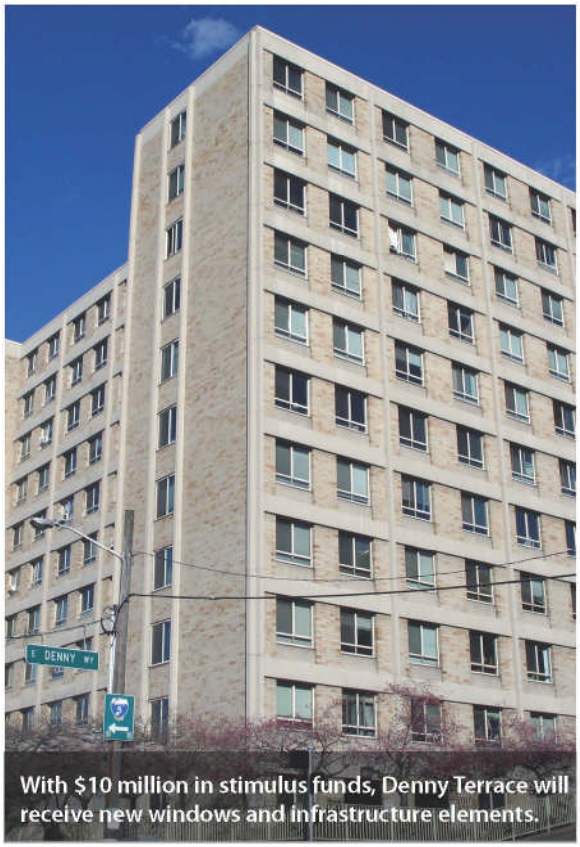
Moving to Work

2011 ANNUAL PLAN

Tamarack Place, an 83-unit low-income apartment building located next to the Rainier Vista Boys & Girls Club, will be the first completed Phase II rental housing at Rainier Vista.



With $10 million in stimulus funds, Denny Terrace will receive new windows and infrastructure elements.

Volunteers built a new KaBOOM! playground at Rainier Vista in just one day.

Lake City Village will be the greenest affordable housing in Washington when this 86-unit building is complete in 2011.

December 17, 2010 (Amended August 16, 2011)

Seattle Housing Authority

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Prepared by

Andria Lazaga, Asset Management Coordinator

With contributions from: Lindsey Bernacchi, Willard Brown, Gashaw Dessie, Anne Fiske-Zuniga, John Forsyth, Kristin Hollywood, Shirley Kolm, Wendy Lance, Ann-Marie Lindboe, Tracey Locke, George Nemeth, Carmine Pascucci, Cheryl Sabin, Vickie Seeber, Jodell Speer, Cindy Sribhibhadh, Brian Sullivan, Maria Ursua, Rebecca Whitney, Scott Woo, Bob Wyda, Shelly Yapp.

Contents

I. Introduction and Executive Summary

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

What is "Moving to Work"?

The Seattle Housing Authority (SHA or Seattle Housing) is one of about 35 housing authorities across the country participating in the U.S. Department of Housing and Urban Development (HUD) Moving to Work (MTW) program, which allows SHA to test innovative methods to improve housing services and to better meet local needs.[1] As a participant in MTW, SHA may propose and implement alternatives to federal regulations for certain issues spelled out in an agreement between HUD and SHA. Congress provided three statutory objectives for MTW:

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

Fiscal year 2011 will be SHA's thirteenth year in MTW. Each year SHA adopts a plan that describes activities planned for the following fiscal year. At the end of the year, SHA prepares a report describing its accomplishments.

Stakeholder involvement

As part of developing the MTW Plan and annual budget, SHA provides opportunities for public review and comment. The public comment period was open from August 31 through September 30, 2010. Residents were notified of the public hearing and the availability of draft documents through *The Voice* (a monthly newspaper for SHA residents), a notice on rent statements, flyers in SHA buildings, and a letter to about 115 resident leaders. The public was informed via SHA's free monthly e-mail newsletter, *Building Community*, which reaches about 1,300 subscribers, and through posting on *www.seattlehousing.org* and an ad in the Seattle/King County newspaper of record, the *Daily Journal of Commerce*.

Public hearing: A public hearing was held on Monday, September 20, 2010 at 3:30 p.m. The draft plan and annual budget were presented and testimony taken, followed by a general question and answer period. Seventeen residents attended the hearing. Interpretation was provided in Vietnamese and Cantonese.

Resident leaders: The Joint Policy Advisory Committee (JPAC), made up of resident who advise SHA on issues of concern to residents, discussed major plan activities and budget issues during the public comment period at their Seattle Senior Housing Program and Public Housing committee meetings in September 2010. Forty-five residents participated in these meetings, with interpretation in Vietnamese and Cantonese.

Additional public comment: SHA also accepted comments in writing or by phone during the comment period. Three comments were received in writing.

Plan Amendment: SHA engaged in a second outreach and engagement process to develop the plan amendment. For more information about this process, please see Section V.

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

What is in this plan?

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

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

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

Section III: Non-MTW Related Housing Authority Information provides an overview of planned activities in support of Seattle Housing Authority's 2011-2015 Strategic Plan.

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

Section V: Proposed MTW Activities provides HUD-required information detailing proposed uses of MTW authority, including evaluation criteria and specific waivers to be used.

Section VI: Ongoing MTW Activities provides HUD-required information detailing previously HUD-approved uses of MTW authority, including evaluation criteria and specific waivers needed.

Section VII: Sources and Uses of Funding describes SHA's projected revenues and expenditures for 2011, local asset management program, and use of MTW block grant fungibility.

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

Goals and objectives for 2011

SHA identified several goals and objectives for 2011 within the context of the agency's mission and draft five year strategic plan, fiscal realities, and MTW's three objectives. The following highlights of key activities for 2011 are described further in the draft 2011 MTW Annual Plan.

MTW goals and objectives

Streamlining the housing choice voucher program

In 2011 SHA will be in the first year of implementing a number o f MTW activities designed to reduce the administrative burden of operating the Housing Choice Voucher program. These include

- reducing the frequency of HCV inspections for tenants who have not moved;
- allowing landlords to self-certify that necessary minor repairs were completed;
- streamlining the process for determining rent reasonableness;
- not collecting information on assets valued at less than $50,000;
- reducing the frequency of rent reviews for fixed-income households to every three years; and
- streamlining the process for medical deductions.

In addition, in 2011 Seattle Housing will simplify utility allowances, as outlined in Section V.

SHA's primary goal for these modifications is to create capacity within the organization to assist housing participants in gaining access to education and employment opportunities so they can improve their lives.

Unified rent policy

In late 2010 and into 2011 SHA will explore options for creating a unified rent policy for both public housing and housing choice voucher participants.

Seattle Senior Housing Program

In this plan, SHA is proposing MTW activities related to the introduction of public housing subsidy to the Seattle Senior Housing Program (SSHP). This subsidy will address critical capital

and operating needs while allowing us to continue to serve predominately extremely low-income seniors. SHA is using its MTW flexibility to allow the program to look and feel much the same as it does today, including maintaining the current policies regarding rentpets, inspections, year to year leases, cleaning fees, and pets. SHA is also use its previously approved MTW authority for streamlined public housing acquisitions (MTW Strategy 1.P.02) to simplify and expedite the administrative process for bringing the units into the public housing program.

Agency assessment system

The Housing Authority will continue to work in collaboration with other MTW agencies to develop and obtain HUD approval of an alternate system for measuring the agency's performance.

Transforming Rental Assistance

In 2011 SHA will investigate opportunities to undertake an MTW demonstration project using HUD's Transforming Rental Assistance principles to convert selected public housing properties in the Scattered Site program or non-profit managed properties to vouchers and use the increased income to support capital upgrades.

Other goal and objectives

Maintain and expand the supply of low-income housing

- Upgrade the Jefferson Terrace elevators;
- Complete the rehab of Denny Terrace;
- Convert seven Scattered Sites units to meet Uniform Federal Accessibility Standards;
- Conduct extensive envelope repair for four Seattle Senior Housing Program buildings;
- Begin construction of 118 units of affordable housing at Rainier Vista Northeast, with about 38 coming on-line by year-end;
- Bring 86 units of affordable housing on-line at Lake City Village; and
- Continue moving forward with planning for Yesler Terrace redevelopment, including a possible Choice Neighborhoods grant from HUD and a possible partnership with Metro to develop a street car maintenance facility and housing east of Boren.

Expand housing access and choice for voucher holders

- Implement a number of activities to help voucher holders identify and successfully lease housing of their choice, including Ready to Rent (a six-week course for applicants);
- Expand efforts to actively recruit new landlords into the voucher program; and
- Continue to research mobility patterns and develop strategies to increase neighborhood choice among participants.

Education and employment opportunities for participants

- Partner with education providers to increase participant enrollment in early childhood and college preparation programs;
- Employ an Education Engagement Specialist to support parents in and near Yesler Terrace in advocating for their children's education;
- Reorganize SHA staffing to offer a more coordinated and effective approach to employment and asset building services; and
- Implement free Wi-Fi services in several SHA communities in partnership with One Economy.

Increase services and housing for low-income seniors

- Examine models to best serve aging low-income baby boomers in existing housing; and
- With a development partner, pursue HUD 202 funding to develop low-income housing for seniors on SHA-owned property.

Create healthy, welcoming, and supportive living environments

- Develop and implement a set of policies to guide the agency's direction toward smoke-free housing;
- Partner with the City in implementing an urban farm at Rainier Vista;
- Support Yesler Terrace residents in their involvement in redevelopment planning; and
- Facilitate mini-grants among and between NewHolly community members.

Effective management

- Conduct ongoing operations improvement programs by evaluating the efficiency and effectiveness of all properties and programs;
- Convert that agency's myriad of property management software programs to a single system;
- Strengthen the agency's financial position by taking a number of measures to reduce debt and increase reserves;
- Identify and implement sustainable practices, including piloting food and yard waste collection and further promoting recycling;
- Partner with the City to make small modifications to at least 300 units to reduce utility consumption; and
- Promote a healthy, engaged, culturally competent, and productive workforce through efforts such as increased staff training.

II. General Housing Authority Operating Information

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

Mission statement

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

Agency overview

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

Nearly 10,000 Seattle Housing residents are elderly or disabled and more than 9,600 are children. As of the beginning of 2010, 84 percent of households had annual incomes below 30 percent of area median income; the average income was $13,086 per year.

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

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

MTW Block Grant-funded housing[2]

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

Housing Choice Vouchers

The Housing Choice Voucher program (HCV or vouchers), also known as Section 8, is a public/private partnership that provides vouchers (housing subsidies) to low-income families for use in the private rental housing market. Seattle Housing Authority administers more than 8,300 vouchers which are funded through HUD's MTW Block Grant. Participants typically pay 30 to 40 percent of their household's monthly income for rent and utilities, depending on the unit they choose. Voucher subsidy is provided through a variety of means including:

- Tenant-based (tenants can take their voucher into the private rental market);
- Project-based (subsidy stays with the unit);
- Program-based (using MTW flexibility to provide unit-based subsidy that floats within a group of units or properties); and
- Provider-based (SHA uses MTW flexibility to provide subsidy to service providers to master lease units and then sublet to participants in need of highly-supportive housing).

Public Housing

The Low Income Public Housing program (public housing or LIPH) provides more than 5,300 units in high-rises (large apartment buildings), scattered sites (small apartment buildings, single family housing), and in communities at NewHolly, Rainier Vista, High

[2] The number of units/vouchers reflects the number that are estimated to be in SHA's inventory at the beginning of 2011.

Point, and Yesler Terrace. HUD's MTW Block Grant provides funding to help costs exceeding rental income. Households typically pay 30 percent of their monthly income for rent and utilities. About 100 of these units are leased to service providers who use the units to provide transitional housing or services to residents.

Forty units receiving public housing subsidy through SHA are owned and operated by non-profits and as traditional public housing.

Other HUD-funded housing

Special Purpose Vouchers

SHA administers about 350 vouchers provided by HUD for special purposes such as housing veterans and reuniting families. These vouchers are often awarded competitively and funding is provided outside of the MTW Block Grant.

Moderate Rehab

SHA administers HUD Section 8 Moderate Rehab funding for 759 units operated by partner non-profits serving extremely low-income individuals.

Section 8 New Construction

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

Local housing

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

Seattle Senior Housing Program

The Seattle Senior Housing Program (SSHP or Senior Housing) was established by a 1981 Seattle bond issue. Throughout most of 2011 this portfolio will likely include 22 apartment buildings throughout the city, totaling 967 units at affordable rent levels for elderly and disabled residents. SHA receives no ongoing operating subsidy for this program except program-based housing choice vouchers. Toward the end of the year, subsidy changes will be implemented, as outlined in the following section, Changes in Housing Inventory.

SHA will also continue to own another 65 SSHP units in two buildings. These buildings have always been operated by partner non-profits and offer unique services to the residents.

Tax Credit and Other Affordable Housing

SHA operates more than 1,500 units of housing in about 35 townhomes and small apartment complexes throughout Seattle, including low- and moderate-income rental housing in the agency's redeveloped family communities (NewHolly, Rainier Vista, and High Point). These units do not receive ongoing operating subsidy, with the exception of project-based housing choice vouchers in selected units.

Changes in housing inventory

SHA forecasts the changes in housing resources between January 1, 2011 and December 31, 2011 as outlined below and in *Table 1: Changes in housing inventory*.

Housing choice vouchers

In 2011 SHA plans to convert 20 housing conversion vouchers from Non-MTW special purpose vouchers to the MTW block grant. SHA has also applied for 100 vouchers for people leaving assisted living or nursing home care who are disabled and non-elderly. Vouchers that have not been awarded are not reflected in *Table 1 – Changes in Housing Inventory: Other HUD-funded Housing*

No other change to SHA's overall voucher authority is anticipated, although SHA will take advantage of any opportunities to apply for more vouchers.

Of the 150 vouchers currently program-based in the Seattle Senior Housing Program, it is anticipated that only 10 will remain after the

addition of public housing subsidy to 933 of the SSHP units.

Units to receive new project-based voucher assistance

Approximately seven Housing Choice Vouchers will be project-based at Rainier Vista Northeast in 2011, depending on construction schedules. Details of these units are provided in Appendix C.

Through a Notices of Funding Availability issued in partnership with the City of Seattle, 70 new project-based vouchers will be issued to projects which will be ready for occupancy in 2011. Through a Request for Proposals, also in partnership with the City, 50 units will be awarded High Point replacement vouchers. Details of the specific projects are not available, since the projects have not yet been chosen. Therefore, they will be described in the 2011 Annual Report.

SHA may also project-base up to 30 vouchers in The Ritz Apartments, an SHA-owned property in Central Seattle.

Any project-based commitments outlined in SHA's 2010 Annual Plan that are not completed in 2010 will be implemented in 2011. One of the commitments outline in the 2010 Plan is to project-base vouchers in 30 units in Phase III of NewHolly. These units are currently public housing. If not completed in 2010, SHA will work with HUD in 2011 to determine the best process for converting these units.

Public housing

Lake City Village construction will be completed in 2011, bringing 51 new public housing units to north Seattle. Details are in Appendix B.

Construction of Rainier Vista Northeast will be underway in 2011, with completion planned in 2012. By the end of 2011, 25 public housing units are expected to come on line. Details of these units are provided in Appendix B.

In late 2011 Seattle Housing will bring public housing subsidy into 933 Seattle Senior Housing Program units, shifting these units from Local Housing to Public Housing in Table 1. These units will be placed into four or five Asset Management Projects which will be requested through our local HUD office.

As described in SHA's 2010 Annual Plan, in response to local needs and opportunities, SHA anticipates using MTW authority to change the use of 22 units on the seventh floor of Jefferson Terrace. These units will be used for a medical respite care program in conjunction with the Seattle-King County Ten-Year Plan to End Homelessness. However, as the units will still be used to provide housing to extremely low-income households, SHA's overall unit count will not change due to this activity.

Table 1: Changes in housing inventory

Housing Program	2009 year end (actual)	2011 beginning (projected)	2011 year end (projected)
MTW Block Grant-funded Housing			
Housing Choice Voucher	7,829	8,338	8,358
Tenant-based	*5,263*	*5,576*	*5,574*
Project-based – partner-owned	*2,031*	*2,201*	*2,349*
Project-based – SHA-owned	*326*	*346*	*360*
Program-based – SHA-owned	*150*	*150*	*10*
Provider-based	*59*	*65*	*65*
Public Housing	5,261	5,302	6,311
*SHA-owned **	*5,221*	*5,262*	*6,271*
Partner-owned	*40*	*40*	*40*

Table 1: Changes in housing inventory

Housing Program	2009 year end (actual)	2011 beginning (projected)	2011 year end (projected)
MTW Block Grant-funded Housing Total	**13,090**	**13,640**	**14,669**
Other HUD-funded Housing			
Housing Choice Vouchers - Special Purpose***	709	360	340
Disaster Housing Assistance Program	*4*	*0*	*0*
Family Unification Program	*0*	*100*	*100*
Mainstream Disability	*75*	*75*	*75*
Housing Conversion	*102*	*20*	*0*
Relocation	*18*	*0*	*0*
Veterans Affairs Supportive Housing	*105*	*165*	*165*
Welfare to Work	*405*	*0*	*0*
Section 8 New Construction	130	130	130
Section 8 Moderate Rehab	759	759	759
Other HUD-funded Housing Total	**1,598**	**1,249**	**1,229**
Local Housing			
Seattle Senior Housing Program *	993	966	34
Seattle Senior Housing Program – operated by partners	97	65	65
Tax credit housing (without public housing subsidy)	629	661	696
Other affordable housing	940	813	813
Local Housing Total	**2,659**	**2,505**	**1,608**
Managed by SHA for other owners	14	6	6
Total Housing**	**16,871**	**16,898**	**17,136**

**Includes residential units leased to agencies that provide transitional housing or supportive services and units for live-in staff.*
***Due to project-basing and program-basing of Housing Choice Vouchers in Local Housing, Total Housing is the sum of all housing units minus Housing Choice Vouchers-MTW: Project-based – SHA-owned and Program-based – SHA-owned. Managed by SHA for other owners is also not included in Total Housing.*
****In its 2009 Annual Report, SHA erroneously excluded three special purpose vouchers from the housing inventory provided in Section III.*

significant capital needs that cannot be met under the current financing structure, which relies exclusively on tenant rents for operating and capital reserves. The addition of public housing subsidy will enable Seattle Housing to keep the units affordable to extremely low-income seniors. SHA will use MTW flexibility to allow the program to "look and feel" much the same as it does today, as outlined in Section V. Authority granted in SHA's MTW agreement with HUD will also be used to add these units to the public housing program, including use of its local acquisition protocol.

As previously stated in "*Units to receive new project-based voucher assistance*," SHA may seek to convert up to 30 public housing units in Phase III of NewHolly to project-based housing choice vouchers in order to improve the financial stability of this property. *Table 1: Changes in Housing Inventory* does not reflect this potential activity.

