



CY 2018 Proposed Budget



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SEATTLE HOUSING AUTHORITY

2018 PROPOSED BUDGET

Presented to
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September 18, 2017

SHA Board of Commissioners
2018 Proposed Budget

Dear Commissioners:

I am pleased to present to you the Seattle Housing Authority's (SHA) 2018 Proposed Budget.

Overview – Key Budget Numbers

The Total Expense budget proposed for 2018 equals **\$304.7 million**. In total, the proposed budget represents an increase of **13.5 percent, \$36.3 million** above the 2017 Adopted Budget. The proposed 2018 budget consists of two major parts—Operations and Capital—as follows:

\$ 193.8 M for Housing Programs, Services, and Rental Assistance—+5.8 percent over 2017

\$ 110.9 M for Capital Preservation and Redevelopment—+30.3 percent over 2017

SHA's federal **Moving to Work (MTW) Block Grant**, including the total funds for the Public Housing Operating Subsidy, the Public Housing Capital Grant, and MTW Housing Choice Voucher funds for rental assistance, is SHA's largest single funding source. In 2018, proposed expenditures supported by MTW funds equal **\$173.5 million**, 57 percent of the total 2018 SHA Proposed Budget expenditures. This is a lower proportion than in the past, reflecting a proportionate increase in grant, debt, and equity resources supporting SHA's Budget, particularly for capital preservation and redevelopment. With the return to sequestration, we anticipate lower, but only slightly lower, MTW revenues in 2018 than in 2017.

The 2018 Proposed Budget allows SHA to continue the service improvements and program initiatives undertaken in the 2017 Budget and to make modest additional improvements in 2018, especially on the capital preservation and redevelopment elements of the budget and on service initiatives that are proving to be effective for our residents and voucher holders.

The overall SHA **staff capacity**, including new grant-funded positions, in the 2018 Proposed Budget is technically flat with 2017—**562.5 FTE in 2018 versus 562.3 in 2017**. Correcting for an error in the 2017 number, however, we will actually have an increase in 2018 of 5.25 net positions, most of which are in Housing Operations.

In this first budget year of a new federal Administration, federal funding for low-income housing and community development is faring much better than might have been expected. The President's first budget proposal, with draconian budget reductions disproportionately affecting poor people and the most vulnerable among us, was rejected by both the House and Senate Committees responsible for HUD's low-income housing program funding. While the federal 2018 budget process remains to be finalized in the coming months, we are confident that the SHA 2018 Proposed Budget represents a reasonably conservative expectation for final 2018 federal budget action.

Serving More People

SHA's strategic goal remains to serve more people in need of low-income housing and to be an important contributor with public and private partners to increase the availability of affordable housing generally.

Our highest priorities in doing so are guided by **SHA's Strategic Plan 2016–2020**: expand affordable housing opportunities and choices; promote quality communities, including maintaining and updating our housing stock; and improve quality of life and opportunity for children; youth and their families; work-able adults seeking to improve their economic status; and elderly and disabled tenants. With completion of lease-up of new units at Hoa Mai Gardens; new affordable units added by our market rate partners; new project-based units supported by City levy resources with SHA project based vouchers; lease-up of new VASH vouchers; and higher utilization of vouchers, we estimate we will support low-income housing opportunities in 2018 for **approximately 380 additional households**.

In addition, SHA is entering partnerships with two major organizations in our community—the University of Washington and Sound Transit—both of which want to use surplus property to create affordable housing. We will work with these public partners to help facilitate building new low-income housing on lands they currently own, in partnership with private non-profit agencies. Over the coming years, these initiatives promise to add significant affordable work force housing, with provisions for homeless housing as well.

2018 Budget Context, Outlook, and Strategy

While the FY2018 U.S. Budget is not yet enacted by Congress, appropriation bills for HUD passed by the House and Senate Appropriations Committees did not follow the President's request for reductions of 13.5 percent in HUD programs. In our forecast of 2018 MTW revenues for SHA, we have anticipated reduced funding by just 1.0 percent. Below is a brief recap on the status of factors that affect our budget outlook.

