results of monitoring visits, physical inspections or other oversight and monitoring have not identified the any deficiencies.

B. Results of Agency Evaluations of the MTW Demonstration

KCHA carefully tracks outcomes and impacts of activities made possible through participation in the MTW demonstration to ensure that initiatives continue to meet intended targets and identify areas where course correction may be warranted. Data regarding outcomes and program progress is reported in Section VI of this MTW Annual Report. KCHA remains in discussions with HUD and other MTW Agencies regarding the potential to utilize an outside contractor to conduct a full evaluation of the MTW Demonstration program. However, to date, KCHA has not commissioned external evaluations of its overall MTW program.

C. Performance and Evaluation Report for Capital Fund Activities not included in the MTW Block Grant

All Capital Funds received and activities are included in KCHA's MTW Block Grant. Current copies of P&E Reports are included as attachments to this MTW Report.

D. Certification the Agency has met the MTW Statutory Requirements

Included as an attachment to this MTW Report



KING COUNTY HOUSING AUTHORITY FY 2011 MTW ANNUAL REPORT APPENDICES

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□ Appendix A: Resolution No. 5370: Approving the FY 2011 MTW Annual Report
 □ Appendix B: Certification the Agency has met MTW Statutory Requirements
 □ Appendix C: On-going MTW Activities – MTW Annual Plan Cross-Reference
 □ Appendix D: Performance and Evaluation Reports for Capital Fund Activities
 □ Appendix E: KCHA FY 2011 Designation Plan Outcome Report
 □ Appendix F: South King County Housing First Pilot Two-Year Outcome Report

Note: Copies of the Appendices above can be located on KCHA's website – www.kcha.org