Disposition and demolition activity

In 2011 SHA may seek HUD approval for the demolition and/or disposition of:

- Up to 100 Scattered Sites units, as part of a possible extension of the scattered sites repositioning strategy begun in 2005 (this would be pursued as part of a potential partnership opportunity to replace the inefficient units in a transit-oriented development);

- A portion of Yesler Terrace if necessary to support the implementation of the Street Car Barn as described in Section III; and
- SHA may also request dispositions outlined in prior year plans if not already requested in 2010, including but not limited to, Holly Court land and buildings for redevelopment and up to 30 units in the third phase of NewHolly to be converted to project-based Housing Choice Vouchers, and up to four scattered sites units as part of the disposition process started in 2005.

Local housing

At Lake City Village, 35 tax credit units will come on line in addition to the 51 public housing units described previously.

In addition to the project-based voucher and public housing units previously mentioned, Rainier Vista Northeast will include 21 new workforce housing units in 2011.

As noted above, 933 Seattle Senior Housing Program units will shift from Local Housing to Public Housing.

In 2011 SHA plans to transfer ownership of South Park Manor (27 units), Keystone (32 units), and Coach House (8 units) to non-profit partners. City Council approval is needed to complete transactions for these locally-funded properties.

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

Major capital activities

MTW Block Grant funds

None of SHA's 2011 capital activities utilize 30 percent or more of capital funding provided by HUD through SHA's MTW Block Grant. Activities using the most significant portions of this source are $3 million for Yesler Terrace redevelopment planning and about $3 million in debt service for the three phases of homeWorks through the Capital Fund Financing Program (CFFP). Major capital activities are described in more detail in *Section III*.

Other Federal capital funds

American Recovery and Reinvestment Act

In 2009 SHA received $45 million in American Recovery and Reinvestment Act (ARRA) funding for several significant and much-needed

capital activities including infrastructure work and rental housing development at Rainier Vista, renovation of Bell Tower and Denny Terrace, and rental housing construction at Lake City Village. These funds are outside of MTW and follow ARRA reporting requirements. Each of these projects that will be under construction in 2011 is described in Section III.

Competitive Federal development/ redevelopment funding

If Congress approves redevelopment funds (such as HOPE VI, Choice Neighborhoods Initiative, or Sustainable Communities Initiative) SHA or its partners may submit funding applications. Based on the final funding criteria and other information available at the time, SHA may seek funds from any or all of these sources. Possible projects include:

- existing SHA properties located at or near Holly Court and in the Yesler Terrace neighborhood, and
- partnership opportunities including a transit-oriented project led by King County Metro in the Northgate area and the redevelopment of the Qwest Field North Lot.

In addition, SHA is working with a development partner in hopes of obtaining HUD Section 202 or 811 funding in the next few years. The site(s) for the potential 202/811 project(s) has not yet been selected.

Leasing information

The following table *(Table 2)* represents actual and projected utilization rates for vouchers and occupancy rates for SHA-operated housing.

Table 2: Actual and projected units leased

HOUSING PROGRAM	2009 year end (actual)	2011 beginning (projected)	2011 year end (projected)
Housing Choice Vouchers-MTW	7,516	8,305	8,404
Housing Choice Vouchers-Non-MTW	681	352	252
Low Income Public Housing	5,151	5,196	6,203
Local Housing	2,526	2,405	1,505

Anticipated leasing issues

The current economic conditions have slowed turn-over in subsidized housing considerably, creating low vacancies in public housing and high Voucher utilization. No leasing issues are anticipated in these programs.

Vacancies in non-subsidized units are on par with the local rental market and are not expected to improve considerably in 2011.

Year end projections for 2011 reflect the shift of SSHP units from Local Housing to Public Housing.

Waiting list information

Waiting list strategies

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

Housing choice vouchers

A single tenant-based waiting list is maintained by SHA. A list of 4,000 applicants was established through a lottery in 2008. Project-based Housing Choice Voucher properties operate their own site-specific waiting lists.

SHA-operated housing

Site-specific waiting lists are offered for all of SHA's affordable housing properties. The three largest communities (NewHolly, High Point, and Rainier Vista) operate waiting lists on-site. All other site-specific waiting lists are maintained centrally, by program, to maximize efficiencies and choice. The waiting lists for the Seattle Senior Housing Program and public housing in traditional communities are updated on an ongoing basis through the use of Save My Spot, a system that allows applicants to check in monthly by phone or computer to indicate their continued interest in housing opportunities with SHA. Opportunities to utilize MTW flexibility to pilot filling vacancies in one or more selected properties without a traditional waiting list are still being pursued.

Anticipated waiting list changes

Housing choice vouchers

The tenant-based Housing Choice Voucher waiting list has been closed since 2008. SHA does not anticipate opening the list in 2011 unless the current waiting list (projected to have 1,900 applicants are the beginning of the year) is depleted faster than expected. However, as new project-based properties open in 2011, more waiting list options will become available to potential tenants.

SHA-operated housing

The following is a summary of the number of applicants on waiting lists for SHA-operated housing as of July 31, 2010 (note that there can be overlap among lists as applicants are allowed to apply for multiple programs):

- Public housing (except HOPE VI and SSHP)– 6,000
- HOPE VI (all housing programs) – 16,500
- SSHP - 600
- Other affordable housing – 4,250

Given the current economic climate and SHA's low vacancy rates, low income waiting lists are expected to continue to grow for most SHA operated properties in 2011. An approximate ten

percent increase in the public housing and SSHP waiting lists is expected, despite the fact that the lists are purged monthly through Save My Spot.

The HOPE VI waiting lists will likely start out the year with approximately 14,000 households (lower than the July 31 actuals due to a Fall 2010 purge of the Rainier Vista waiting list) and grow less than five percent throughout 2011.

Other Affordable Housing waiting lists will likely remain steady, based on prior history.

With the exception of selected bedroom sizes at NewHolly, SHA's waiting lists remain open. SHA may, however, close additional waiting lists with particularly high numbers of applicants.

A number of potential improvements to waiting list processes were outlined in SHA's HUD-approved 2009 MTW Annual Plan. These changes, if not already implemented, may be pursued in 2011.

III. Non-MTW Related Housing Authority Information

This section highlights selected activities planned for 2011 in support of the agency's 2011-2015 Strategic Plan. This section is intended to provide a comprehensive view of Seattle Housing Authorities key activities and to provide context for the MTW activities detailed elsewhere in this Plan.

Seattle Housing Authority, in consultation with staff, residents, and stakeholders, developed a Strategic Plan for 2011-2015. The new plan charts the agency's course as it strives to fulfill its mission and support the needs and aspirations of low-income people as they move toward greater stability, security and self-sufficiency. This section describes key activities planned for 2011 toward implementation of the five strategic directions and three management strategies outlined in the Strategic Plan.

MTW activities included in this section are identified with an MTW Activity Number in parenthesis that corresponds to an MTW activity outlined in Section V or Section VI.

Strategic Direction #1 - Expand housing for low-income residents across Seattle by maintaining and expanding the supply of low-income housing.

Maintain and improve existing housing stock for the long term.

In order to maintain and improve SHA's existing housing stock over the long-term, additional resources will be needed. The agency will aggressively explore options that may emerge from HUD to increase subsidy, and pursue new financing options such as Transforming Rental Assistance.

Public housing

Although SHA has leveraged its capital subsidy from HUD to renovate 21 high-rise buildings over the last few years, significant capital needs remain throughout the portfolio. SHA's 700 scattered sites properties and buildings not renovated under homeWorks have a back log of need. Life-cycle repairs, such as elevators, roofs, and windows reaching the end of their useful life, continue to mount. To that end, SHA will work in 2011 to make progress possible with available funds.

Jefferson Terrace: Jefferson Terrace, a 299-unit high-rise in downtown Seattle, is in need of significant renovations. Due to the size of the property, renovations are costly and, given current resources, must be approached in phases. In 2011 SHA will address needed elevator repairs, and begin a building heating system planning study. Funding options will continue to be explored for a complete rehab of the building.

Denny Terrace: Renovations to the approximately 220-unit Denny Terrace, using American Recovery and Reinvestment Act (ARRA) funds, will result in a 33 percent increase in energy efficiency. Planned activities include electrical and ventilation improvements, replacement of shower valves and unit plumbing fixtures, new insulated windows, new exterior insulated finishing system, and common area upgrades. Construction will start in late 2010 and be completed toward the end of 2011.

Holly Court: Revitalizing Holly Court is a high priority for Seattle Housing Authority. Holly Court was constructed to low standards and has aluminum wiring and other flawed building sys-

tems that make rehabilitation impractical. In addition, the design of the community detracts from public safety and the overall revitalization of the NewHolly neighborhood. SHA will continue to work to identify replacement options for the 97-unit community and plan for the re-use of the site and adjacent properties that SHA owns. Funding opportunities will be pursued, including possibly applying for a HOPE VI grant from HUD.

Universal Federal Accessibility Standards: In 2007 SHA entered into an agreement with HUD's Office of Fair Housing and Equal Opportunity to increase the number of SHA's low-income public housing units that meet Universal Federal Accessibility Standards (UFAS) for people with disabilities to 263. This increase will be accomplished by 2014. In 2011 SHA will complete the retrofit 11 units at Denny Terrace and retrofit seven units in Scattered Sites. This will bring the total UFAS units to190 of the planned 263.

Seattle Senior Housing Program

Background: The Seattle Senior Housing Program (SSHP or Senior Housing) began in the early 1980's with proceeds from a City of Seattle levy. The portfolio receives no operating subsidy and, until nearly 20 years into the program, had no means for establishing capital reserves. In 2003, in consultation with the community and residents, a new rent policy was implemented that created a capital reserve while still serving at least 75 percent extremely low-income residents.

However, capital funding generated through rents has proven insufficient for the extensive water intrusion-related capital needs, upcoming elevator improvements, and life-cycle repairs and replacements required to maintain these valuable communities. In response to the identified capital needs of the Senior Housing portfolio, a sub-committee of the Senior Housing rent review committee was established to help SHA develop strategies for extending the physical life of the buildings while preserving the mission of the program.

Current activity: In 2007 SHA prioritized 14 Senior Housing buildings for building envelope repairs to address critical needs and mitigate further damage from water intrusion. By the end of 2010, new siding and windows on three of these buildings will be completed. In 2011 SHA will complete building envelope repairs in two of these buildings (Nelson Manor and Olmsted Manor). These buildings will receive elevator repairs, new windows and siding. Funding for this work comes from a variety of sources including Senior Housing reserves, SHA's MTW Block Grant, and City weatherization funds. SHA has applied for State Housing Trust Fund money. If received, additional buildings (Bitter Lake Manor and Blakeley Manor) will be repaired.

Long-term approach: For the long term financial health of SSHP, SHA will bring public housing subsidy into the program to meet operating and capital costs while maintaining affordable rents. SHA will continue to maintain the current population in the SSHP program of 90 percent elderly and 10 percent persons with disabilities with the addition of public housing subsidy; however we will seek this designation through the regular designation process rather than using MTW status.

All rental housing

Carbon Monoxide Alarms: The Washington State Building Code Council adopted a new code requiring carbon monoxide alarms in existing dwelling and sleeping units by July 1, 2011. To meet this requirement SHA will need to install over 10,000 of these alarms at an estimated cost of $2 million. The unfunded mandate is dampening the agency's ability to attend to other capital needs such as water intrusion repair and the rehab of Jefferson Terrace. SHA will be applying to HUD for Emergency Safety and Security Funding to cover a small portion of this unexpected expense in public housing units.

Complete plans for residential and mixed-use development at High Point, Rainier Vista, and NewHolly.

Rainier Vista redevelopment

Rental housing in Phase I of Rainier Vista was completed in 2006. Phase I for-sale housing is nearing completion. Phase II and III of Rainier Vista are east of Martin Luther King Jr. Way (MLK) and involve about 200 affordable rental units. Phase II-Tamarack Place is south of Oregon Street. Phase III-Rainier Vista Northeast is north of Oregon Street.

Lease up of the 83 units (71 affordable to households earning at or below 30 percent of area median income and 12 workforce housing units) of Tamarack Place will be completed in late 2010/early 2011. Seattle Housing anticipates that Tamarack Place's 10,000 square feet of transit-oriented retail space will also be leased up within the same timeframe timeline.

Rainier Vista Northeast infrastructure began in 2009 and will be completed in late 2010. Rental housing in this phase will be comprised of 118 units which will be under construction in 2011 and 2012 with units coming on line as soon as the Fall of 2011.

ARRA Funds: The Rainier Vista redevelopment has received both formula and competitive ARRA funds. Phase II-Tamarack Place has $3,189,191 of formula ARRA funds which have all been obligated and expended to in 2010. Phase III-Northeast infrastructure has $10,380,607 of formula ARRA funds which have been obligated and will be fully expended by the end of 2010. The Phase III-Northeast rental housing received $10,000,000 in competitive ARRA funds that were obligated mid-2010 and will be fully expended by mid-2012.

For-Sale Housing: In 2011 for-sale housing in Phase I will move significantly closer to completion. Habitat for Humanity will complete their final 4 units on Block 4 and should begin construction of the first of 11 units scheduled for Block 5. Bennett Homes is scheduled to complete and sell their final eight townhomes on Block 16.

Planned for Phase II North (also referred to as Phase III) are 110 townhomes and single family homes. These will be in addition to the 118 rental units scheduled for completion in 2012. The construction of the for-sale homes will commence in early 2011and are expected to be completed no later than 2013.

Mixed-Use Sites: The last remaining unsold parcel in Phase I is a 45-unit mixed-use site adjacent to the Light Rail station. Construction on this blo0ck is not anticipated to start until 2012 or 2013. The goal is to have a portion of the units in this building sold to buyers with incomes less than 80 percent of area median income.

In Phase II there are two additional mixed-use sites for sale – Blocks 28 and 43. Pending funding applications, a portion of Block 43 may be developed as a 50-unit low income rental building. Construction could begin in late 2011 or 2012. The remainder of the block would be sold for townhouses with construction beginning in 2012. Block 28 is also adjacent to the Light Rail station and could be developed as a 40-unit multifamily building. Construction on this block is not anticipated to start until 2012 or 2013.

High Point redevelopment

In 2009 SHA completed construction of all 600 rental units planned for High Point. Construction of for-sale homes were completed in Phase I and the new Neighborhood Center opened. In 2010 and continuing into 2011, SHA's development priorities at High Point are the completion of for-sale housing and the development of the mixed-use site.

For-Sale Housing: While the for-sale program in Phase I is complete, the current housing market has stalled the development of Phase II home ownership units. Depending on final builder proposals, Phase II has the capacity for 340-400 for-sale homes, of which more than 48 will be affordable to households earning less than 80 percent of area median income. Because of the slow market, SHA is not expecting Phase II for sale housing to be complete until 2014.

Habitat will complete 12 of those affordable homes in 2011. Overall, this will be in addition to the 32 affordable homes already provided in Phase 1.

Mixed-use Site: The environmental clean up of the mixed-use site at the corner of 35th Avenue SW and SW Graham Street will be completed in 2010. SHA had been working with a developer who was planning up to 220 units and 13,000 square feet of retail. However, due to market conditions, this deal fell through. SHA is now exploring a deal that would involve 70-90 townhomes for the site, with construction beginning as early as 2011.

NewHolly redevelopment

All rental housing in NewHolly was completed in 2005. In addition, by the end of 2008 all of the for-sale homes at NewHolly were constructed and sold except for 40 units in NewHolly Phase II. SHA's development focus has shifted to the underdeveloped commercial area adjacent the northeast corner of Othello Station.

For-Sale Housing: The completion of "Village Homes," the last for-sale homes in the NewHolly community was delayed by the real estate recession. Bennett Homes expects to complete the remaining 24 homes in 2011.

Mixed-use Site: SHA previously acquired the southwest corner of the Othello / MLK intersection adjacent to the new Light Rail station. The real estate market has resulted in the slowing of efforts to redevelop properties SHA has acquired in the area. SHA will continue negotiating agreements with potential builders for one site, but doesn't expect construction to begin until late 2012.

Complete Lake City Village redevelopment by 2012

Lake City Village redevelopment

Mid-year in 2011, the new 86-unit Lake City Village rental building will be completed and made available for occupancy. The building will include 51 family rentals designated to serve residents earning 30 percent or less of the area median income (AMI). These units will increase the housing stock (they are not replacement units) in North Seattle, where family-size public housing units are scarce. The remaining 35 units are tax-credit units serving households earning 60 percent or less of AMI.

The completion of the rental housing project includes the Neighborhood Network Center, which will be available to Lake City Village residents and residents of the adjacent Lake City House. The building includes a community room and office space. Outside, a new playground, a community gathering space with barbecue areas, and a community garden will be built. The street and sidewalk in front of the building will adhere to the new green street standards, as envisioned by the 33rd Avenue Vision Group, which promote a safer and more pleasant pedestrian experience. The entrance area of Lake City House, the existing 115-unit public housing high-rise, will be re-done to better accommodate wheelchair users and ACCESS buses. A new accessible path will connect 33rd and 35th Ave NE, which will allow for non-motorized access through the middle of this superblock.

The first families are scheduled for move-in in August 2011, prior to the beginning of the new school year. SHA's Resident Services division will provide a variety of services to the new residents.

For-sale housing: SHA will make a decision on the timing of the homeownership component when market conditions become favorable. The plans call for the creation of 12 market-rate and 5 affordable homeownership units. Once conditions favor development, SHA will sell the land to one or more builders, and will work with them on creating a program and design that fits the goals and vision of the redevelopment.

ARRA Funds: At Lake City Village, ARRA funds are used to create an energy-efficient, green community through new construction. ARRA funding will pay a portion of construction costs, the one-time cost of implementing the Green Communities Criteria features including photovoltaic (PV) panels for clean on-site energy generation and healthy indoor building materials, and a portion of the construction cost of community facilities. With the help of ARRA dollars, SHA is building the State's greenest affordable housing project. Lake City Village will have a much smaller carbon

footprint than regular built-to-code new construction that, as a result of the extensive use of healthy building materials and components, it will promote and contribute to the well-being of 86 low-income families.

ARRA funds allocated to the project will be fully expended by mid-2011, approximately one year ahead of the mandated schedule.

Move forward with Yesler Terrace redevelopment

In 2011 Seattle Housing will move forward with Yesler Terrace redevelopment in a manner that is consistent with the Definitions and Guiding Principles, creating a new urban neighborhood that serves the needs of diverse residents and enhances the city and region.

With the completion of renewal of three of four family housing communities, the primary focus for the next decade must be on realizing the transformation of Yesler Terrace as a new mixed-income and mixed-use urban community. Yesler Terrace is the oldest of Seattle's public housing communities. Built in the early 1940s, it no longer meets the needs of the people who live there. Its physical structures are failing and its infrastructure is breaking down. It represents one of the greatest opportunities and, at the same time, one of the most daunting challenges facing the housing authority.

Planning for Yesler Terrace redevelopment has been underway for a few years. Five project alternatives have been developed for Yesler Terrace with input from the Board of Commissioners, the Yesler Terrace Citizen Review Committee (CRC), and from residents, neighbors, stakeholders, and the City of Seattle. The process to study the potential environmental impact of these alternatives began in 2010 and the Environmental Impact Statement (EIS) is expected to be finalized in early 2011. This information will facilitate the selection of a preferred alternative for use in more refined site planning activities and permitting. The zoning and permitting process of the preferred alternative is anticipated to begin in early 2011.