Economy: The State and local economies remain stable with continued growth in employment and personal income and continued moderate inflation and low unemployment projected by economists. The national picture, as forecast by the most respected groups of economists, also continues to point upward for the seventh year since the trough of the Great Recession in 2010. Economists always remind us that every expansion is followed inevitably by a recession. While the current expansion is not the longest we've experienced, the economists are looking for the recession around the corner, but don't see it on the current horizon before a potential slow-down in 2019.

While the overall picture is upbeat, we know there are many low-income people who have not shared in the job and opportunity growth, particularly young adults and racial and ethnic minorities. While this remains true, with the unemployment rate hovering at 4.0 percent, we are seeing more residents with income from wages and more with higher income from wages from more work hours.

SHA Budget Strategy: When Congress initiated short-term partial reprieves from sequestration spending ceilings in 2014, SHA adopted a budget strategy of funding more one-time expenditures, either in capital preservation or in up to two-year operating projects. By not putting these funding windfalls in ongoing obligations, SHA could flex more easily without reducing core programs when Congress returned to the sequestration spending ceilings, which we anticipate they will do in 2018. For SHA, this will reduce our one-time expenditures in 2018 but will not require cutting into our core operations or capital.

SHA has also undertaken LEAN training and application in three departments to focus on changes in work processes that reduce unnecessary steps and make our processes more effective and efficient. In the long term, we expect this type of activity to grow and both improve our services and conserve resources.

Federal Budget: As indicated in the opening of this section above, SHA expects that HUD programs will fare far better in the 2018 Budget than proposed in the President’s Budget, once Congress completes its work on the 2018 appropriations bills in early December 2017. That said, there remains a great deal of fiscal uncertainty ahead in the balancing of divergent interests on the debt ceiling, spending constraints and reduction of the deficit, the future of health care, tax reform, infrastructure needs, increased defense spending and the perils represented by North Korea, and aid for the very substantial rebuilding that will be required by the recent devastation wrought by fierce hurricanes across Texas, Florida and the Caribbean, and tsunamis resulting from the record-level earthquake on the southwest coast of Mexico.

Seattle’s Affordability Crisis: Seattle continues to be among the top three leaders in the country for rental increases. While Zillow predicts that the national average increase in median apartment rents in cities across the country will be 1.7 percent for 2017, Seattle and Portland are projected to experience the highest rent appreciation in the country at 7.2 percent and 6.0 percent, respectively. HUD’s recently published 2018 Fair Market Rents (FMRs) in the private sector for the Seattle region are slightly **below** the FMRs HUD publish in October 2016.

Because HUD has consistently under-valued the rent changes in our metropolitan area, King County and Seattle Housing Authorities jointly commissioned a rental survey performed by Washington State University professionals to submit to HUD as an alternative to their FMR results. This survey is just being completed and is expected to show a 15 percent appreciation in rent in the Seattle metropolitan area over the past two years. We will jointly submit this to HUD as an alternative to their results as soon as this month. If HUD accepts the survey results, the next key question is whether they will provide funding for a higher voucher payment standard for private market rentals.

Prudent Budget Management: Over the past five years, SHA’s culture of prudent stewardship of public funds has continued to be the focus of SHA directors, managers and supervisors, and staff, as all are conscientious in observing budget parameters and looking for ways to improve and increase service without increased funds. I can’t stress enough how important it is to SHA to be mindful that wise use of our resources is crucial to achieving our mission of housing and services for low-income people.

Technology—A Central Key to SHA’s Efficiency and Business Success for the Future: There is an agency-wide appreciation at SHA that we can work smarter and more efficiently with the help of technology. We want to be data-driven in our decision-making and that has led to creation of our Data Warehouse and use of software tools to help staff analyze and display results. We want to apply technology to make our operations more efficient and that has led to improvements such as mobile maintenance and mobile inspections that we are now moving out to all our housing portfolios. And, the more we are successful at creating efficiencies through technology, the more our staff is driven to innovate in other areas. New applications are a trend that has taken hold and will continue to benefit SHA and our tenants.

Introduction of SHA’s Major 2018 Initiatives

SHA’s major initiative in 2018 continues to be our multi-year commitment to the redevelopment of Yesler Terrace. I want to highlight our progress and 2018 plans for continuing the momentum of Yesler Redevelopment and also introduce two new program initiatives—SHA’s Economic Advancement program

and Family Access Supplement to enhance opportunity for voucher families with children to locate in high opportunity areas.

Yesler 2018

SHA's Yesler redevelopment enters its seventh year and we are continuing to successfully manage resident relocation and return, and expand education, health, workforce development and other programs to help them improve their lives. On physical construction—infrastructure, community facilities and rental housing—here's what's coming up in 2018:

SHA's Red Cedar 119-unit building is under construction, scheduled for completion in early 2019; we expect to complete the Main St. infrastructure project; we will enter the design phase for SHA's next residential building, with construction scheduled to start in 2019; and we expect design and permitting to take place by the non-profit developer selected to construct and manage affordable housing on the site we are purchasing from King County.

Private developers' construction of market rate and work force housing is proceeding apace: Vulcan will complete lease-up of its first building during the first quarter of 2018 and is underway with construction of its second building scheduled to be completed in 2019; Mill Creek Residential will start construction on the south side of East Yesler Way in first quarter 2018; and Vulcan and Lowe will be in design and permitting phases during 2018 for their respective sites in Block 4 and Block 5.

In 2018, SHA will complete lease up of the last 20 units in Hoa Mai Gardens and Vulcan will lease up the 196 units in its first building—Batik—during the first quarter. In addition, construction of Yesler Terrace Park is scheduled to be completed by the Parks Department; the extension of the pedestrian path through Block 2 and S. Main Street will be done; and the E. Fir St. pocket park will be in progress.

Launching a Rejuvenated Economic Advancement Program

Over the past three years, SHA and several partner organizations have been implementing the Workforce Opportunities System (WOS) pilot program, with funding support from the Chase Foundation. Alongside operation of the pilot program, SHA's Policy Office conducted research and analysis to help guide the pilot and design overall changes to SHA's Economic Opportunities program and partnerships. This work relied on data from existing research to identify best and most successful practices and qualitative data from program participants and staff to discern how effective different aspects of the pilot were. This led to the development of a concept proposal by an interdepartmental staff team to improve the effectiveness of SHA's support of tenants in advancing their economic well-being.

2018 will be the first full year of operation for the redesigned Economic Advancement Program, giving us an opportunity to test our focus of supporting SHA tenants on their journey toward self-sufficiency while meeting them "where they are" on the Economic Security Continuum (see back cover of Budget Book). We estimate the program will serve 700–1,000 SHA tenants in its first year. The new program:

- Adopts a coaching philosophy to provide continuity of service with a single coach working with each participant through all the steps toward their goals.
- Takes an active role in the job market, with staff specialists serving as "employment brokers" in high-demand industries and working with employers to shape jobs in ways that will provide opportunities for SHA clients.

- Continues the successful partnership with Seattle Colleges in supporting post-secondary education and English as a second language skill-building.
- Modifies and expands the Family Self-Sufficiency program to add financial incentives for post-secondary education, job retention, and asset building.

Improving Outcomes for Kids—Family Access Supplement

In 2017, SHA introduced two voucher supplement programs designed around improving outcomes for children. The first program—**Home from School (HfS)**—is designed to support homeless and unstably housed families with school-age children attending Bailey Gatzert Elementary School. The program offers parents of homeless children at Bailey Gatzert a voucher for rental assistance to lease in the Bailey Gatzert school enrollment area, and provides services to support their housing search and help them stabilize in their new home.

The HfS vouchers provide a Family Access Supplement, where needed, to increase the standard voucher payment to help homeless families be successful in leasing near the school. This pilot program will enter its second year with the start of the 2017–18 school year. In addition to stability and continuity for the students and families in the program, HfS is expected to enhance the quality of education and academic achievement for all students by reducing student absences and turnover disruptive to the learning environment.

The second program is the **Family Access Supplement for Opportunity Areas (FAS)**, designed to enable families with minor children to use their voucher in high opportunity areas otherwise out of reach due to higher rents. The FAS may also be made available to families already leasing in designated opportunity areas, who otherwise would be financially forced to move out of the area. Research shows that children from low-income families who live in high opportunity areas do better in schools and earn more as adults.