Due to the size and complexity of this project, redevelopment will be accomplished incrementally, allowing many Yesler residents to stay onsite during the construction process. Residents required to relocate temporarily will receive relocation benefits and assistance finding housing. Construction is slated to begin, at the earliest, in 2012.

Choice Neighborhoods

The Housing Authority intends to submit a Choice Neighborhoods implementation grant application in the Fall of 2010. Grant funding, combined with match monies and other leveraged dollars, will fund the first phase (approximately 200 units) of replacement housing associated with the Yesler Terrace redevelopment. In addition to replacing dilapidated housing units, the Transformation Plan crafted by the Authority and other stakeholders will address educational opportunities, economic self-sufficiency, and other support services within the boundary area.

East of Boren

SHA is exploring a partnership with the City of Seattle to co-locate housing with a streetcar maintenance base on Yesler Terrace property located east of Boren Avenue. Should the project move ahead, the Housing Authority would build approximately 200 units of housing associated with the Yesler Terrace redevelopment.

Other 2011 milestones

Other 2011 milestones for the redevelopment of the Yesler Terrace neighborhood include:

- Develop social infrastructure, economic opportunity, sustainability, replacement housing, relocation and phasing plans.
- Identify Phase I funding, partnerships and replacement housing strategy.
- Complete necessary zoning and other regulatory changes in cooperation with the City of Seattle by 2011 or mid-2012.

Work with partners to take advantage of opportunities to develop new low-income and workforce housing.

Through Seattle Housing Authority's mixed-used developments and Yesler Terrace neighborhood redevelopment, described above, partners are being activity sought to increase affordable housing on existing SHA-owned parcels. In addition, Seattle Housing Authority partners with a variety of government and non-profit organizations in the city to maximize the potential of success for opportunities to bring more affordable housing to the city.

Fort Lawton

In 2008 SHA, together with the City of Seattle, led a community planning effort to create a reuse plan for the surplus portion of this former Army Base. The reuse plan proposal includes a mix of housing including single family and attached for-sale units, housing for the homeless and self-help ownership units. The reuse plan was submitted to HUD and the US Army for review in late 2008. HUD approved the plan in 2010. In 2011 SHA and the City of Seattle will continue final discussions with the Army on the final terms for acquisition. If successful, SHA expects that work on the entitlements and final site plans will commence in 2011 or 2012.

Community Challenge Grant

SHA will be a co-applicant with the City of Seattle for a Community Challenge Grant from the U.S. Department of Housing and Urban Development and the U.S. Department of Transportation. This grant will implement established transit-oriented development (TOD) plans around four light rail stations in central and southeast Seattle, leveraging zoning changes now underway. It will fund specific tools to secure land for affordable housing, remove barriers to market-rate TOD, and strengthen existing businesses and community institutions in diverse, rapidly-changing station areas.

If funded, SHA will serve as the land-banking agency for the project. In addition, SHA will engage in transit-oriented development (TOD) planning for the Othello Station area in support of SHA's NewHolly community, which includes 620 affordable rental units, and the planned redevelopment of Holly Court (see page 13).

Sustainable Communities Regional Planning Grant

SHA is a partner in Puget Sound Regional Council's application for a HUD Sustainable Communities Regional Planning Grant application which will be submitted in 2010. If funded, SHA will participate in the development of a transit-oriented project near the Northgate Metro Transit Center and planned Northgate Light Rail station. SHA's role will include analysis of affordable housing options.

Henderson mixed-use site

SHA's is seeking to sell a mixed-use parcel on Henderson Avenue near the Rainier Beach Light Rail station and adjacent to South Shore Court apartments. This parcel has potential for up to 75-100 rental or for-sale units. Numerous developers have expressed interest to develop the site with a mix of affordable and market rate units. The earliest construction would commence would be 2011.

Qwest Field - North Lot

SHA is the affordable housing developer in a major mixed-use project on the north parking lot of Qwest Field. In 2010 the master developer received their land use entitlements and began discussions with SHA about how to fulfill the project's affordable housing commitments. Depending on the master developer's timeline, SHA anticipates being involved in conceptual and schematic design for 75–90 workforce housing units in 2011.

Work in partnership with agencies and nonprofits across the city to end homelessness in Seattle and King County.

Seattle Housing Authority provides leadership in policy discussions and initiatives of the Seattle King County Committee to End Homelessness. The agency's commitments to providing housing opportunities toward the Committee's goals will continue. MTW authority is used to lease at least 100 units to partners who directly serve chronically homeless people and to make Housing Choice Voucher subsidies available to partner organizations that provide supportive housing for homeless people with severe disabilities. SHA will also explore new programs that could directly serve people leaving homelessness.

Strategic Direction #2 - Expand housing access and choice for low-income residents using Housing Choice Vouchers.

Pursue opportunities to add to the agency's supply of Housing Choice Vouchers

Apply for new vouchers

SHA will apply for new vouchers as they become available through HUD. In particular, SHA will pursue vouchers specifically to serve veterans, families seeking re-unification and other special needs populations.

Alternative subsidies

SHA will explore opportunities as an MTW agency to provide short-term and/or smaller subsidies to meet specific program goals. If implementation in 2011 seems feasible, this will be submitted to HUD as an MTW activity for approval.

Increase access to housing in areas of the city where it has traditionally been less available to low-income residents

Over the last two years, SHA staff members have been working to better understand why voucher participants are underrepresented in various parts of the City. In 2011 research will continue and action steps will be taken to improve mobility among voucher participants. Activities include:

- Develop new materials and resources to help with housing searches, including information about neighborhoods, access to tools to search for available housing, access to a Housing Counselor for one-on-one assistance;
- Implement Ready to Rent, a new six-week course to prepare applicants to be successful tenants with a focus on improving credit and overcoming common barriers to finding housing;
- Continue to research voucher holders' experience searching for housing in Seattle, in order to inform the development of programs and services that help participants overcome common obstacles to finding housing or moving to neighborhoods underrepresented by voucher holders;
- Develop new program and information materials for landlords on the benefits of the HCV program, and an outreach plan to actively recruit new landlords to the program;
- Survey current landlords and landlords who have never participated in the program to identify potential problem areas and the barriers they see to becoming a HCV landlord;
- Research the availability of housing affordable within HUD's Fair Market Rent (FMR) in neighborhoods currently underrepresented by voucher holders;
- Continue to explore ways to further outreach to Landlords in underutilized areas of the city; and
- Analyze baseline location patterns and develop a data system to track changes/trends and inform policy decisions.

Strategic Direction #3 - Support housing participants as they strive to improve their lives and move toward success through education and employment.

Improve access to educational opportunities for youth from pre-school through college.

Early learning

SHA Community Services staff will work with families and partner agencies to increase the enrollment of children of SHA housing participants are enrolled in either a Head Start or similar type of program.

Promote educational opportunities

SHA will promote educational opportunities in a number of ways.

- SHA will continue to contract for youth tutoring services which provides skill building tutoring to approximately 450 youth living in five SHA communities. This program links closely with classroom teachers to ensure the tutoring program complements what the students are learning in the school classroom.
- Efforts to work with the State Higher Education Coordination Board and the College Success Foundation will be increased to ensure that middle school youth for whom SHA provides housing assistance are enrolled in the College Bound Scholarship program. This program provides scholarship funding to low-income youth who attend a state-funded trade school, technical school, college or university in Washington.
- SHA is working with the non-profit Neighborhood House and others to create a Harlem Children's Zone type of educational support services pipeline for the High Point community. Neighborhood House has submitted a Promise Neighborhood application and is waiting to see if they will receive a grant. With or without the Department of Education funding, SHA is committed to working with Neighborhood House on the development of the pipeline and the eventual education and health outcomes it is intended to meet:

Education advocacy

SHA is starting a new initiative by utilizing Gates Foundation funding to hire a Education Engagement Specialist for one year. This position will start in the fall of 2010 and will assist and partner with Yesler Terrace parents and other low-income residents in the surrounding neighborhood to have a stronger voice in the planning for educational resources. There are many education advocacy organizations in Seattle, both at the school and city-wide levels. However, it appears that the participation of low-income parents who directly voice their wishes for their children's education is limited. The Education Engagement Specialist will first listen to Yesler parents about what issues about education for which they would like assistance advocating. Then a plan will be devised for conducting the advocacy, including training the parents in methods for taking the lead for themselves.

Develop a single economic opportunity program, integrated across housing programs and departments, for adult housing participants.

Single economic opportunities program

In 2010 SHA developed a five year economic opportunities strategic plan which will be implemented starting in 2011. A foundational block of this plan is to create a single economic opportunities program. Currently, SHA operates several different programs, driven largely by current or former funders' (including HUD's)

desire to be very prescriptive in what and how services are offered. A first step in implementing this effort is to co-locate our employment services and Family Self-Sufficiency/Tenant Trust Account staff together in offices throughout the city. These staff will take a common approach in working with all clients, regardless of what kind of economic opportunities services (e.g. savings accounts, training, job placement, etc.) they request. SHA also intends to renew its focus on the whole family as part of this single economic opportunities program. This means working with adults on the needs of their children, particularly pertaining to education, in addition to their own employment-related needs.

To ensure that this approach is successful and outcomes are met, SHA is aggressively engaging partner agencies such as the Workforce Development Council, Seattle Jobs Initiatives and Neighborhood House to develop a stronger referral and outcome tracking system. Through partnerships with agencies, SHA residents will be able to be referred to job sector training programs. For example, in 2011 residents will continue to receive pre-apprenticeship training in order to obtain jobs on ARRA funded projects for which SHA is utilizing green construction techniques. The local Workforce Development Council financially supports pre-apprenticeship training at Seattle Vocational Institute for Section 3 residents funding under a U.S. Department of Labor Pathways out of Poverty grant.

Community Services economic opportunities staff will continue to provide employment services and make 100 job placements in 2011 with an average hourly wage of at least $11.50, and at least 75 percent of placements having benefits.

Section 3 program

In 2011 SHA will continue to promote Section 3 to businesses pursuing contracting opportunities and ensure that every new hire position available on an SHA construction project be filled with a Section 3 eligible person if qualified and available.

Technology access

Technology labs: In 2011 SHA will have one active Neighborhood Networks (NN) grant from HUD to support the Yesler Terrace Learning Center, operated by the Associated Recreation Council. This grant will phase out in 2011. The lab offers high-speed Internet access, software training, English as a Second Language, and classes designed specifically for youth and seniors. SHA has two other labs, one at Center Park, which provides accessible computer equipment and Internet services to residents with disabilities, and the other at the seniors only public housing high-rise building Westwood Heights.

Wi-Fi service: SHA will partner with One Economy, a national non-profit, during 2011 to implement a federal technology ARRA grant awarded to One Economy. Under the grant, all low income rental units at the SHA garden communities, plus the Denny Terrace public housing high-rise, will receive Wi-Fi services. The infrastructure will be set up in 2011 with some, if not all, units receiving Wi-Fi services by the end of 2011. The services will be free of charge for the first two years, and then Wi-Fi services will be via a subscription system for a small monthly fee.

Increase financial security and optimal self-sufficiency for all housing participants.

Asset building

SHA will continue to encourage savings and assist clients with credit counseling in partnership with the Seattle-King County Asset Building Collaborative. The Collaborative oversees the Bank on Seattle initiative which encourages low-income people to use the banking system through a variety of incentives offered by member banks and credit unions. In addition, SHA will continue to provide savings through the Family Self-Sufficiency and Tenant Trust Account programs.

Family Self-Sufficiency Program: In 2011 SHA's Family Self-Sufficiency program (FSS) will continue to:

- enroll and maintain up to 210 participants from the Housing Choice Voucher and up to 70 participants from public housing;
- provide comprehensive case management and coordination of services with local providers;
- provide financial literacy, long-term financial planning and home ownership counseling.
- implement the proposed FSS policy changes approved in SHA's 2007 MTW Plan; and
- increase the membership of the Program Coordinating Committee (PCC) to provide more services and opportunities for housing participants.

Tenant Trust Accounts: The purpose of the Tenant Trust Account (TTA) program is to enhance public housing residents' economic self-sufficiency by helping them to save for home ownership, education, or to start a small business. SHA establishes a TTA on behalf of eligible households that choose to participate, depositing a portion of the household's monthly rent payment into the account. Deposits range from $10 to $170 per month depending on household income and rent paid, up to a lifetime maximum of $10,000. In 2011 SHA may make programmatic changes to better tie the TTA to individual and agency goals for tenant economic self-sufficiency and to align with the economic self-sufficiency restructuring.

Self-sufficiency for aging and disabled residents

Aging and Disability Services: In 2011 SHA will continue partnering with Aging and Disability Services (ADS) to provide longer-term case management support and eviction prevention services to residents of SHA public housing and Senior Housing communities. ADS serves approximately 1,400 SHA clients annually and provides 8,502 hours of service in the buildings.

Mental health case management: In 2011 SHA will continue to partner with Community Psychiatric Clinic (CPC) to provide mental health case management and eviction prevention services to high-rise residents in crisis. Three CPC case managers assist residents through outreach, needs assessment and referral. CPC works closely with property managers and Aging and Disability Services (ADS) case managers in order to support the residents and be able to provide them with the necessary services. CPC serves approximately 130 SHA residents annually and provides 864 building hours.

Strategic Direction #4 - Provide additional supportive services and increase the supply of housing tailored to the needs of low-income seniors.

Continuum of care for the aging

SHA has participated in an inter-agency working group examining the housing and services needs of elders in anticipation of the Baby Boomer generation coming into its senior years. This working group commissioned Cedar River Group to conduct a study regarding housing and services needs. The study "Quiet Crisis" was distributed widely to key external stakeholders in both Seattle and King County. Following this model of examining senior related issues in partnership with other stakeholder agencies, SHA hopes to collaborate with the same agencies in 2011 on a second study in order to examine the best service models for serving the aging low-income baby boomer population in existing SHA facilities and other low-income facilities. Based on the most promising models, the consultant report would propose a continuum of care for seniors in existing SHA facilities and other low-income facilities that co-funders of the study would want to include. SHA will use the findings from this study to inform our planning

on developing a continuum of care for elderly low income residents.

Engage partners who can bring additional subsidies to develop new senior housing.

HUD 202 funding

In 2010 SHA selected a development partner through a Request for Qualifications process for a HUD Section 202 or 811-funded project. The selected development entity is currently evaluating up to four SHA-owned sites for their potential to be developed into transit-oriented senior housing projects consisting of approximately 50 units within the next three years. Applications to HUD for funding will be submitted for the selected site(s) in the upcoming funding rounds.

Strategic Direction #5 - Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities.

Since the HUD-funded Drug Elimination Grant was eliminated several years ago and HUD has implemented a lottery system to award Resident Opportunities for Self-Sufficiency grants (as opposed to a competitive system), SHA has struggled to support the level of services needed for healthy and safe communities. Extremely low-income families need a range and depth of services that are not always readily available in the broader community. Regardless of SHA's attempts to leverage resources, subsidized housing residents are not necessarily the priority of service agencies or local government. The lack of dedicated funding, even when there are additional funds added to operating funding from HUD, forces SHA to pit service needs against property capital and maintenance needs.

Community gardens

In 2011 SHA will continue its partnership with the City of Seattle to support opportunities for growing food and hosting farmers markets. Through the partnership, the City's P-Patch program will provide community gardening opportunities in the SHA communities of High Point Yesler Terrace, Rainier Vista, and NewHolly. The gardens provide residents opportunities to grow organic produce for themselves and their families, and develop relationships with neighbors of diverse nationalities, which in turn builds the community. The program includes community gardens, market gardens, and youth gardens and is expected to serve over 400 individuals annually.

SHA will also continue partnering with a local non-profit and the City to create a Seattle Community Farm, located in Rainier Vista. The farm was funded by the United States Department of Agriculture (USDA) Community Food Project grant with a goal of creating a community urban farm for agricultural production, education, and market opportunities for low income residents. The farm will be used for garden education programming and to show residents how to grow food organically. The Farm will be part of a larger effort to create a model food system that better addresses the needs of low-income residents.

Community building

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

In 2011 Community Builders will continue to build on partnerships with community members, neighborhood organizations and service providers to promote engagement of individuals in their communities across economic, ethnic, and age lines. Strategies include:

- using translation and interpretation services to enable greater resident leadership participation for people whose primary language is other than English;
- supporting renters and home owners working on a variety of community-based events and developing committees to further neighborhood goals;
- supporting the formation of additional Duly-Elected Resident Councils (approximately 20 of the 29 public housing communities have such councils) and providing technical assistance to the existing Councils;
- involving resident leaders in the Joint Policy Advisory Committee, decision-making regarding Resident Participation Funds, and in developing leadership and training opportunities;
- engaging more residents, especially public housing residents from high-rise buildings and scattered sites, in Seattle District Council meetings and community events; and
- support the resident-driven Emergency Preparedness Team to continue to help prepare residents for a variety of emergencies.

Community-specific activities

Highlights of some of the community-specific activities planned for 2011in support of promoting healthy, welcoming communities are:

- supporting Yesler Terrace residents in their involvement with the planning process for the redevelopment of the Yesler Terrace redevelopment;
- facilitating NewHolly community members' vote on how to use their community building resources and making mini-grants to one another; and
- providing technical assistance to the High Point Community Leaders program which is an affinity group made of homeowners and renters who are seeking to address community issues that cut across income lines.

Positive activities for youth

- In 2011 SHA will continue to partner with non-profit organizations to increase services for youth. Services will include tutoring, arts, leadership activities, healthy eating, gardening, and physical activities. Due to the current economic crisis, non-profit partners continue to need more funding from SHA in order to be able to provide these services to the youth. SHA's anticipated direct investment in youth services for 2011 will be approximately $720,000.

Safety and security in SHA's family communities

- SHA will continue its commitments in the 2011 budget to be proactive, in partnership with residents, homeowners, schools, community organizations, the police, and other city agencies to ensure that our communities are safe and are perceived to be safe.
- The community building strategies outlined previously in this section will continue to build neighbor-to-neighbor ties that create a stronger community that is more resistant to criminal activity. Safety and security committees in several communities work to develop local solutions to community concerns. Increases in both the presence of private security and Seattle Police Department Community Police Team officers have already been implemented.
- SHA is also continuing to pay close attention to the role of youth in perceptions of, and actual, safety concerns in the communities. Additional youth services will continue at High Point and NewHolly, including the increase of summer recreational activities with the Seattle Parks Department and our summer youth employment program.

Smoke-free housing

In 2011 Seattle Housing Authority will develop a set of policies to guide the agency's direction toward smoke-free housing for all rental housing units. Policies will be developed using stakeholder and resident involvement. Implementation of the SHA Board-approved plan will begin in 2011 and may reach approximately 3,500 units by year end. Implementation will include resident outreach and education, facilitated access to tobacco cessation options.

This work will be supported in part by a Communities Putting Prevention to Work Tobacco Prevention grant from Public Health of Seattle and King County. The grant is made possible by ARRA funding.

Management Strategy #1 - Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.

Manage the Housing Authority's assets and operations to maximize the value and longevity of real estate and rental housing, and ensure that operations are cost effective.