The FAS supplements the voucher payment standard to better align with actual market rents in high opportunity neighborhoods. Higher rental costs create a substantial barrier for families with children who want to rent in these neighborhoods which historically have been inaccessible to most voucher holders.

Conclusion

In the 2018 Budget, we have proposed investments that are modest but impactful investments in the future and that are consistent with advancing our 2016–2020 Strategic Plan objectives. While we continue to live in uncertain and tumultuous times, we are guided in our actions by SHA’s mission and values:

Mission — 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 incomes.

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.

In these times, it is more important than ever for us to elaborate on what these commitments mean. Specifically, we affirm that “respect” means that we welcome all people and treat all people

Board of Commissioners
2018 Proposed Budget Letter

as equally deserving of opportunities to live and grow in our communities and to enjoy the freedoms and democratic principles of the U.S. Constitution. We do not tolerate discrimination based on race, age, national origin, ethnicity, sexual orientation, gender identification, or religion. The creation of our annual budget is an opportunity to ensure we are acting on these values that are fundamental to the mission of the Seattle Housing Authority.

I am honored to work with a committed Board of Commissioners and lead our great staff in serving people with low incomes and our community. I look forward to our upcoming discussions of the 2018 Proposed Budget. Thank you for your thoughtful consideration.

Sincerely,



Andrew J. Lofton
Executive Director
Seattle Housing Authority

cc: Cabinet Members

SEATTLE HOUSING AUTHORITY

2018 PROPOSED BUDGET

September 18, 2017

TABLE OF CONTENTS

SEATTLE HOUSING AUTHORITY CY 2018 PROPOSED BUDGET	1
INTRODUCTION	1
OVERVIEW OF THE 2018 SHA PROPOSED BUDGET	2
HOW THE BUDGET IS PREPARED.....	7
NAVIGATING THE BUDGET: WHAT’S IN THIS DOCUMENT?.....	9
RESPONDING IN 2018 TO THE STRATEGIC PLAN	11
STRATEGIC DIRECTIONS	11
ORGANIZATIONAL CORNERSTONES	14
DEPARTMENT BUDGETS	15
SHA DEPARTMENT BUDGETS COMPARISON OF 2016-2018 OPERATIONS.....	15
EXECUTIVE DEPARTMENT.....	18
OFFICE OF POLICY AND STRATEGIC INITIATIVES.....	24
DEVELOPMENT DEPARTMENT	32
HOUSING FINANCE AND ASSET MANAGEMENT	38
FINANCE AND ADMINISTRATION DEPARTMENT.....	44
INFORMATION TECHNOLOGY	56
HOUSING OPERATIONS DEPARTMENT	62
HUMAN RESOURCES DEPARTMENT.....	86
HOUSING CHOICE VOUCHER PROGRAM.....	92
CAPITAL IMPROVEMENT PROGRAM SUMMARY	100
CHOICE NEIGHBORHOODS IMPLEMENTATION: YESLER TERRACE – REDEVELOPMENT	101
OTHER REDEVELOPMENT ACTIVITIES	103
PUBLIC HOUSING AND OVERALL ASSET PRESERVATION FUNDING	105
NEW ACQUISITION, DEVELOPMENT, AND PLANNING.....	109
2018 CAPITAL ACTIVITIES	111
GRANT PROGRAM DESCRIPTIONS.....	119
LIMITED PARTNERSHIP OPERATIONS	125

TABLE OF FIGURES

FIGURE 1: 2018 OPERATING AND CAPITAL SOURCES	4
FIGURE 2: 2018 OPERATING AND CAPITAL PROGRAM USES.....	5
TABLE 1: OVERVIEW OF 2018 SHA BUDGET	2
TABLE 2: OVERVIEW OF 2018 SHA FTES	3
TABLE 3: 2018 DEPARTMENT BUDGETS	15
TABLE 4: 2018 DEPARTMENT FTES.....	16
TABLE 5: EXECUTIVE DEPARTMENT BUDGET AND FTES.....	19
TABLE 6: OPSI BUDGET AND FTES	25
TABLE 7: DEVELOPMENT DEPARTMENT BUDGET AND FTES	33
TABLE 8: HOUSING FINANCE & ASSET MANAGEMENT BUDGET AND FTES.....	39
TABLE 9: AM COMMERCIAL FACILITIES BUDGET.....	41
TABLE 10: 190 QUEEN ANNE CENTRAL OFFICE BUDGET.....	42
TABLE 11: FINANCE AND ADMINISTRATION BUDGET AND FTES.....	45
TABLE 12: INFORMATION TECHNOLOGY BUDGET AND FTES	57
TABLE 13: HOUSING OPERATIONS BUDGET AND FTES.....	63
TABLE 14: HOUSING OPERATIONS CENTRAL ADMIN BUDGET AND FTES	65
TABLE 15: LOW INCOME PUBLIC HOUSING BUDGET AND FTES	69
TABLE 16: SEATTLE SENIOR HOUSING PROGRAM BUDGET AND FTES	70
TABLE 17: YESLER TERRACE BUDGET AND FTES	71
TABLE 18: SPECIAL PORTFOLIO BUDGET AND FTES.....	72
TABLE 19: IMPACT PROPERTY SERVICES BUDGET AND FTES.....	74
TABLE 20: COMMUNITY SERVICES BUDGET AND FTES.....	78
TABLE 21: ECONOMIC ADVANCEMENT BUDGET AND FTES.....	82
TABLE 22: IMPACT PROPERTY MANAGEMENT BUDGET AND FTES	83
TABLE 23: HUMAN RESOURCES BUDGET AND FTES	87
TABLE 24: HOUSING CHOICE VOUCHER PROGRAM BUDGET AND FTES.....	93
TABLE 25: SUMMARY OF SHA CAPITAL PROJECT SOURCES.....	100
TABLE 26: SUMMARY OF SHA PROJECTED CAPITAL EXPENDITURES.....	101
TABLE 27: RED CEDAR SOURCES	102
TABLE 28: RED CEDAR USES.....	102
TABLE 29: SUMMARY OF CAPITAL PROJECTS BY HOUSING TYPE AND FUND SOURCE	105
TABLE 30: MTW-FUNDED CAPITAL PROJECTS FOR SENIOR HOUSING PROPERTIES.....	106
TABLE 31: MTW-FUNDED CAPITAL PROJECTS FOR OTHER HOUSING PROPERTIES	106
TABLE 32: OTHER CAPITAL PROJECTS FOR OTHER HOUSING PROPERTIES	107
TABLE 33: SUMMARY OF SSHP CAPITAL PROJECTS.....	108
TABLE 34: SHA 2018 CAPITAL PROJECTS -- MTW GRANT-FUNDED ACTIVITIES	111
TABLE 35: SHA 2018 CAPITAL PROJECTS -- OTHER FUNDS AND REDEVELOPMENT ACTIVITIES	115
TABLE 36: GRANT PROGRAM FUNDING	122
TABLE 37: LIMITED PARTNERSHIPS -- OPERATIONS BUDGETS.....	126

SEATTLE HOUSING AUTHORITY CY 2018 PROPOSED BUDGET

INTRODUCTION

The CY 2018 Proposed Budget covers all of Seattle Housing Authority's operating and capital budget sources and uses, including federal and local housing programs and enterprise activities for Calendar Year 2018. The Budget was prepared under the provisions and authorizations contained in the Authority's contractual agreement with the U.S. Department of Housing and Urban Development (HUD) and the Moving to Work (MTW) Program which has been extended through 2028. The MTW program provides two critical sources of flexibility:

- MTW provides a process to waive many federal regulations and thus enables the agency to undertake experiments and innovations that would not otherwise be available, in furtherance of the three MTW statutory objectives – to streamline operations for efficiency and cost effectiveness; to enhance housing choice; and to promote self-sufficiency.
- It allows the Housing Authority to treat federal resources under Sections 8 and 9 of the 1937 Housing Act – the public housing operating subsidy and capital grant, and housing choice vouchers – as a single fund -- the MTW Block Grant -- with flexibility to use funds across federal and local housing programs serving low-income people.