Ongoing efficiency efforts

In 2011 SHA will engage in a number of activities to further efforts to maximize the effectiveness of our properties and operations. This will include working to:

- convert the myriad of property management software programs currently in use to a single system;
- evaluate the performance of all developments and programs against original operational and financial plans; adjust business plans and practices to maintain operational and financial integrity throughout the agency;
- conduct an ongoing operations improvement program by continually evaluating the efficiency and cost-effectiveness of administrative and service-delivery functions and implementing changes to streamline operations and improve service;
- actively identify and implement ways to improve customer service for our program applicants and participants;
- use MTW flexibility wherever possible to reduce administrative burden and operating costs. In particular, maximize flexibility in order to simplify and streamline rent calculations across housing programs; and
- actively identify and implement ways to simplify and streamline administrative processes.

Agency assessment system

In 2011 SHA plans to move forward with obtaining HUD approval of an alternate system for measuring housing authority performance. HUD's Public Housing Assessment System (PHAS) and other evaluation systems are not adequate to measure the performance of MTW agencies. In particular:

- scoring does not take into consideration planned risks associated with experimentation;
- project-level focus ignores funding fungibility, local goals, and local conditions;
- limited time frame assessed does not consider multi-year trends; and
- program-specific focus of HUD assessments do not account for the entirety of the work of the housing authority.

In 2010 SHA began working with other MTW agencies to explore alternatives. In 2011 SHA hopes to submit an alternative for HUD-approval that meets that needs of HUD, MTW agencies, and local communities.

Strengthen the agency's financial position and its ability to respond to shifting economic conditions.

In 2011 SHA will make a number of concrete steps toward the goal of strengthening the agency's financial position.

- Make the 2011 payment of $8.45 million against Seattle Housing Authority's Infrastructure Note from for-sale proceeds at High Point and Rainier Vista;
- Develop a contingency plan to backstop at least a portion of the Infrastructure loan fixed annual principal repayment requirements;
- Develop and implement a proposal for paying down the current combined balance of $16 million on the Operating, Real Estate, and Taxable lines of credit (LOC) over the period 2011-2015 from disposition of properties, permanent financing of properties currently on an LOC, or paydowns from SHA reserves;
- Reduce Seattle Housing Authority's reliance on short-term debt by paying down $3-5 million of outstanding balances on lines of credit in 2011;
- Negotiate extensions of current credit instruments or restructuring of SHA borrowings for SHA's three lines of credit – Operating, Real Estate, and Taxable;
- Maintain/build Seattle Housing Authority's Operating Reserve to at least one month's total operating and average debt service expenditures;
- Implement required actions to ensure that all properties, where applicable, are meeting debt-service coverage ratios (DCRs); where there are chronic problems with meeting DCRs, work with Asset Management and Housing Operations departments to conduct a thorough review of the property and develop a corrective action plan;
- Address the treatment of capital reserves in Seattle Housing Authority's financial statements and cash reserve balances;
- Make recommendations to the agency's Financial Policy Oversight Committee to implement key recommendations of the financial risk assessment prepared by our financial advisory services consultants, including in particular, measures for the future to build a Development Reserve;
- Select a banking services provider for a five year term;
- Continue to improve the agency's Finance and Administration Department's ability to forecast cash flow needs and undesignated unrestricted reserves; and
- Continue preparing a Comprehensive Annual Financial Report (CAFR) that is confirmed by the independent auditor to be a reliable statement of SHA's financial condition and that is recognized as an excellent example of comprehensive financial reporting by the Government Finance Officers Association.

Management Strategy #2 - Identify and implement sustainable development, energy efficiency and green building across the agency.

SHA has long history of working toward minimizing its impact on the environment, ranging from the natural drainage system at High Point to partnering with Seattle City Light to distribute compact fluorescent light bulbs to residents. In 2011 SHA will continue to promote and include green building practices in both new construction and rehabilitation projects. SHA will also incorporate sustainability into daily

management and maintenance practices in housing portfolios and administrative and maintenance facilities. In addition to the construction and rehab projects described above under *Strategic Direction #1*, additional key projects planned for 2011 are highlighted below.

Recycling and organic waste

The agency's solid waste operation works closely with Seattle Public Utilities to plan and implement waste reduction, diversion and recycling goals and objectives. In 2011 SHA will continue and expand recycling and organic (food and yard waste) activities. In 2010 SHA created a Recycle Support Assistant position. This position monitors and analyzes recycling effectiveness, suggests improvement strategies and provides resources and training for tenants and managers. In late 2010 SHA's recycling program will add organics collection to SHA's largest administration buildings and pilot organics at Phinney Terrace. In 2011 organics collection will be expanded to other apartment buildings.

Energy efficiency upgrades

SHA will continue to partner with the City of Seattle to update a number of features in existing units to reduce resource consumption. The City is contributing ARRA funds and SHA is providing the labor through June 2011. As a result of this partnership, 50 units per month will receive:

- new, more efficient lights in the bath and kitchen;
- new energy efficient fan in the bathroom;
- replacement of the building's exterior lighting with LED where possible or energy saving fluorescent; and
- new thermostats in the non-SSHP buildings (as they already have them).

Metering

SHA will continue to look for resources to be able to individually meter more units so that tenants can be directly responsible for their utility bills.

Management Strategy #3 - Promote a healthy, engaged and productive workforce.

In 2011 Seattle Housing Authority will continue to improve efforts to promote a healthy, engaged, and productive workforce. Specific activities will include:

- Classification and Compensation Survey – Review the current classification system as it has not been reviewed in a number of years.
- Employee Survey – Perform an employee survey to understand whether employees' attitudes and opinions about the workplace have changed.
- Software Training – Continue and expand the availability of software training programs for staff at all levels.
- Supervisor Training – Offer a variety of training programs to support the development of supervisory and leadership skills for supervisors and managers.
- Other Training – Providing training in managing stress, dealing with challenging interpersonal relationships, and understanding the unique needs of residents.

IV. Long-term MTW Plan

This section describes the Agency's long-term vision for the direction of its MTW program. It also outlines MTW activities that are under development, but not yet being officially proposed to HUD for approval.

Strategic planning

Late in 2009 and in the first half of 2010, Seattle Housing Authority undertook a strategic planning process to set the agency's direction for the next five years. The process engaged staff, residents, key stakeholders and other community members in considering the key questions facing the Housing Authority and exploring solutions that allow the agency to meet its mission in the best and most efficient ways possible.

The result of this effort is the 2011-2015 strategic plan entitled "Bold Plans in the Face of Uncertainty." The plan re-affirms the agency's core commitments. It also calls for new areas of focus, with an emphasis on expanding access to education and economic opportunity.

The strategic plan was adopted by agency's Board of Commissioners in September 2010.

MTW and SHA's Strategic Plan

Moving to Work is a tool to achieve local and federal goals. The housing authority intends to maximize the potential provided by MTW to achieve its strategic directions, and to closely integrate the flexibility offered by this status into overall planning efforts.

Moving to Work has three statutory objectives:

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

These statutory objectives are integrated throughout SHA's Strategic Plan. Below are SHA's draft strategic directions and management strategies. The MTW objectives they align with are indicated in parentheses.

Strategic Directions

1. Expand housing for low-income residents across Seattle by maintaining and expanding the supply of low-income housing stock. (MTW objective: Housing choice.)
2. Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers. (MTW objective: Housing choice.)
3. Support housing participants as they strive to improve their lives and move toward success through education and employment. (MTW objective: Self-sufficiency.)
4. Provide additional supportive services and increase the supply of housing tailored to the needs of low-income seniors. (MTW objective: Housing choice.)
5. Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities. (MTW objectives: Cost-effectiveness, self-sufficiency, and housing choice.)

Management Strategies

1. Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission. (MTW objectives: Cost-effectiveness.)

2. Identify and implement sustainable development, energy efficiency and green building across the agency. (MTW objectives: Cost-effectiveness and housing choice.)
3. Promote a healthy, engaged and productive workforce.

Planning for a unified rent policy

SHA has begun to explore options for creating a unified rent policy for both public housing and housing choice voucher participants. Housing participant and stakeholder input will be sought and incorporated into the agency's decision making. The following is a summary of some of the key reasons SHA will pursue this effort.

Why should we change Seattle Housing Authority rent policies?

Seattle Housing Authority serves more than 11,000 households in its federally-subsidized housing programs. Currently, SHA operates several sets of policies and procedures for determining how much money families in these housing programs should pay for their rent and utilities. This exists in spite of the fact that these programs are designed to serve generally the same populations. Many of these differences were developed intentionally to meet goals specific to the program. However, it is unclear that the benefits of these customizations outweigh the challenges they present.

Opportunities are being missed to serve more clients and/or serve clients better

Some of the time and expense SHA in implanting current rent policies could be leveraged to provide housing subsidy to additional households or to offer increased supportive services to residents.

There is disparity across programs

Currently three otherwise identical households in similar housing could pay different amounts for rent and utilities and have different access to asset building services such as escrow accounts, depending on which rent policy they fall under.

Current policies may be difficult to understand

In 2008 and 2009 surveys, 18 and 31 percent of housing participants surveyed (all housing programs and public housing only, respectively) reported that they do not understand how SHA calculates their rent.

Current policies are costly to administer

Managing the requirements of SHA's various rent policies, in addition to other regulatory requirements, is expensive due to the need to keep staff adequately trained and maintain technological systems to support the policies. Many policy aspects are cumbersome for both staff and participants. In addition, several of these policy aspects yield little difference in rent amounts.

Current policies create a disincentive to resident employment

Nearly 30 percent of public housing residents surveyed in 2008 believed that they would stay unemployed or work fewer hours to avoid an increase in their rent.

There is no clear evidence that current policies incentivize work

Public housing residents in 2004 and 2008 surveys consistently reported that factors such as their own desire for higher pay and better benefits, their fear of getting laid off, and other life circumstances were more important in their employment choices than SHA's rent policy or lease requirements.

V. Proposed MTW Activities: HUD approval requested

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

Plan amendment: New proposed MTW activities

Seattle Housing plans to implement three new MTW strategies in 2011. The first is a simplified schedule for utility assistance in the Housing Choice Voucher program. The second and third strategies allow us to bring Low Income Public Housing (public housing) subsidy into the Seattle Senior Housing Program (SSHP) without fundamentally changing the program's rent structures or operating policies.

Simplified Utility Allowance Schedule (Utility Estimate)

SHA's HCV program is proposing an additional strategy to our existing MTW Activity #10 – Local Rent Policy. This strategy is a simplified utility allowance, called a Utility Estimate, to replace the existing utility allowance schedule, which is overly complex, difficult to explain, time consuming to administer, and vulnerable to data errors. HCV participants' rent will be adjusted for a Utility Estimate based on the number of bedrooms (defined as the lower of voucher size or actual unit size) and tenant responsibility for payment of energy and sewer/water under their lease. A separate estimate will be assigned when the tenant pays for the electricity in their unit but the landlord pays for space heating costs as space heat accounts for the majority of a unit's energy consumption. An energy efficient estimate will be offered to new construction and substantially rehabilitated properties that meet a threshold score under the State of Washington Evergreen Standards or Enterprise Green Communities in the categories of water conservation and energy efficiency. The energy efficient estimate will be a prorated amount between 80-90% based on a comparison of consumption data for similar units.

Calculating utility allowances currently requires that inspectors document the various utility options for each room of the unit and select from more than 250 options. Once the complicated calculation is completed, explaining this calculation to property owners and program participants is difficult and often misunderstood. This change will streamline the administrative process required to calculate housing costs for participants and make the process more transparent and easier to understand for participant families and housing providers.

The new Utility Estimate will apply to all eligible HCV households, except those used in SHA's HOPE VI communities and those that have Washington State Housing Finance Commission-approved property-specific utility allowance. This includes about 6,700 households that currently have a utility allowance greater than $0. SHA will also pursue opportunities to apply the simplified Utility Estimate Chart to Special Purpose Vouchers.

Following HUD approval, the Utility Estimate Chart will be used at the next Annual Reexamination, Annual Update, or New Move In (hereafter collectively referred to as "Review") for each affected household. The impact on families with a rent increase greater than $50 will be mitigated by phasing in implementation for these households so that at their first Review their Utility Estimate will only decrease by $50. The remainder will be applied during an Interim Reexamination six months after the Review date.

SHA will review the Utility Estimate Chart annually and revise the chart if there has been a change of 10 percent or more in utility rates

since the last time the Utility Estimate Chart was revised.

In the table below is how the new Utility Estimate Chart likely will look when finalized for 2011. Adjustments may be made due to changes in rates or consumption data. To be clear, it is the structure of the utility estimate, rather than the dollar amounts, that we are proposing with this MTW strategy.

Utility Estimate Chart

	0 bed	1 bed	2 bed	3 bed	4 bed	5 bed	6+ bed
Tenant Pays all Utilities *(Energy, Water, Sewer, Garbage)*	**$100**	**$100**	**$140**	**$215**	**$290**	**$365**	**$365**
Tenant Pays Energy Only *(Electricity, Gas, Oil)*	**$35**	**$35**	**$50**	**$85**	**$140**	**$180**	**$180**
Tenant Pays Electricity/ *central or owner paid heat*	**$15**	**$15**	**$20**	**$35**	**$60**	**$80**	**$80**

If the tenant is not responsible to pay for any utilities under the lease, the assigned utility estimate will be $0.

Utility Estimate Chart for Energy Efficient Properties

	0 bed	1 bed	2 bed	3 bed	4 bed	5 bed	6+ bed
Tenant Pays all Utilities *(Energy, Water, Sewer, Garbage)*	**$90**	**$90**	**$125**	**$195**	**$260**	**$325**	**$325**
Tenant Pays Energy Only *(Electricity, Gas, Oil)*	**$30**	**$30**	**$45**	**$80**	**$125**	**$165**	**$165**

If the tenant is not responsible to pay for any utilities under the lease, the assigned utility estimate will be $0.

MTW Activity #10.H.14	**Simplified utility allowance schedule:** HCV participants' rent will be adjusted for a Utility Estimate based on the number of bedrooms (defined as the lower of voucher size or actual unit size) and tenant responsibility for payment of energy, heat, and sewer/water under their lease, with a proration for energy-efficient units.		
Targeted MTW statutory objective	**Cost-effectiveness:** The creation of a simplified utility table will make it easier for participants and housing providers to understand how rent is calculated. By simplifying rent calculation through the Utility Estimate, staff will spend less time explaining a complex utility allowance table and responding to inquiries regarding unit affordability. Calculation and data entry will be simplified, resulting in decreased administrative time.		
Schedule	Implementation will begin with annual reviews in 2011, following HUD approval.		
Outcome Measures	**Metric**	**Baseline**	**Benchmark**
	Annual staff time savings (hours)	750 hours - estimated time spent administering, assigning, and explaining current utility allowance to tenants and landlords (average of 7 minutes per voucher)	200 hours (average of 2 minutes per voucher) - staff time savings of 550 hours; a 73% reduction
	Hardship requests resolved	0	20 – SHA estimates that in the first year of

			implementation, 20 requests for a hardship waiver will be received and resolved.
Data sources	SHA maintains details about unit and utility types for all units with voucher subsidy. After implementation the agency will continue to maintain details about unit type and tenant responsibility for energy and water/sewer utilities. Estimated staff time savings is based on 2011 time studies and staff estimates. The Utility Estimate Chart uses consumption data from the Seattle City Light 2009 Residential Survey and is based on electric heat and energy. Current rates are then applied using an average of summer and winter rates. Daily per capita water usage is applied to the average number of household members by bedroom size. If a household is responsible for water and sewer, the Utility Estimate also provides a garbage allowance based on Seattle Public Utility collection rates. The average consumption data used in the Utility Estimate was calculated using a weighted average for utility costs in multi-family and single family residences based on actual distribution of households in those unit types by bedroom size. Using local consumption data does not require MTW authority and its relevance is further detailed in the impact analysis.		
Authorizations Cited	MTW Agreement: Attachment C (D)(2)(a). Specific waivers include: 24 CFR 982.517.		
Hardship Policy	Households qualify for a hardship waiver if they provide twelve months of utility bills that, combined, exceed the designated utility allowance by 50 percent, and are not leasing a larger unit than their voucher size. Upon completion of an educational meeting provided by Seattle Housing Authority regarding energy conservation, qualifying households will be given the average of their actual utility costs in lieu of the established Utility Estimate for six months. At that time it is expected that the family will either reduce their utility consumption or elect to move to a more energy efficient unit. Existing households who would experience a rent increase of more than $50 per month will have the new utility amount phased in as explained in the policy description above.		

Impact Analysis

SHA conducted a detailed analysis of the impact of the Utility Estimate policy on existing households. The analysis of the MTW impact is complicated by the fact that we are simultaneously changing the source of consumption data used to estimate utility costs (which does not require MTW flexibility).

We are changing the source of consumption data in order to draw on real local data rather than continuing to use a model that relies on national averages adjusted for local weather. If we were only changing the structure of the Utility Chart to the simplified Utility Estimate calculation and continuing to use the same consumption data drivers, only three households out of 6,737 would have an increase in rent greater than $50. However, in an effort to be transparent about the complete impact on residents, the impact analysis looks at the combined effect of both the MTW policy change (the simplified table) and the consumption data source.

There are currently about 6,700 households using MTW vouchers who have a utility allowance greater than $0 and do not live in a HOPE VI property. An analysis of the impact of

the new Utility Estimate Chart on these households indicates that more than 91 percent will experience no change or a change of less than $25 per month. Just over three percent will experience a rent increase greater than $50 as a result of a decreased utility estimate using the new simplified chart, which includes the impact of both the MTW policy change and the local consumption data. Additionally we looked specifically at households with an Annual Gross Income less than $10,000 and 78 of these households (2.1%) will experience a rent increase greater than $50. An Annual Gross Income of $10,000 or less represents the majority of fixed income households, including families receiving TANF and SSI.

New Utility Estimate	MTW Households		Households with Gross Income Less Than $10,000	
Changes in Tenant Rent	**#**	**%**	**#**	**%**
All Households	**6,737**	**100%**	**3,715**	**55%**
No change in rent or change less than $25	6,146	91%	3,498	94%
Rent decrease between $25 - $50	157	2%	56	2%
Rent decrease greater than $50	36	1%	10	<1%
Rent increase between $25 -$50	180	3%	73	2%
Rent increase greater than $50	218	3%	78	2%

The impact on the agency's Housing Assistance Payments (HAP) is a savings of approximately $300,000, or about 0.6 percent of the HAP spent for impacted MTW voucher households.

The impact analysis includes MTW vouchers only; however we expect that the analysis would show a similar distribution of impacts when applied to non-MTW households.

Hardship Case Criteria

Households will qualify for a Hardship Waiver if they provide twelve months of utility bills that, combined, exceed the designated utility allowance by 50 percent and are not leasing a larger unit than their voucher size. Upon completion of an educational meeting provided by Seattle Housing Authority regarding energy conservation, qualifying households will be given the average of their actual utility costs as their Utility Allowance for the following 6 months. At that time it is expected that the family will either have reduced their utility consumption or elected to move to a more energy efficient unit.

Transition Period

SHA is prepared to implement the new Utility Estimate Chart following HUD approval. The new Utility Estimate Chart will be factored into participant rent calculation at their next regularly scheduled review, either at Annual Review, or for fixed income households under our Triennial Recertification policy at the next Annual Update. Households will receive at least 30 days notification of any increase to their housing costs consistent with existing policies.

Seattle Senior Housing Program

The second and third new strategies allow us to bring Low Income Public Housing (public housing) subsidy into the Seattle Senior Housing Program (SSHP) without fundamentally changing the program's rent structures or operating policies. Maintaining consistency in rent and operating procedures will minimize disruptions for the low-income elderly and disabled households that are currently living in SSHP units and allow Seattle Housing to sustain this valuable housing resource.

Established by a 1981 Seattle bond issue, SSHP buildings have not previously received ongoing operating subsidy, with the exception of program-based vouchers in a minority of the

units. However, over time rents have proven insufficient to address extensive water intrusion-related capital needs, upcoming elevator improvements, and life-cycle repairs and replacements that are necessary to maintain these communities. After exploring multiple options in partnership with residents, SHA has decided that the best option to preserve the SSHP communities is to bring public housing subsidy into the program so that it can continue to serve predominantly extremely-low-income seniors (income levels less than 30 percent of the area median) with affordable rents in safe living environments.

A total of 21 SSHP buildings and 933 affordable units will begin to receive public housing subsidy. SSHP households are 90 percent elderly and 10 percent persons living with disabilities, a distribution that will remain in place with the introduction of public housing subsidy. SHA does not anticipate bringing subsidy into two communities currently in the SSHP program - South Park Manor, which we are planning to transfer to Sea Mar, a local community health organization, and Leschi House, a site which we are considering redeveloping in order to add capacity at this popular location. However, if either of these plans does not go through, subsidy may be brought into these communities and MTW activities would apply to those units as well.

In addition to the three new MTW strategies that are described in greater detail in the following section, we will need to apply some of our previously approved MTW flexibilities in order to bring public housing subsidy to SSHP units without fundamentally changing rents and operating practices. These activities, outlined in Section VI, are a local approach to inspections and the ability to use a local lease (MTW Strategies 3.P.01 and 5.P.01 respectively). SHA is also using its previously approved MTW authority for streamlined public housing acquisitions (MTW Strategy 1.P.02) to simplify and expedite the administrative process for bringing the units into the public housing program.

In addition to the existing MTW authorizations that we specially call out as facilitating the introduction of public housing subsidy to SSHP, all of the MTW activities that apply to our general LIPH portfolio will apply to the SSHP program as well, unless otherwise noted.

SSHP Rent Policy

MTW flexibility is needed to maintain the current SSHP rent policy when public housing subsidy is added to SSHP units. Residents pay rent established by one of four rent tiers for a one-bedroom unit based on their percent of Area Median Income (AMI), as determined by their gross income and household size. The following shows the tiers and current rents:

Gross Income as a Percentage of Area Median Income	One-Bedroom Unit Rent
Under 20 percent	$269
20 - 29 percent	$427
30- 39 percent	$581
40 percent and over	$755

SSHP residents who choose to lease a two bedroom unit will pay ten percent more per rent tier. (Approximately ten percent of SSHP units have two bedrooms.)

Income from assets valued under $50,000 will not be counted toward gross income. Because income for this population fluctuates infrequently, rent reviews will be conducted only every three years, regardless of income type. SSHP residents whose rent was set under previous policies will continue to be grandfathered at their current rents until they have a permanent change in income that places them at a different rent amount or choose to move to a different unit, in which case they will begin to participate in the tier structure. Rents for all households are adjusted annually based

on a predetermined increase such as Social Security Cost of Living Adjustment or the Consumer Price Index.

MTW Activity #10.P.17	**SSHP rent policy:** Rents in SSHP units receiving public housing subsidy will be one of four flat rents based on the tenant's percentage of Area Median Income (Under 20 percent, 20-29 percent, 30-39 percent, or 40 percent or over).		
Targeted MTW statutory objective	**Cost-effectiveness:** Rents are determined only at move in and every three years thereafter, given that incomes change very little for the target population of these units. **Housing Choice:** SSHP residents will be able to remain in their housing of choice without significant change in their rent contribution or housing experience and SHA will preserve 933 units of affordable housing targeted for seniors.		
Schedule	SHA has been implementing a tiered flat rent policy in our senior housing portfolio since 2003. The units have been wholly locally-funded since the program's inception. However, MTW authority will be needed to continue the current tiered rent policy after bringing public housing subsidy into the SSHP program. This MTW rent policy will be implemented simultaneously with the public housing subsidy. All households will complete a rent review in 2011. The three year review schedule will be rolled out in phases, with one-third of units completing a second review in 2012, one-third in 2013, and one-third in 2014. The every three-year rent reviews will be based on a rotating schedule of buildings, not on the tenant's move in date.		
Outcome Measures	**Metric**	**Baseline**	**Benchmark**
	Staff time savings from avoided rent reviews annually	0 - without MTW authority, all units in public housing would have to complete annual rent reviews.	0 staff hours saved in 2011due to initial reviews for all households; 933 staff hours saved from avoided rent reviews in subsequent years (622 avoided reviews at 1.5 hours each)
	Percentage of senior housing residents whose rent remains stable	0%- maintaining the current rent structure would not be possible without MTW authority.	100%
	Number of (one bedroom) senior housing residents paying more than 40% of their income for rent	37 (4%)	Less than 47 (5%)
Data sources	SHA's property management software maintains information about tenant rents, but the SSHP program currently records income at move in only. This information will be updated at future rent reviews upon implementation of public housing subsidy.		
Authorizations Cited	MTW Agreement: Attachment C (C)(11).		
Hardship Policy	Residents who can not afford the minimum rent due to a loss in source of income will be eligible to transfer to Ballard House or Westwood Heights, which are senior communities in our general public housing program.		

Property-Specific Pet Policies

This MTW strategy, part of our overall MTW Initiative #5 – Local Lease, will allow SHA to continue to maintain the current property-

specific approach to pet policies after bringing public housing subsidy to SSHP units and may apply to other properties in the future. Current SSHP pet policies have been developed in cooperation with residents over the years. This approach allows residents and property management to balance a variety of needs, including providing housing choice for residents who prefer a pet-free environment. In combination with the smoke-free policy in place in SSHP buildings, specific pet policies will continue to provide options for residents with respiratory difficulties or who are allergic to common pets. This policy does not preclude the use of service animals or other required accommodations.

MTW Activity #5.P.04	**Property-specific pet policies:** SHA may establish pet policies, which may include the continuation or establishment of pet-free communities or limits on the types of pets allowed, on a building by building basis.		
Targeted MTW statutory objective	**Housing Choice:** allows the continuation or development of pet policies that provide housing options for those who have respiratory difficulties, are allergic, or prefer limitation on pets.		
Schedule	SHA has already limited pets in 19 of our SSHP communities to fish and caged birds, and also allows cats in four other SSHP communities. Changes to pet policies in SSHP or other SHA communities, while not planned at this time, will be developed in consultation with residents and the agency's Board through SHA's regular policy development processes.		
Outcome Measures	**Metric**	**Baseline**	**Benchmark**
	Number of units in pet-limited communities	0 – without MTW authority, SHA could not limit pets in this manner	933
	Resident satisfaction with living environment	To be developed in 2012 survey	SSHP residents responding to the 2012 survey will be at least equally satisfied with their living environment compared to general public housing residents
Data sources	SHA tracks the pet policy and number of units for each property. A resident satisfaction survey will be conducted with a statistically valid sample of SHA residents across programs in 2012. The survey will be administered by a third party by telephone in the resident's primary language. The third party tracks demographics and housing type/portfolio for each respondent.		
Authorizations Cited	MTW Agreement: Attachment C (C)(10).		

Impact Analysis

SHA's proposal to maintain tiered flat rents in SSHP is anticipated to have no impact on current residents because it will retain the rent structure currently in place. However, an impact analysis is required because it is a MTW activity that differs from HUD's standard rent policy and is therefore considered a rent reform initiative.

Our SSHP housing stock is meeting an important need in the community. This is supported by healthy waiting lists, vacancy rates consistently under two percent, and the fact that rents, which currently range from $269 to $755, are a fraction of fair market rents for Seattle and particularly for the highly desirable neighborhoods in which many SSHP communities are located.

In the following table, we compare the impact of the current SSHP rent structure with expected impacts in 2011 following HUD approval. Because this activity maintains current rent policy, we find no increase in negative impacts. We also compare the SSHP rent policy with current public housing residents at Westwood Heights and Ballard House. Westwood Heights and Ballard House provide us with a particularly apt opportunity to compare impacts because these buildings are senior-designated communities in SHA's regular public housing portfolio.

Anticipated Impact	Indicator	2010 SSHP (with current rent policy)	Anticipated results in 2011 (with proposed MTW activity)	Westwood Heights and Ballard House comparison (2010)
No increase in rent burden for SSHP households	Average rent payment as a percentage of gross household income	34%	34%	28%
	Percent of households paying 30% or less of their income for rent at move in	46%	46%	100%
	Percent of households paying 30-40% of their income for rent at move-in	52%	52%	0%
	Percent of households paying more than 40% of their income for rent at move-in	4%	4%	0%
Continue to serve low income seniors	Total number of low-income senior households assisted	867	867	182
	Percent of households with incomes under 50% AMI	96%	96%	100%
SSHP households remain stably housed	Average length of stay	7 years	7 years	8 years

Notes: Data is as of year end 2010 and excludes voucher holders, Leschi House, and South Park Manor. Utility allowance is excluded from Ballard House and Westwood Heights analysis in order to reasonably compare with SSHP units (which do not receive utility allowances).Rows 2, 3, and 4 sum to greater than 100% due to rounding.

The preceding table illustrates several key conclusions about the impact of the SSHP rent policy when compared to a more typical public housing rent policy:

- The percentage of a household's gross income paid for rent is relatively similar between rent policies (34 percent compared to 28 percent)
- Residents remain in their units for comparable periods of time (7 years compared to 8 years)
- The percentage of households served below 50 percent of area median income is comparable (96 percent versus 100 percent)
- A greater number of households in the SSHP program are currently paying and will continue to pay more than 30 percent of their income for rent and utilities (56 percent versus 0).
- Only a very small number (four percent) of SSHP residents pay more than 40 percent of their income for rent. This typically occurs when a household voluntarily chooses to pay more to rent a two bedroom unit or when the household relies on financial contributions from family members to assist with their rent.

We encountered several data challenges in preparing this analysis. One of these challenges is that income information is only collected from

tenants an move in. Rents have risen during most years in accordance with the rent policy, but income data has not been updated and may be out of date by a decade or more. Another challenge is that many of the households paying more than 30 percent of their income for rent and utilities receive financial contributions from family members; however, this information has not been tracked in SHA's data system. Through the income review process that will be undertaken when bringing public housing subsidy into SSHP units, these data challenges will be resolved.

The lowest flat rent tier for SSHP units is currently $269. SHA refers applicants that are not able to afford the minimum rent to Ballard House or Westwood Heights, which are senior communities in our general low income public housing program with a minimum rent of $50.

We expect that this MTW activity will have no disparate impacts on protected classes of households, because it will allow all current households to maintain their housing. However, we will continue to monitor the demographic composition of our SSHP households to ensure that disparate impacts of our rent policies do not develop over time.

Annual Reevaluation

SHA will reevaluate this activity and its impact on residents in the agency's annual MTW report.

Hardship Case Criteria

If there is a change in the resident's income that results in a permanent decrease in the household's gross annual income, the resident may request a recertification to reduce their rent to the applicable rent tier, per the tiered rent schedule. Each household will be allowed one adjustment to a lower rent tier per calendar year.

If a household cannot afford the minimum rent tier, a resident may request a hardship waiver if no income was received into the household the previous month or the household has documentation that it will not receive any income in the current month for one of the following reasons:

1. A death in the household has occurred.
2. The household income has decreased due to a change of circumstances, such as involuntary loss of employment or benefits.

In such a case, rent will be reduced to zero for that one month.

The household may also request a hardship rent deferral for one additional month for the same reasons. Rent will be deferred for an additional one month.

The following month the deferred rent will be due along with any current rent owed at that time.

SSHP residents in good standing who cannot afford the lowest rent tier beyond the hardship period will be offered the opportunity to transfer to a unit that would be more affordable (for example, "regular" public housing in Ballard House or Westwood Heights, which are senior communities).

Transition Period

Because the rent reform policies have been in place in SHA's SSHP communities since 2003, implementation of the MTW activity will begin immediately, so that in practice SHA can maintain the same policies for all SSHP residents continuously. All current households will complete a public housing income review in 2011.

Board Approval

SHA's Board of Directors adopted the amendment to the 2011 MTW Plan on June 20, 2011, including the simplified utility estimate and continued rent structure and building-specific pet policies for the SSHP program as new MTW strategies.

Public Process

SHA engaged in an extensive outreach and engagement process in developing the amendment to the 2011 MTW Plan. SHA staff

met with Seattle Senior Housing Program (SSHP) residents, voucher holders, landlords, the City Council, the local HUD Field Office, and local affordable housing groups to inform them about the proposed plan amendment and gain their feedback.

The public comment period was open from May 9 through June 9, 2011. Residents were notified of the public hearing and the availability of draft documents through *The Voice*, direct mail to voucher holders, flyers in SHA buildings, and a letter to resident leaders. The public was informed via the agency's website and an ad in the Seattle/King County newspaper of record, the *Daily Journal of Commerce*.

Public hearing: A public hearing was held on Monday, June 6, 2011 at 5:00 p.m. SHA presented the draft plan and took comments, followed by a general question and answer period. Nineteen people attended the hearing and sign language interpretation was provided.

Additional public comment: SHA also accepted comments in writing or by phone during the comment period. Four comments were received in writing and two by phone.

VI. Ongoing MTW Activities: HUD approval previously granted

This section provides HUD-required information detailing previously HUD-approved uses of MTW authority, including evaluation criteria and specific waivers to be used.

Background

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

MTW initiatives

MTW initiatives are overarching areas of reform that SHA is pursuing, such as rent reform or the local project-based HCV program. SHA had obtained approval from HUD for most of these initiatives through Annual Plans and other means prior to execution the Amended and Restated MTW Agreement. During that time, MTW agencies were not required to specify policy elements or waivers being used to implement the initiative. For the purpose of evaluating the impact and success of these initiatives, SHA has made an effort to break down the specific elements of the initiative into "activities." Activities have been renumbered from the numbers provided in SHA's 2010 MTW Plan to better relate them to their original initiative and to one another as appropriate. The numbers used in the 2010 report are listed below as "formerly known as" for reference.

SHA has developed 17 MTW Initiatives comprising more than 100 MTW Activities. SHA's MTW Initiatives are:

1. Development Simplification
2. Family Self-Sufficiency Program
3. Inspection Protocol
4. Investment Policies
5. Local Leases
6. MTW Block Grant and Fungibility
7. Procurement
8. Special Purpose Housing
9. Project-based Program
10. Rent Policy Reform
11. Resource Conservation
12. Waiting Lists, Preferences, and Admission
13. Homeownership
14. Related Non-Profits
15. Combined Program Management
16. Local Asset Management Program
17. Performance Standards

Below is a listing of SHA's previously approved MTW Activities, broken out by their corresponding MTW Initiative. They are divided into three categories: active, inactive, and no longer allowable. Not every initiative has activities in each of these categories.

MTW Activities – Active

Active status indicates that an activity has been will be in active implementation in 2011 or is under active development for implementation.

MTW Initiative #1 - Development Simplification

MTW Activity #1.P.02 (Formerly #70)	**Streamlined public housing acquisitions:** Acquire properties for public housing without prior HUD approval, provided that HUD site selection criteria are met.
Program: Public Housing	This activity was first included in SHA's 1999 MTW Agreement. SHA began implementing this MTW flexibility in 2004 with the establishment of its Real Property Acquisition Protocol. Additional public housing units may be acquired in 2011 using this protocol, including buildings in the SSHP portfolio.
MTW Activity #1.P.05 (Formerly #72)	**Streamlined public housing demo/dispo process:** Utilize a streamlined demolition/disposition protocol negotiated with the Special Applications Center for various public housing dispositions (including those for vacant land at HOPE VI sites and scattered sites property sales).
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2004 with the establishment of the streamlined demo/dispo protocol agreed to between SHA and HUD's Special Acquisitions Center (SAC). SHA plans to continue to utilize the streamlined disposition process for scattered sites and vacant land at HOPE VI sites in 2011.

MTW Initiative #2 - Family Self-Sufficiency Program

MTW Activity #2.A.03 (Formerly #19)	**FSS escrow accounts:** Use local policies for determining escrow calculation, deposits, and withdrawals.
Program: Multiple	This activity was first included in SHA's HUD-approved 2007 MTW Annual Plan. Implementation of aspects related to escrow calculation are Inactive, pending hopeful revisions to the language in the public housing and housing choice voucher FSS NOFAs. The NOFAs currently prescribe the escrow deposit calculation. MTW flexibility cannot be applied to NOFAs. Other elements are anticipated to be implemented in 2011.
MTW Activity #2.A.04 (Formerly #20)	**FSS participation contract:** Locally designed contract terms including length, extensions, interim goals, and graduation requirements.
Program: Multiple	This activity was first included in SHA's HUD-approved 2007 Annual Plan. Implementation of aspects related to contract length are Inactive, pending hopeful revisions to the language in the public housing and housing choice voucher FSS NOFAs. The NOFAs currently prescribe a five year contract period with one two-year renewal. MTW flexibility cannot be applied to NOFAs. Other elements are anticipated to be implemented in 2011.
MTW Activity #2.A.05 (Formerly #23)	**FSS Program Coordinating Committee:** Restructure Program Coordinating Committee (PCC) to better align with program goals and local resources.
Program: Multiple	This activity was first included in SHA's HUD-approved 2007 MTW Annual Plan. Implementation is planned for 2011.

MTW Activity #2.A.06 (Formerly #21)	**FSS program incentives:** Provide incentives to FSS participants who do not receive escrow deposits.
Program: Multiple	This activity was first included in SHA's HUD-approved 2007 MTW Annual Plan. Implementation is planned for 2011.
MTW Activity #2.A.07 (Formerly #22)	**FSS selection preferences:** Up to 100% of FSS enrollments may be selected by local preferences.
Program: Multiple	This activity was first included in SHA's HUD-approved 2007 Annual Plan. Due to reductions in HUD funding for FSS staff, the program will not be enrolling new participants until capacity is created through attrition of current participants or additional funding. Implementation will take place when new enrollments are made.

MTW Initiative #3 - Inspection Protocol

MTW Activity #3.H.01 (Formerly #27)	**Inspect SHA-owned properties:** Allows SHA staff, rather than a third party entity, to complete HQS inspection of SHA owned properties.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2001.
MTW Activity #3.H.03 (Formerly #25h2)	**Cost-benefit approach-reduced frequency of inspections:** Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol. Current protocol, established in 2010, allows for inspections every other year for residents who have not moved.
Program: Vouchers	This activity was first included in SHA's approved 2009 MTW Annual Plan. SHA may begin implementation during 2011.
MTW Activity #3.H.04 (Formerly #HI-2010-05)	**Self-certification for minor fails:** Self-certification by landlords of correction of minor failed inspection items.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2010 MTW Annual Plan. Implementation began in 2010.
MTW Activity #3.P.01 (Formerly #25p)	**Cost-benefit approach-reduced frequency of inspections:** Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol. Current protocol, established in 2003, allows for inspections every other year for residents who have not moved.
Program: Public Housing	This activity was first included in SHA's HUD-approved 1999 MTW Annual Plan. SHA began implementing a local inspection protocol in 2003 in its high-rise properties. The number of eligible units has declined considerably as SHA has had to obtain tax-credit financing in more than 55 percent of its public housing units. SHA will also use this MTW activity to maintain the current inspection frequency in SSHP of once every three years for most residents with the introduction of public housing subsidy into the program.

MTW Initiative #4 - Investment Policies

MTW Activity #4.A.01 (Formerly #83)	**Investment policies:** SHA may replace HUD investment policies with Washington State investment policies.

Program: Multiple	This activity was first included in SHA's 1999 MTW Annual Plan. Implementation began in 1999 with the adoption of policies allowing for this additional investment option. None of SHA's current investments utilize this MTW flexibility, however, that may change as SHA reevaluates the performance of its investments regularly.

MTW Initiative #5 - Local Leases

MTW Activity #5.A.01 (Formerly #68)	**Self-sufficiency requirement:** All households receiving subsidy from SHA (public housing or voucher) in HOPE VI communities must participate in self-sufficiency activities.
Program: Multiple	This activity was first included in SHA's HUD-approved 1999 and 2001 MTW Annual Plans. Implemention began in 1999 and has continued with each new phase brought on line in SHA's HOPE VI mixed-income communities.
MTW Activity #5.P.01 (Formerly #84)	**Local lease:** SHA may implement its own lease, incorporating industry best practices.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2001 MTW Annual Plan. SHA will use this activity in the SSHP program with the addition of public housing subsidy to maintain current SSHP policies, such as a month to month lease after the initial one year term and a non-refundable cleaning deposit.

MTW Initiative #6 - MTW Block Grant & Fungibility

MTW Activity #6.A.01 (Formerly #14, 31, and 96)	**MTW Block Grant:** SHA combines all eligible funding sources into a single MTW Block Grant used to support eligible activities.
Program: Multiple	SHA began utilizing MTW Block Grant fungibility with the commencement of MTW participation in 1999. Metrics are not required by HUD for this activity in and of itself.
MTW Activity #6.A.03 (Formerly #32)	**Operating reserve:** Maintain an operating reserve consistent with sound management practices.
Program: Multiple	SHA began implementing this activity with the commencement of MTW participation in 1999. Metrics are not required by HUD for this activity in and of itself.

MTW Initiative #8 - Special Purpose Housing

MTW Activity #8.P.01 (Formerly #12)	**Agency units for housing and related supportive services:** Make residential units available for service-enriched housing by partner agencies.
Program: Public Housing	SHA began making public housing units available to agencies for service-enriched housing prior to MTW participation. This activity has been continued under MTW since 1999. SHA expects to add 21 units to the existing 84 units under this activity in 2011.
MTW Activity #8.P.02 (Formerly #13)	**Agency units for services:** Make residential units available as office space for community activities, management use, and partner agencies providing services in and around the community.
Program: Public Housing	SHA began making public housing units available to agencies for services prior to MTW participation. This activity has been continued under MTW since 1999. While this is an activity available to non-MTW agencies, because SHA does not use the standard HUD process to obtain approval, it is considered an MTW activity.
MTW Activity #8.P.03 (Formerly #82)	**Designate LIPH units for specific purposes/ populations:** SHA may designate properties/units for specific purposes such as elderly or smoke-free.
Program: Public Housing	This activity was first included in SHA's 2000 and 2001 MTW Annual Plans. SHA may have used an alternative MTW process for obtaining HUD approval, but the policies themselves are available to all PHAs so SHA is no longer using MTW in this area. SHA will continue to maintain the current population in the SSHP program of 90 percent elderly and 10 percent persons with disabilities with the addition of public housing subsidy; however we will seek this designation through the regular designation process rather than using MTW status.

MTW Initiative #9 - Project-based Program

MTW Activity #9.H.01 (Formerly #25h1)	**Cost-benefit inspection approach:** Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol. Protocol established in 2004 allows project-based building management to self-certify that HQS is met at the time of move in for mid-year turnover project-based units.
Program: Vouchers	This activity was first included in SHA's HUD-approved 1999 MTW Annual Plan. Implementation began in 2004.
MTW Activity #9.H.02 (Formerly #40)	**Assets in rent calculation:** Only calculate income on assets declared as valuing $5,000 or more.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. This activity was implemented in 2005 to be consistent with tax credit processes, as many project-based properties also have tax credit financing. In late 2010 this activity will be replaced by MTW Activity #10.H.12, except for tax credit financed properties that elect to have SHA verify asset income between $5,000 and $50,000 due to other funding commitments.
MTW Activity #9.H.03 (Formerly #44)	**Choice offered at beginning (no exit vouchers):** Housing choice is offered at the beginning of the project-based admissions process (by nature of site-specific waiting lists); exit vouchers are not offered.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2000.
MTW Activity #9.H.04 (Formerly #42)	**Contract term:** Project-based commitments renewable up to 40 years.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2000.
MTW Activity #9.H.05 (Formerly #43)	**Eligible unit types:** Modify the types of housing accepted under a project-based contract - allows shared housing and transitional housing.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. SHA began implementation in 2002.
MTW Activity #9.H.06 (Formerly #45)	**HAP contracts:** Modify the HAP contract to ensure consistency with MTW changes and add tenancy addendum.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2000. Because this activity is only implemented to support other MTW activities described elsewhere, evaluation of the contract changes in and of themselves is not necessary.
MTW Activity #9.H.07 (Formerly #46)	**Non-competitive allocation of assistance:** Allocate project-based subsidy non-competitively to SHA controlled units.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation of this activity began in 2000.
MTW Activity #9.H.08 (Formerly #50)	**Owners conduct new and turn-over inspections:** Allows project-based owners to conduct their own new construction/rehab inspections; allows the management entity to complete unit turnover inspections (rather than SHA); implements inspection sampling at annual review.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2005.

MTW Activity #9.H.09 (Formerly #37)	**Percent of vouchers that may be project-based:** Raise the percentage of vouchers that may be project-based above HUD limits.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. SHA established a 25 percent cap in September 2000. Per SHA's HUD-approved 2008 MTW Annual Plan, SHA may raise the cap in future years.
MTW Activity #9.H.10 (Formerly #49)	**Unit cap per development:** Waives the 25% cap on the number of units that can be project-based in a multi-family building without supportive services or elderly/disabled designation.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2008.
MTW Activity #9.H.12 (Formerly #39)	**Streamlined admissions:** Streamline applications process for project-based HCV units.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. This activity was initially implemented in 2000, continuous refinement of the application process for maximum efficiency is ongoing.
MTW Activity #9.H.14 (Formerly #47)	**Payment standards for SHA units:** Allows higher than Voucher Payment Standard for SHA-operated project-based units if needed to support the project budget (while still taking into account rent reasonableness).
Program: Vouchers	This activity was first included in SHA's HUD-approved 2004 MTW Annual Plan. Implementation began in 2004.
MTW Activity #9.H.16 (Formerly #1)	**Admissions-admit felons under certain conditions:** Allows for the admission into Project-based Voucher and Mod Rehab units of Class B and Class C felons subject to time-limited sex offender registration requirements who do not, in the opinion of the owner of the subsidized units, constitute a threat to others.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2005 MTW Annual Plan. Implementation began in 2005.
MTW Activity #9.H.17 (Formerly #36)	**Program-based vouchers:** Allocate floating voucher subsidy to a defined group of units or properties.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2007 MTW Annual Plan. Implementation began in 2007 in SHA's Seattle Senior Housing Program.
MTW Activity #9.H.18 (Formerly #51)	**Provider-based vouchers:** Provide vouchers to selected agencies to couple with intensive supportive services. The agency master leases units and subleases to tenants.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2007 MTW Annual Plan and revised in the 2008 MTW Annual Plan. Implementation began in 2007 .

MTW Initiative #10 - Rent Policy Reform

MTW Activity #10.H.01 (Formerly #52)	**Rent burden-include exempt income:** Exempt income included for purposes of determining affordability of a unit in relation to 40% of household income.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2005.
MTW Activity #10.H.02 (Formerly #61)	**Rent cap-use gross income:** Rent burden calculated on 30% of Gross Income, up from HUD's standard 30% of Adjusted Income.

Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2005.
MTW Activity #10.H.03 (Formerly #54)	**Rent Reasonableness at SHA owned units:** Allows SHA staff to perform Rent Reasonable determination for SHA owned units.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2000.
MTW Activity #10.H.04 (Formerly #33)	**Payment standard:** SHA may develop local voucher payment standards.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2002 MTW Annual Plan. In 2002 SHA adopted a policy to allow the payment standard to exceed 120% of Fair Market Rent (FMR) if certain market triggers or other guidelines are met. Since that time, HUD changed the geographic area it uses to determine FMRs effecting Seattle. This change made FMRs more reasonable and SHA has maintained payment standards between 90-100% of FMR, making use of this activity unnecessary at this time. However, the MTW activity remains active in the event that market conditions change. In 2011 SHA may revise voucher payment standards such that they will be determined based on local, timely market information rather than HUD's FMRs.
MTW Activity #10.H.05 (Formerly #57)	**Absolute minimum rent:** The minimum rent for all residents will be established annually by SHA. No rent will be reduced below the minimum rent amount by a utility allowance.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2003 MTW Annual Plan. Implementation may begin in 2011, pending the outcomes of SHA's unified rent policy efforts.
MTW Activity #10.H.06 (Formerly #34)	**Payment standard-SROs:** SHA may use the studio payment standard for SRO units.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2003 MTW Annual Plan. Implementation began in 2003.
MTW Activity #10.H.09 (Formerly #53)	**Rent reasonableness streamlining:** Allows SHA to streamline rent reasonable determinations.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2006 and 2009 MTW Annual Plans. Implementation is planned for 2010.
MTW Activity #10.H.10 (Formerly #58h)	**Rent reviews for fixed-income households every three years:** Rent reviews conducted for households exclusively on fixed-incomes (SS/SSI/pensions) only every three years.
Program: Vouchers	This policy element was included in SHA's HUD-approved 2009 MTW Annual Plan. Implementation began in 2010.
MTW Activity #10.H.11 (Formerly #HR-2010-01)	**180-day EOP clock:** The 180-day End of Participation "clock" due to income will start when a family's Housing Assistance Payment (HAP) reaches $50 or less.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2010 MTW Annual Plan. Implementation began in 2010.
MTW Activity #10.H.12 (Formerly #HR-2010-02)	**Asset income threshold:** SHA will increase the threshold for calculating asset income to an amount up to $50,000.

Program: Vouchers	This activity was first included in SHA's HUD-approved 2010 MTW Annual Plan. SImplementation began in 2010.
MTW Activity #10.H.13 (Formerly #HR-2010-03)	**Streamlined medical deduction:** SHA will provide medical deductions based on a standardized schedule.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2010 MTW Annual Plan. Implementation is planned for late 2010/early 2011.
MTW Activity #10.P.01 (Formerly #56)	**Absolute minimum tenant payment:** Tenants pay a minimum rent ($50 or more) even if rent calculation and/or utility allowance would normally result in a lower rental payment or even reimbursement.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2001.
MTW Activity #10.P.02 (Formerly #TBD)	**Earned Income Disregard:** HUD's Earned income Disregard is not offered to public housing residents.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2001.
MTW Activity #10.P.03 (Formerly #58p)	**Every third year rent reviews for fixed-income households:** Rent reviews conducted for households exclusively on fixed-incomes (SS/SSI/pensions) only every three years. Rent increases by Social Security Cost of Living Adjustment in intervening years.
Program: Public Housing	SHA included this policy element in its 2001 MTW Annual Plan. The first year of avoided rent reviews was 2004. Eligible units for this activity have declined due to the use of tax credit financing in more than 55% of SHA's public housing units.
MTW Activity #10.P.06 (Formerly #66)	**Tenant Trust Accounts:** A portion of working public housing residents' income may be deposited in an escrow account for use toward self-sufficiency purposes.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan and revised in the 2005 MTW Annual Plan. SHA established the Tenant Trust Account program in 2000 and began implementation in 2001. In 2005, the program was revamped, as outlined in the 2005 Annual Plan. Implementation of the revised program began in 2006 and continues.
MTW Activity #10.P.07 (Formerly #55)	**Ceiling rent 2 year time limit:** When a tenant's calculated rent reaches the ceiling rent for their unit, the rent will not be increased beyond the rent ceiling for 24 months. After that time, the tenant's rent is calculated as 30% of adjusted gross income.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2005 MTW Annual Plan. SHA has been implementing it ever since (where not prohibited by other funding requirements).
MTW Activity #10.P.08 (Formerly #59)	**Impute income from public benefits:** SHA may impute income in rent calculation for tenants declaring no income who appear eligible for, but who have not pursued, benefits from the State's Employment Security or Department of Social and Health Services (such as Unemployment or TANF).
Program: Public Housing	This activity was first included in SHA's HUD-approved 2005 Annual Plan. Adopted changes were outlined in the 2005 MTW Annual Report and implementation began that year.
MTW Activity #10.P.12 (Formerly #76p)	**Utility allowance-schedule:** SHA may change utility allowances on a schedule different for current residents and new move-ins.

Program: Public Housing	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. Implementation occurred in 2008. Further use has not been necessary since and is not anticipated in 2011.
MTW Activity #10.P.15 (Formerly #74)	**Utility allowance-frequency of utility allowance updates:** SHA may revise the schedule for reviewing and updating utility allowances due to fluctuations in utility rates to no more than annually.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. In 2010 SHA began implementing a revised policy for making utility allowance changes in selected mixed-finance communities.

MTW Initiative #11 - Resource Conservation

MTW Activity #11.P.01 (Formerly #18)	**Energy protocol:** Employ a cost-benefit approach for resource conservation in lieu of HUD-required energy audits every five years.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation began in 2000.

MTW Initiative #12 - Waiting Lists, Preferences, and Admissions

MTW Activity #12.H.01 (Formerly #6h)	**Partners maintain own waiting lists:** Allow partners to maintain waiting lists for partner-owned and/or operated units/vouchers and use own eligibility and suitability criteria.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation of this activity began in 2000 with the inception of the MTW Project-based Program.
MTW Activity #12.H.02 (Formerly #11)	**Voucher distribution through service provider agencies:** Up to 30% of SHA's tenant-based vouchers may be made available to local nonprofits, transitional housing providers, and divisions of local government that provide direct services for use by their clients without regard to their client's position on SHA's waiting list.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 and 2002 MTW Annual Plans. SHA solicited applications and allocated vouchers to agencies in 2002 and 2006. SHA also awarded agency vouchers through a competitive NOFA in support of King County's Ten Year Plan to End Homelessness in 2007 and 2008.
MTW Activity #12.H.03 (Formerly #9)	**Special issuance vouchers:** Establish a "special issuance" category of vouchers to address circumstances where timely issuance of vouchers can prevent homelessness or rent burden.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2003 MTW Annual Plan. Implementation of this activity began in 2003.
MTW Activity #12.H.05 (Formerly #4)	**Limit eligibility for applicants in subsidized housing:** Implement limits or conditions for tenants living in subsidized housing to participate in the HCV program. For example, before issuing a Public Housing resident a Voucher, they must fulfill the initial term of their public housing lease.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. Implementation will begin when SHA begins pulling applicants off of the tenant-based waiting list in 2010 or 2011.
MTW Activity #12.P.02 (Formerly #6p)	**Partners maintain own waiting lists:** Allow partners to maintain waiting lists for partner-owned and/or operated units (traditional LIPH units; service provider units, etc.) and use own eligibility and suitability criteria.

Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. Implementation of this MTW activity began in 2000.
MTW Activity #12.P.03 (Formerly #3)	**Expedited waiting list:** Allow applicants referred by selected partners (primarily transitional housing providers) to receive expedited processing and receive the "next available unit."
Program: Public Housing	This activity was first included in SHA's HUD-approved 2004 MTW Annual Plan. Implementation began in 2004.
MTW Activity #12.P.04 (Formerly #5)	**No waiting list:** Allows for filling units without a waiting list.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. SHA continues to explore implementation options and may pilot this activity in 2011.

MTW Initiative #13 - Homeownership

MTW Activity #13.A.01 (Formerly #17)	**Down payment assistance:** Allocate MTW Block Grant funds to offer a local down payment assistance program.
Program: Multiple	SHA's Down Payment Assistance Program was established in 2004 and included in both the 2004 and 2005 MTW Annual Plans. The first phase of SHA's Down Payment Assistance (DPA) Program began in 2004 and ended 2006 in conjunction with a ROSS grant. The second phase began 2006 and was completed in 2009. The third phase is expected to begin 2012, with the development of homeownership units at Lake City Village, and end in 2014.

MTW Initiative #15 - Combined Program Management

MTW Activity #15.A.01 (Formerly #15)	**Combined program management:** Combined program management for project-based vouchers and public housing in communities operating both subsidy types.
Program: Multiple	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. Implementation began in 2008.

MTW Initiative #16 – Local Asset Management Program

MTW Activity #N/A (Formerly #29)	**Local Asset Management Program:** Use asset management principles to optimize housing and services.
Program: Multiple	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. In its 2010 Annual Plan, SHA submitted a detailed Local Asset Management Program for HUD approval. Metrics are not required by HUD for this activity in and of itself.

MTW Initiative #17 - Performance Standards

MTW Activity #N/A (Formerly #30)	**Local performance standards in lieu of HUD measures:** Develop locally relevant performance standards and benchmarks to evaluate the agency performance in lieu of HUD's Public Housing Assessment System (PHAS).
Program: Multiple	This activity was first included in SHA's HUD-approved 1999 MTW Annual Plan. SHA has utilized alternative performance measurements ever since. In 2009 SHA implemented an alternative satisfaction survey to the RASS and began working with other MTW agencies to explore a HUD-approved alternative to PHAS. Evaluation of this activity in and of itself is not required by HUD.

MTW Activities – Inactive

Activities can be "inactive" for a variety of reasons. These reasons include changes in HUD regulations or market conditions that make the activity unnecessary at this time and withholding implementation until such time as the agency has the capacity to effectively implement the activity. If circumstances change or opportunities present themselves, an activity listed in this section may be activated during 2011. Any such changes will be detailed in SHA's 2011 MTW Report.

MTW Initiative #1 - Development Simplification

MTW Activity #1.P.01 (Formerly #81)	**Design guidelines:** SHA may establish reasonable, modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities.
Program: Public Housing	This activity was first included in SHA's 1999 MTW Agreement. SHA has not yet needed to exercise this MTW flexibility.
MTW Activity #1.P.03 (Formerly #94)	**Total Development Cost limits:** Replace HUD's Total Development Cost limits with reasonable limits that reflect the local market place for quality construction.
Program: Public Housing	This activity was first included in SHA's HUD-approved 1999 MTW Annual Plan. SHA has not yet needed to implement this MTW flexibility.
MTW Activity #1.P.04 (Formerly #73)	**Streamlined mixed-finance closings:** Utilize a streamlined process for mixed-finance closings.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan. SHA anticipates using HUD's new Streamlined Application Process in Public/Private Partnerships for the Mixed-Finance Development of Public Housing Units. Until such time as HUD publishes final regulations, SHA will continue to use the expedited mixed-finance closing process used in its closings that took place between 2005 and 2007. However, it is not believed that MTW authority is necessary for HUD to continue to offer this streamlined process.

MTW Initiative #2 - Family Self-Sufficiency Program

MTW Activity #2.A.01 (Formerly #87)	**FSS: Partner with City:** Partner with the City of Seattle to share responsibilities and resources for a new integrated FSS program.
Program: Multiple	This activity was first included in SHA's HUD-approved 1999 MTW Annual Plan. SHA has not yet chosen to implement this MTW flexibility.

MTW Activity #2.A.02 (Formerly #92)	**SJI preference + time limits:** Preference for Seattle Jobs Initiative participants coupled with time limits.
Program: Multiple	This activity was first included in SHA's 1999 HUD-approved MTW Annual Plan. SHA has not yet implemented this MTW flexibility.

MTW Initiative #3 - Inspection Protocol

MTW Activity #3.H.02 (Formerly #26)	**Fines for no-shows at inspections:** Impose fines on the landlord or participant for failing to be present at scheduled inspections.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2005 MTW Annual Plan. SHA has not exercised this MTW flexibility. It appears that bundling of inspections has reduced no-shows at inspections sufficiently that this activity is no longer needed. However, SHA will continue to monitor no-shows and may implement fines at a later date.

MTW Initiative #5 - Local Leases

MTW Activity #5.P.02 (Formerly #24)	**Grievance procedures:** Modify grievance policies to require tenants to remedy lease violations and be up to date in their rent payments before granting a grievance hearing for proposed tenancy terminations.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. SHA has not exercised this MTW flexibility.
MTW Activity #5.P.03 (Formerly #28)	**Lease term for public housing units with Tax Credit overlay:** Allow leases of less than one year.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. However, SHA has not yet implemented this activity.

MTW Initiative #6 - MTW Block Grant & Fungibility

MTW Activity #6.H.01 (Formerly #78)	**Utilization goals:** Utilization defined by use of budget authority.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2003 MTW Annual Plan. In recent years Congress has clarified that housing authorities can lease more than 100% of allocated vouchers, making use of this activity unnecessary for SHA at this time.

MTW Initiative #8 - Special Purpose Housing

MTW Activity #8.A.01 (Formerly #79)	**Conditional housing:** Housing program for those who do not currently quite meet SHA's minimum LIPH qualifications
Program: Multiple	This activity was first called out in SHA's HUD-approved 2000 MTW Annual Plan, although implementation began prior to MTW participations. The intent of this activity is current being met through MTW Activity #8.P.01and SHA's local project-based program.

MTW Activity #8.A.02 (Formerly #7)	**Program-specific waiting lists:** Operate separate waiting lists for specific programs such as service enriched units.
Program: Multiple	This activity was first called out in SHA's HUD-approved 2000 MTW Annual Plan, although implementation began prior to MTW participations. MTW Activity #8.P.01Agency Units for Housing and the several activities related to the Project-based Program cover SHA's current use of this flexibility.
MTW Activity #8.A.03 (Formerly #69)	**Service enriched housing:** With the help of key partners, SHA may develop supportive housing communities.
Program: Multiple	This activity was first included in SHA's HUD-approved 2001 MTW Annual Plan. The intent of this activity is current being met through MTW Activity #8.P.01and SHA's local project-based program.
MTW Activity #8.P.04 (Formerly #16)	**Definition of elderly:** Change definition of elderly for HUD-designated elderly preference public housing from 62 to 55.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. However, SHA has not yet decided to implement this activity.
MTW Activity #8.P.05 (Formerly #35)	**Pet-free environments:** Establish pet-free environments in connection with selected service enriched housing.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. However, SHA has not yet decided to implement this activity.

MTW Initiative #9 - Project-based Program

MTW Activity #9.H.11 (Formerly #38)	**Rent cap-30% of income:** Project-based participants can not pay more than 30% of their adjusted income for rent and utilities.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2000 Annual Plan. Implementation began in 2000. MTW flexibility is not currently required to implement this activity. If HUD policies change in the future, SHA may exercise this flexibility.
MTW Activity #9.H.13 (Formerly #41)	**Competitive allocation process:** Commit vouchers to the City's competitive process for housing funding.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2004 MTW Annual Plan. At that time it was believed that MTW was needed for this activity. SHA's first voucher award to a Levy project was in 2005. MTW is no longer needed for this activity. If HUD rules change in the future, SHA will reactivate this activity.
MTW Activity #9.H.15 (Formerly #48)	**Subsidy cap in replacement units:** Cap subsidy at levels affordable to households at 30% AMI in project-based HOPE VI replacement units where SHA also contributed capital to write-down the unit's affordability to that level.
Program: Vouchers	This activity was first called out in SHA's HUD-approved 2004 MTW Annual Plan. SHA no longer believes MTW flexibility was/is required for this activity.
MTW Activity #9.H.19 (Formerly #71)	**Streamlined admissions and recertifications:** SHA may streamline admissions and recertification processes for provider-based and project-based programs.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. This activity is currently under development.

MTW Initiative #10 - Rent Policy Reform

MTW Activity #10.H.07 (Formerly #67)	**Tenant-based self-sufficiency incentives:** Rent policies to foster self-sufficiency among employable households, including income disregards proportional to payroll tax; allowances for employment-related expenses; intensive employment services coupled with time limits; locally-defined hardship waivers.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2005 MTW Annual Plan. This activity is under development.
MTW Activity #10.H.08 (Formerly #65)	**Imputed income from TANF:** Impute TANF income if household appears eligible and has not documented ineligibility. TANF not counted toward income if family is sanctioned.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2006 MTW Annual Plan. The implementation of this policy is on hold.
MTW Activity #10.P.04 (Formerly #90)	**Rent freezes:** Voluntary rent policy freezes rent in two year intervals.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan and implemented shortly thereafter. In 2005 SHA revised its rent policy and elected to only keep the top rent ceiling, now reflected in MTW Activity #55.
MTW Activity #10.P.05 (Formerly #93)	**TANF rent calculation:** Calculate TANF participant rent on 25% of gross income.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2000 MTW Annual Plan and implemented shortly thereafter. In 2005 SHA revised its rent policy and elected to stop implementation of this MTW flexibility.
MTW Activity #10.P.09 (Formerly #60)	**Partners develop separate rent policies:** Allow partner providers and HOPE VI communities to develop separate rent policies that are in line with program goals and/or to streamline.
Program: Public Housing	This activity was first called out in SHA's HUD-approved 2005 MTW Annual Plan. Due to the technological investment required to manage an alternative rent policy, partner providers are still utilizing HUD's standard rent policy. SHA's HOPE VI communities operate aspects of SHA's alternate public housing rent policy.
MTW Activity #10.P.10 (Formerly #64)	**Studio vs. 1 bedroom:** Differentiate rents for studios vs. 1 bedroom units.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2005 MTW Annual Plan. SHA has not yet implemented this policy.
MTW Activity #10.P.11 (Formerly #77)	**Utility allowance-self-sufficiency and resource conservation:** Change utility allowance where metering permits to encourage self-sufficiency and resource conservation.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2005 and 2008 MTW Annual Plans. SHA has not yet utilized this MTW flexibility.
MTW Activity #10.P.13 (Formerly #62)	**Streamlined for fixed income:** Further streamline rent policy and certification process for fixed income households.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. SHA continues to explore implementation beyond MTW Activity #10.P.03-Triennial Rent Reviews.

MTW Activity #10.P.14 (Formerly #63)	**Streamlined rent policy for partnership units:** Allow non-profit partners operating public housing units to implement simplified rent policies.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. The intent of this activity is currently being met through MTW Activity #10.P.09.
MTW Activity #10.P.16 (Formerly #75)	**Utility allowance-local benchmark:** SHA may develop new benchmarks for "a reasonable use of utilities by an energy conservative household" - the standard by which utility allowance are calculated.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. SHA has not yet utilized this MTW flexibility.

MTW Initiative #12 - Waiting Lists, Preferences, and Admissions

MTW Activity #12.A.01 (Formerly #85)	**Local preferences:** SHA may establish local preferences for federal housing programs.
Program: Multiple	This activity was first included in SHA's 2002 MTW Annual Plan. SHA may have used an alternative MTW process for obtaining HUD approval, but the policies themselves are available to all PHAs. Therefore, MTW flexibility is not currently being used.
MTW Activity #12.H.04 (Formerly #8)	**Admit applicants owing SHA money:** Provide voucher assistance to households owing SHA money from prior tenancy under specific circumstances, for example if they enter into a repayment agreement.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. SHA began implementing this in 2008. However, at this time MTW flexibility is not needed. If HUD policies change to require use of MTW flexibility, this activity will be utilized.
MTW Activity #12.H.06 (Formerly #10)	**Streamlined eligibility verification:** Streamline eligibility verification standards and processes, including allowing income verifications to be valid for up to 180 days.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2009 MTW Annual Plan. This activity is under development. Implementation is not anticipated in 2011.
MTW Activity #12.P.01 (Formerly #91)	**Site-based waiting lists:** Applicants can choose from several site-specific and/or next available waiting lists.
Program: Public Housing	This activity was first included in SHA's 1999 MTW Annual Plan. SHA may have used an alternative MTW process for obtaining HUD approval, but the policy itself is available to all PHAs. Therefore, MTW flexibility is not currently being used.
MTW Activity #12.P.05 (Formerly #2)	**Eligibility criteria:** Unique eligibility criteria for specific units or properties, such as service enriched units.
Program: Public Housing	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. SHA's current needs are being met through implementation of MTW Activity #8.P.01.

MTW Initiative #13 – Homeownership

MTW Activity #13.H.01 (Formerly #97)	**Monthly mortgage assistance:** SHA may develop a homeownership program that includes a monthly mortgage subsidy.
Program: Vouchers	This activity was first included in SHA's HUD-approved 2008 MTW Annual Plan. SHA plans to explore implementation options in 2011 and may implement in 2012.

MTW Initiative #14 - Related Non-Profits

MTW Activity #14.A.01 (Formerly #89)	**Related non-profit contracts:** SHA may enter into contracts with any related nonprofit.
Program: Multiple	This activity was first included in SHA's HUD approved 2004 MTW Plan. MTW flexibility has not yet been needed to accomplish related goals.

MTW Activities – No longer allowable

Since the inception of MTW, HUD has determined that certain activities that were allowable under SHA's 1998 MTW Agreement are no longer allowable. These activities are listed below.

MTW Initiative #6 - MTW Block Grant & Fungibility

MTW Activity #6.A.02 (Formerly #86)	**Obligation and expenditure timelines:** SHA may establish timelines for the obligation and expenditure of MTW funds.
Program: Multiple	SHA began implementing this activity with the inception of its MTW program. However, HUD no longer allows implementation of this activity.

MTW Initiative #7 - Procurement

MTW Activity #7.A.01 (Formerly #80)	**Construction contract:** Locally-designed form of construction contract that retains HUD requirements while providing more protection for SHA.
Program: Multiple	This activity was first included in SHA's 1999 and 2005 HUD-approved MTW Annual Plans. However, since that time HUD has taken the position that this is not an allowable MTW activity.
MTW Activity #7.A.02 (Formerly #88)	**Procurement policies:** Adopt alternative procurement system that is competitive, and results in SHA paying reasonable prices to qualified contractors.
Program: Multiple	This activity was first included in SHA's 1999 HUD-approved MTW Annual Plans. However, since that time HUD has taken the position that this is not an allowable MTW activity.

MTW Activity #7.A.03 (Formerly #95)	**Wage rate monitoring:** Simplified process for monitoring the payment of prevailing wages by contractors.
Program: Multiple	This activity was first included in SHA's 1999 HUD-approved MTW Annual Plans. However, since that time HUD has taken the position that this is not an allowable MTW activity.

VII. Sources and Uses of Funding

This section describes SHA's projected revenues and expenditures for 2011, local asset management program, and reflects use of MTW block grant single fund flexibility.

Sources and uses of MTW funds

The table below summarizes the MTW sources of funds in the revised budget for Calendar Year (CY) 2010 and projected for the CY 2011 budget.

Table 3: Projected Sources - MTW Funds

	CY 2010 Budget	CY 2011 Budget	Percent Change
Dwelling Rental Income	$11,086,000	$11,225,000	1.3%
Investment and Interest Income	323,000	211,000	(34.7%)
Other Income	1,435,000	1,750,000	22.0%
MTW Block Grant[3]	119,760,000	120,878,000	0.9%
LIPH Operating Block Grant	*19,489,000*	*19,468,000*	*(0.1%)*
HCV Block Grant	*86,723,000*	*88,460,000*	*2.0%*
Capital Block Grant	*13,548,000*	*12,950,000*	*(4.4%)*
Total Sources-MTW	**$132,604,000**	**$134,064,000**	**1.1%**

[3] Transfers made to Limited Partnerships and previously shown as a reduction to block grant funding were moved to the Uses table under the tile "Transfer to Local Low Income Housing and Development Activities." The CY 2010 budget has been revised from the adopted budget to reflect actual HUD funding.

Changes from CY 2010 to CY 2011budget

Dwelling Rental Income is relatively flat because of the economy's impact on tenant income and occupancy. A reduction in tenant rental income is projected for Jefferson Terrace with the conversion of one floor to Respite Care. Continued low vacancy rates are expected, which increase rental income. This is projected to be balanced out by rent reductions stemming from reduced tenant employment or stagnant or reduced income support assistance. The estimated net of these changes is a modest 1.3 percent increase in dwelling rents.

Investment and Interest Income is projected to decrease slightly from 2010 due to current market conditions, continuing low interest rates, and lower balances on bonds and notes.

The increase in **Other Income** is mainly from a new lease for Jefferson Terrace Respite Care program. The lease income here offsets the rental income reduction previously noted. Higher rooftop antenna income, laundry income, and Portability fees also contributed to the increase in other income.

The total **MTW Block Grant** funding amount for 2011 is projected to increases very slightly – less than 1.0 percent – from the 2010 revised budget. A projected 2.0 percent increase in Housing Choice Voucher revenues offsets a decrease (4.4 percent) in expected Capital grant funds and flat funding for the Operating grant.

- The **MTW LIPH Operating Block Grant** revenues are stagnant in 2011 compared to 2010. Flat revenues come at a time when economic circumstances create new needs that require added resources. Many residents who are employed have experienced

reductions in hours and wages and others have been laid off as a result of the continuing depressed job market. Budget cuts in the State and local governments have meant severe reductions in critical support services to residents, particularly for those least able to function without supportive services and income. State budget cuts have also meant reductions in income support for those considered least able to provide for themselves. These financial realities mean that tenants are less able to help themselves and supportive services agencies have less capacity to support tenants.

- The **MTW HCV Block Grant** revenues are projected to increase modestly. Given the reductions in LIPH Operating and Capital block grant revenues, the increase in HCV Block Grant funds is crucial to SHA's ability to maintain housing operations and services to tenants and to address urgent capital needs across our housing programs.

  Subsequent to SHA's 2011 budget proposal decisions, HUD published 2011 proposed Fair Market Rent (FMR) rate increases for Seattle at 11.4 percent. This increase does not match the experience the past two years of the local housing market, where rental housing has experienced and is projected over the next year to continue to experience reductions in rent levels. While changes in FMRs have historically been reflected in HUD's Annual Adjustment Factor (per unit funding), SHA questions whether the 2011 estimated appropriation level at an increase of 1.3 percent over 2010 would support an adjustment for this level of FMR increase. Resolution of this issue will ultimately affect SHA's ability to fund a given level of HCV participation and SHA's single fund flexibility.

- Demands on the **MTW Capital Block Grant** (LIPH) continue to outstrip available resources. This is true both for SHA's Low Income Public Housing (LIPH) portfolio and for the senior and local housing programs. The projected decrease of 4.4 percent in this revenue source compounds this issue.

- SHA weighs capital needs across portfolios and pools resources to the maximum extent to address the most critical needs of all properties. Trade-offs between capital and operating needs are determined in the course of the annual operating and capital budget processes. For 2011 this led to increased funding for capital by reducing transfers to Operations and by seeking local funding support through City levy funds and federal resources such as HUD Safety and Security Emergency Capital Needs funds.

Table 4 shows planned expenditures of MTW funds for CY 2010 and CY 2011.

Table 4: Projected Expenses - MTW Funds

	CY 2010 Budget	CY 2011 Budget	Percent Change
Program Operations and Administration	$23,252,000	$24,778,000	6.6%
Utilities	5,743,000	6,332,000	10.3%
Housing Assistance Payments	69,198,000	69,233,000	0.1%
Maintenance and Contracts	10,593,000	11,706,000	10.5%
Subtotal Operations	***$108,786,000***	***$112,049,000***	***3.0%***
Development and Capital Projects	9,969,000	10,977,000	10.1%
Capital Equipment	450,000	451,000	0.2%
Total Expenses-MTW[4]	**$119,205,000**	**$123,477,000**	**3.6%**
Transfers to Local Low Income Housing and Development Activities[5]	7,415,000	8,236,000	11.1%
Contribution to Reserves[6]	5,984,000	2,351,000	(60.9%)
Total Expenses and Transfers-MTW	**$132,604,000**	**$134,064,000**	**1.1%**

[4] In order not to double count expenditures in deriving agency-wide expenditures, use the Total Expense- MTW line and add the Total Expense-Other from Table 6: Projected Expenses-Other Programs.
[5] Transfers are from MTW Block Grant to other local low-income housing programs, limited partnerships, replacement reserves, and development activities.
[6] Higher contributions to reserves than originally expected for 2010 resulted from higher than budgeted MTW revenues. Actual contributions will depend on final 2010 revenues and expenses. For 2011, reserve contributions are planned for SHA's Operating Reserve, including a contingency for Housing Choice Voucher Fair Market Rent, Voucher Payment Standard, and/or utility allowance adjustments, and for reserve requirements of the public housing High-Rise Limited Partnerships.

Changes from CY 2010 to CY 2011budget

Program Operations and Administration expenses are proposed to increase 6.6 percent. The largest share of this increase is due to changes in allocation of costs between Other Programs and MTW. Expenses associated with public housing tax credit compliance have moved from developer fee funding to MTW. A portion of expenses of the Housing Operations Director's Office have been allocated to shared direct costs, consistent with SHA's Local Asset Management Plan and OMB Circular A-87.

Utilities expenses in the MTW portfolio show an increase of 10.3 percent due to a combination of utility rate increases, under budgeting of utility rates in 2010, and consumption pattern increases.

- Seattle City Light raised electric rates by 13.8 percent effective January 2010 and then added another 4.5 percent temporary rate stabilization surcharge effective May 2010. The temporary surcharge is expected to continue in 2011 at a rate of 3 percent.
- Other significant utility rate increases above inflation are expected in 2011, including a projected 20 percent increase in sewer rates. A 15 percent decrease in in-house solid waste rates offsets part of the increases in other utilities in 2011.
- The adjustment for SHA's consumption pattern is based on previous years' consumption trends. SHA-paid utilities have increased due to added ventilation and lighting features in residential properties.
- Partially offsetting the rate increases is a reduction of 15 percent in in-house Solid Waste rates.

The slight increase projected in **Housing Assistance Payments** is primarily due to the Voucher Payment Standard (VPS) increase that

took effect in 2010 and will be effective for a full year in 2011. The 2010 and 2011 MTW Housing Choice Voucher utilization level remains above 99 percent as a result of project-based vouchers committed to City Levy funding for new low-income housing development. SHA's long term goal of 98 percent utilization – that is 98 percent of authorized vouchers are leased – will likely be realized in 2012.

Maintenance and Contracts expenses are projected to increase by 10.5 percent in 2011 compared to the 2010 budget. The increase is caused primarily by three factors:

- treatment of bedbugs, which has added an ongoing $293,000 to operating costs;
- a projected increase of up to 10 percent in outside contracts for elevator maintenance; and
- increases in repair and maintenance expenses, primarily related to unit turnover costs and high wear and tear on SHA properties.

The increase in the MTW **Development and Capital Projects** budget reflects a choice to reduce the transfer to Operations from Capital, rather than an actual increase in Capital resources.

- In the 2011 budget SHA continues to fund some of the backlog of minor repair, replacement, and rehabilitation projects and to provide an allowance for each portfolio.
- In addition, the 2011 MTW Capital Budget provides funding for the Yesler Terrace redevelopment planning efforts; elevator rehabilitation at Jefferson Terrace; accessibility (UFAS) improvements in seven scattered site units; roof replacements in the scattered site portfolio; and annual debt service costs for homeWorks rehabilitation of the high rises.

The **Capital Equipment** budget of $451,000 includes funding to procure new property management software, implement changes to software that will interface with the new Voyager (Yardi) software; and convert current operations from to the new single property management software support. The new Voyager system implementation will require a concerted effort in 2011 and 2012 from Information Technology, Property Management, Impact Property Services (Maintenance), Finance, and Asset Management staff. Funds are also included to replace hardware that is old and operationally unreliable and upgrade existing software packages systems to current releases.

Sources and uses of other funds

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

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

Table 5: Projected Sources – Other Programs

	CY 2010 Budget	CY 2011 Budget	Percent Change
Dwelling Rental Income	$12,859,000	$14,696,000	14.3%
Investment and Interest Income	1,428,000	1,409,000	(1.3%)
Other Income	10,042,000	10,246,000	2.0%
Special Purpose Vouchers and Misc. Subsidy	5,936,000	7,549,000	27.2%
Grants	7,299,000	3,960,000	(45.7%)
Capital Sources:			

ARRA Funds Awarded	47,009,000	--	--
Other Capital	3,011,000	6,659,000	121.2%
Other Revenues for HOPE VI Projects	35,240,000	--	--
Prior Year Capital Sources - ARRA	--	10,375,000	--
Prior Year Capital Sources – Mixed-Finances	17,100,000	21,545,000	26.0%
Total Sources-Other Programs	**$139,924,000**	**$76,439,000**	**(45.4%)**

Changes from CY 2010 to CY 2011budget

The 2011 **Dwelling Rental Income** is expected to increase by 14.3 percent which includes dwelling rental income related to the conversion of NewHolly Phase 1 from a limited partnership to an SHA Tax Credit Property; thus, this property is newly included on SHA's books and not on the books of the limited partnership. The increase in dwelling rental income because of the addition of NewHolly is $2.01 million. Leaving this change aside, "apples to apples" comparison of overall dwelling rental income for 2011 compared to 2010 shows a slight decrease.

- Senior Housing dwelling rental income is not expected to increase. The Senior Housing rent formula takes account of prior year Social Security cost of living adjustments and changes in the Consumer Price Index. South Park and Keystone are excluded from the 2011 Senior Housing budget because of planned sale of these two properties to non-profits. The combined effect of these factors is a reduction in Senior Housing rental income.
- Rental market conditions are projected to keep dwelling rental income in Special Portfolio down.

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

The 2.0 percent increase in **Other Income** is mainly related to increases in laundry and building antenna incomes.

The subsidy for **Special Purpose Vouchers and Miscellaneous Subsidy** increased due to the award, in the latter part of 2010, of 100 Family Unification Program vouchers and 53 additional Veterans Affairs Supportive Housing vouchers.

Grants represent HOPE VI grant funds and community and supportive services grants. HOPE VI capital grant usage for the redevelopment of Lake City Village is expected to decrease from $6.5 million in 2010 to $3.1 million in 2011 as Lake City Village moves toward completion.

Grants for Community and Supportive Services have increased from a budgeted $791,000 in 2010 to a budget of $860,000 in 2011. Use of community and supportive funds from the Lake City Village HOPE VI funds will be underway in 2011. Prior grants from the Seattle Foundation and the Seattle Asset Building Initiative will not be available in 2011.

Capital Sources outside the MTW Capital Block Grant are reflected above to provide a more complete picture of the scope of SHA's development, rehabilitation, and asset management programs. No new **ARRA Funds Awarded** or **Other Revenues for HOPE VI Projects** are expected in 2011.

Other Capital for 2011 includes reserves for asset preservation projects and equipment/appliance replacement for Seattle Senior Housing, Special Portfolio, limited partnerships, and facilities equipment replacement reserves. In addition, projected grant funding in the amount of $4.0 million is included here.

Prior Year Sources – ARRA represents funds awarded in 2009/2010 from the American Recovery and reinvestment Act that are expected to be spent in 2011 on projects in

progress during 2011. These include funds awarded for Denny Terrace rehabilitation and energy improvements; Rainier Vista Northeast Rental Housing; Lake City Village; and Jefferson Terrace Respite Care Program.

Prior Year Capital Sources – Mixed Finances represents financing from prior years that provide funding for multi-year projects. For 2011 the figure represents Rainier Vista NE and Lake City Village finances that became available in 2010. The principal reasons for the increase over prior year sources from 2010 is the phase of the redevelopment work at the two active properties compared to completion of several projects in 2010.

Table 6: Projected Expenses – Other Programs

	CY 2010 Budget	CY 2011 Budget	Percent Change
Program Operations and Administration	$17,319,000	$17,740,000	2.4%
Special Purpose Vouchers - Housing Assistance Payments	4,881,000	6,429,000	31.7%
Utilities	2,134,000	2,648,000	24.1%
Maintenance and Contracts	7,089,000	7,513,000	6.0%
Subtotal - Operations	***$31,423,000***	***$34,330,000***	***9.3%***
Community and Supportive Services Grants	791,000	860,000	8.7%
Capital and Non-Routine Projects	11,894,000	8,095,000	(31.9%)
Prior Year ARRA	--	10,375,000	--
HOPE VI Mixed Finance Redevelopments	56,800,000	24,320,000	(57.2%)
Total Expenses-Other	**$100,908,000**	**$77,980,000**	**(22.7%)**

Changes from CY 2010 to CY 2011Budget

Program Operations and Administration expenses in Other Programs shows a net increase of 2.4 percent from a combination of reductions and increases.

- Reductions come from no longer owning South Park or Keystone; reduction in for-sale property financing expense and marketing efforts; a shift in some staffing from development budgets to MTW with the completion of redevelopment at High Point and the conclusion of homeWorks.
- Additions include the conversion of NewHolly Phase I from a component unit to an SHA Tax Credit property and construction management activities associated with funding received through ARRA sources.

Special Purpose Vouchers - Housing Assistance Payments increase in 2011 due to the award of 100 Family Unification Program Vouchers and 53 Additional Veterans' Affairs Supportive Housing Vouchers (VASH). VASH utilization rates should increase in 2011 as the program becomes more established.

Utilities cost increases are due to higher utility rates and consumption patterns, as discussed in the MTW section. The 2011 budget also includes utility expenses for NewHolly which is an addition to SHA as our first property to convert from a limited partnership component unit to an SHA Tax Credit property.

Maintenance and Contracts for Other Programs increased due to increased vacate costs in Senior Housing and Special Portfolio. Bed bug treatment also contributed to the increase in maintenance expenses. Maintenance and contract expenses also include NewHolly as an additional property in 2011.

Community and Supportive Services Grants increased due the award of new grants, use of funding from the Lake City Village HOPE VI grant, and a King County Public Health Tobacco Prevention grant. This increase was partially

offset by the loss of HUD funding for two Family Self-Sufficiency Coordinator positions and the expiration or reduction of several smaller grants.

Capital and Non-Routine Projects include City grant funds for repairs to building envelopes and replacement of windows at four Senior Housing buildings. Federal funds are expected to begin installation of carbon monoxide detectors in SHA housing facilities.

Several small asset preservation projects and appliance and equipment replacement expenditures are planned for Senior Housing and Special Portfolio. Also included are appliance replacements and smaller projects for tax credit partnerships.

Prior Year ARRA funds will be spent on four projects in 2011: $8 million on Denny Terrace rehabilitation and energy efficiency improvements; $1.5 million at Rainier Vista Northeast Rental Housing; $500,000 at Lake City Village; and $375,000 at Jefferson Terrace for the Respite Care Program.

The decrease in **HOPE VI Mixed-Finance Redevelopments** reflects the completion of High Point and Rainier Vista's Tamarack. In 2011 spending is for Rainier Vista Northeast Rental Housing and Lake City Village. Lake City Village is expected to be completed in 2011 and Rainier Vista Northeast will be completed in mid-2012.

Local Asset Management Program

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

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

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

SHA's Indirect Service Fee is updated as part of the annual budget process. For 2011 the IDSF is $52.25 per unit month for housing units and $21.70 per unit month for vouchers. These fees compare to 2010 IDSFs of $52.10 and $21.21, respectively.

Per HUD's request and for their convenience and information, SHA's original LAMP, as submitted in the 2010 MTW Plan, is provided in Appendix E. SHA does so with the understanding that its LAMP is not subject to annual approval under the MTW Amended and Restated Agreement.

Single-fund flexibility

SHA established a MTW Block Grant Fund under the original MTW Agreement and continues to use single-fund flexibility under the First Amendment to the Amended and Restated MTW Agreement. SHA flexibility to use MTW Block Grant resources is central to support its array of low-income housing services and

programs. SHA's Local Asset Management Program (LAMP) addresses the entire SHA operation and MTW Block Grant funds. SHA exercises its authority to move MTW funds and project cash flow among projects and programs as the agency deems necessary to further its mission and cost objectives.

SHA analyzes its housing, rental assistance, service, administrative, and capital needs on an annual basis through the budget process to determine the level of service and resource needs to meet SHA's strategic objectives. SHA adopts a new Strategic Plan every five years and will adopt a new plan in late 2010 for 2011 to 2015. MTW flexibility to allocate MTW "Block Grant" revenues among the Authority's housing and administrative programs enables SHA to balance the mix of housing types, services, capital investments and administrative support to different low-income housing programs and different groups of low-income residents. It enables SHA to tailor resource allocation to best achieve our cost and strategic objectives and therefore maximize our services to low-income residents and applicants having a wide diversity of circumstances, needs, and personal capabilities.

The MTW Block Grant enables SHA to continue addressing some of the most urgent capital needs in the Seattle Senior Housing Program by augmenting local program funds with MTW Block Grant monies. The MTW Block Grant also continues to provide interim financing and support for development activities; to support our local housing special portfolio reserves; to support common park areas in our family communities; and to support management improvements through technology systems development. For 2011 SHA will transfer MTW Block Grant Funds of $8.2 million for these purposes.

VIII. Administrative Information

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

Agency-directed evaluations

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

SHA Board of Commissioners resolution

The resolution approving this Plan and certification of compliance with regulations are provided in the following pages.

Appendix A –2011-2015 Strategic Plan

The strategic plan can be accessed online at: http://www.seattlehousing.org/news/strategic/.

Appendix B – New public housing units

The following is a description of new public housing units to be added during 2011 by development.

Lake City Village

Lake City Village will be an 86-unit affordable housing project in North Seattle. The project is funded in part by both HOPE VI and American Recovery and Reinvestment Act grants.

	Public Housing				Straight Tax Credit / Other Affordable			
Structure Type	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**
Elevator	4	36	9	2	4	24	5	2
Total	**51**				**35** (1 of the 35 units is a management unit)			
Accessible Features	6 of the total 86 units are fully "UFAS accessible." 22 additional units are "Adaptable" to the "UFAS accessible" standard. 20 additional units are "Visitable." These units include accessible entry on an accessible path of travel, an accessible toilet facility, and doorways with a minimum clear width of 32 inches. (The 6 UFAS Accessible and 22 Adaptable units are considered Visitable as well, so the total number of Visitable units is 58.)							

Rainier Vista Northeast (Phase III)

Rainier Vista Northeast will be comprised of 118 units, 75 of which will have public housing subsidy, upon final completion in 2012. The numbers below reflect projected unit completions by December 31, 2011.

	Public Housing					Straight Tax Credit/Project-based Housing Choice Vouchers				
Structure Type	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**	**1 BR**	**2 BR**	**3 BR**	**4 BR**	**5 BR**
Row		6	10	2	1	1	5	4	1	1
Walk Up		2	3	1				1		
Subtotal		*8*	*13*	*3*	*1*	*1*	*5*	*5*	*1*	*1*
Total	**25**					**13**				
Accessible Features	There will be seven fully accessible units in the project, two of which will be completed by the end of 2011. A number of the units will have entrances that are without steps or at a minimal grade. There will be bathrooms on the ground level in many units. Exterior doors will be 36 inches wide.									

Seattle Senior Housing Program

A total of 21 buildings and 933 affordable units are included in the SSHP portfolio. Seattle Housing will work with local HUD to place these 21 buildings into four or five Asset Management Projects by September of 2011.

	Public Housing				Straight Tax Credit / Other Affordable			
Structure Type	**1 BR**	**2 BR**	**3 BR**	**4 BR**				
Elevator	835	98						
Total	**933**							
Accessible Features	All buildings have elevators and wheelchair access, including wider doorways, halls, and bathrooms. Seven SSHP units have roll-in showers. All buildings are ADA accessible and accommodations for individual residents are made as they are requested.							

Appendix C – New project-based voucher units

The following is a description of new project-based housing choice voucher units to be added during 2011 by project.

2011 commitments

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

Rainier Vista Northeast (Phase III)						
Project description	Rainier Vista Northeast will be comprised of 118 units, 22 of which will have project-based Housing Choice Voucher subsidy, upon final completion in 2012. The numbers below reflect projected unit completions by December 31, 2011.					
Total units in property	**Project-based units**					
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**Total**
38 of 118	0	1	1	4	1	**7**

To be determined by City of Seattle NOFA process						
Project description	SHA has allocated 70 vouchers to be project-based in 2011 via the City of Seattle's competitive Notice of Funding Availability (NOFA) process. The results will be reported in SHA's 2011 Annual Report.					
Total units in property (ies)	**Project-based units**					
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**Total**
TBD*	TBD	TBD	TBD	TBD	TBD	**70**

**TBD = To Be Determined*

To be determined by City of Seattle RFP process						
Project description	SHA has allocated 50 vouchers to be project-based in 2011 via a Request for Proposals process. These units will serve as replacement units for High Point. The results will be reported in SHA's 2011 Annual Report.					
Total units in property (ies)	**Project-based units**					
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**Total**
TBD	TBD	TBD	TBD	TBD	TBD	**50**

Any project-based commitments or potential commitments listed in a previous plan not completed by the end of 2010 may come on line during the 2011.

Potential new commitments in 2011

SHA is considering providing project-based voucher assistance at the property listed below. Final decisions will be reported in SHA's 2011 Annual Report.

The Ritz Apartments						
Project description	The Ritz Apartments is a 30-unit tax-credit financed building owned by Seattle Housing Authority. The property is located in the Central Area near Seattle University.					
Total units in property	**Project-based units**					
	Studios	**1 Bedroom**	**2 Bedrooms**	**3 Bedrooms**	**4 Bedrooms**	**Total**
30	22	8	0	0	0	**30**

Appendix D – Seattle 2010 Area Median Income

The following table provides HUD-defined 2010 income limits for the Seattle-Bellevue area. The information is provided for reference, as percentages of Area Median Income are referred to frequently throughout this Plan.

2010 Seattle-Bellevue HUD Income Limits

Household Size	Area Median Income (AMI)	Low Income	Very Low Income	Extremely Low Income
	100% of AMI	80% of AMI	50% of AMI	30% of AMI
1 person	$60,000	$45,100	$30,000	$18,000
2 people	$68,500	$51,550	$34,250	$20,600
3 people	$77,100	$58,000	$38,550	$23,150
4 people	$85,600	$64,400	$42,800	$25,700
5 people	$92,500	$69,600	$46,250	$27,800
6 people	$99,300	$74,750	$49,650	$29,850
7 people	$106,200	$79,900	$53,100	$31,900
8 people	$113,000	$85,050	$56,500	$33,950

http://www.huduser.org/portal/datasets/il/il10/wa.pdf (6/23/10)

Appendix E – Local Asset Management Plan

Original SHA LAMP Submitted as Appendix A with 2010 MTW Plan

I. Introduction

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

II. Framework for SHA's Local Asset Management Program

A. Mission and Values

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

Our Mission

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

Our Values

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

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

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

B. Overarching Policy and Cost Objectives

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

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

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

C. Local Asset Management Program – Eight Guiding Principles

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

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

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

reduce the administrative burden on tenants.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. Comprehensive Operations

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

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

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

B. Project-based Portfolio Management

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

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

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

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

C. Cost Allocation Approach

Classification of Costs

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

Cost Objectives

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

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

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

SHA Direct Costs

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

- Contract costs readily identifiable with delivering housing assistance to low-income families.
- Housing Assistance Payments, including utility allowances, for vouchers
- Utilities
- Surface Water Management fee
- Insurance
- Bank charges
- Property-based audits
- Staff training
- Interest expense
- Information technology fees
- Portability administrative fees
- Rental Assistance department costs for administering Housing Choice Vouchers including inspection activities
- Operating costs directly attributable to operating SHA-owned properties
- Fleet management fees

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

SHA Indirect Costs

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

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

SHA Indirect Service Fee – Base, Derivation and Allocation

SHA has established an Indirect Services Fee (IS; ISF) based on anticipated indirect costs for the fiscal year. Per the requirements of OMB Circular A-87, the ISF is determined in a reasonable and consistent

manner based on total units and leased vouchers. Thus, the ISF is calculated as a per-housing-unit or per-leased-voucher fee per month charged to each program.

Equitable Distribution Base

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

Derivation and Allocation

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

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

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

Annual Review of Indirect Service Fee Charges

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

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

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

- SHA determined to implement an indirect service fee that is much more comprehensive than HUD's asset management system. HUD's asset management system and fee for service is limited in focusing only on a fee for service at the Low Income Public Housing (LIPH) property level.

SHA's LAMP is much broader and includes local housing and other activities not found in traditional HUD programs. SHA's LAMP addresses the entire SHA operation.

- SHA has defined its cost objectives at a different level than HUD's asset management program. SHA has defined three cost objectives under the umbrella of the MTW program, which is consistent with the issuance of the CFDA number and with the First Amendment to the MTW Agreement. HUD defined its cost objectives at the property level and SHA defined its cost objectives at the program level. Because the cost objectives are defined differently, direct and indirect costs will be differently identified, as reflected in our LAMP.
- HUD's rules are restrictive regarding cash flow between projects, programs, and business activities. SHA intends to use its MTW resources and regulatory flexibility to move its MTW funds and project cash flow among projects without limitation and to ensure that our operations best serve our mission, our LAMP cost objectives, and ultimately the low-income people we serve.
- HUD intends to maintain all maintenance staff at the property level. SHA's LAMP reflects a cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, and asset preservation as direct costs to properties.

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

Balance Sheet Accounts

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

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