The Housing Authority must use both of these tools to maximum strategic advantage to realize the purposes and the promise of the MTW demonstration and most effectively serve low income people in the Seattle community.

OVERVIEW OF THE 2018 SHA PROPOSED BUDGET

The 2018 SHA Proposed Budget recommends total expenditures of \$304.7 million, with the Operating Budget at \$86.6 million; the Housing Assistance Payments (HAPs) at \$104.1 million; grants at \$3.1 million; the Capital Budget at \$24.6 million; and the Redevelopment Budget at \$86.3 million. The total 2018 Proposed Budget of \$304.7 million is greater than the total 2017 Adopted Budget by \$36.3 million or 13.5 percent.

The total **operating side** of the 2018 SHA proposed budget – operations, HAPs, and grant support – is **\$193.8 million**, represents **64 percent of the total proposed budget**, and reflects an **increase of 5.8 percent over the 2017** adopted operating budget. Grant-supported activities show the largest percentage increase at over 50 percent or \$1.1 million. This reflects SHA’s continuing success in securing both public and private grants to support program services and test innovations.

The total **capital side** of the proposed budget – capital, non-routine, and redevelopment expenditures – is **\$110.9 million**, represents **36 percent of the total proposed budget**, and reflects an **increase of 30.3 percent over the 2017** adopted capital side budgets. This percentage increase applies independently to both the capital/non-routine and the redevelopment budgets. The redevelopment increases total \$20 million, with three areas accounting for the bulk of the increase: Yesler Terrace construction activities with an increase of nearly \$6 million; rehabilitation of properties under the proposed new West Seattle Affordable Housing LP at a projected total of \$10 million; and other projects at \$4 million.

Capital and Non-Routine budgets increased due to a pooled refinancing for Othello, Desdemona, Escallonia and Wedgewood Estates that will finance over \$7.8 million in projects for these properties and others. While the overall capital program benefitted from new financings, funding of the MTW Capital Grant estimated for 2018 is less than the 2017 funding.

	CY 2017 Budget	CY 2018	
		Proposed Budget	% Change
Program Operations and Administrative Expenses	\$ 81,050,000	\$ 86,640,000	6.9%
Housing Assistance Payments (HAPs)	100,180,000	104,120,000	3.9%
Grant-Funded Expenses	2,010,000	3,063,000	52.4%
Capital & Non-Routine Expenses	18,880,000	24,590,000	30.2%
Redevelopment	66,240,000	86,280,000	30.3%
Total Expenses	\$ 268,360,000	\$ 304,693,000	13.5%

Table 1: Overview of 2018 SHA Budget

If approved, the proposed SHA staff capacity, including new grant-funded positions will be virtually flat compared to 2017, with SHA’s full-time equivalent (FTE¹) level in 2018 at **562.5** compared to **562.3** in the 2017 Budget. Please see the Department Budget section of this document for a more detailed comparison of FTE changes.

¹ FTEs include all SHA full-time employees and part-time employees who receive benefits. It does not include Intern positions, On-call Back-Up Resident Managers, and temporary part-time or partial year employees who do not receive benefits. Project employees who are hired for the duration of a specific activity or project are included in the FTE total. For 2017, five temporary construction workers were originally classified as project positions. Without the reclassification, total FTE would have increased by 5.25 FTE for 2018.

Program Element	CY 2017	CY 2018	Change
	FTEs	Proposed FTEs	
Housing Operations	339.0	346.4	7.4
Housing Finance & Asset Management	36.3	31.9	(4.4) ²
Housing Choice Voucher Program	66.8	66.8	0.0
Administrative Departments ³	120.2	117.5	(2.7)
Total	562.3	562.5	0.3⁴

Table 2: Overview of 2018 SHA FTEs

SHA's highest priorities under the Strategic Plan are expanding affordable housing opportunities and choices; promoting quality communities, including maintaining and updating our housing stock; and improving quality of life for residents and participants. SHA expects to advance these priorities in 2018, as highlighted below.

- Addition of new affordable hard housing units with lease-up of the remaining 20 units at Hoa Mai Gardens and 40 low-income units at Vulcan Real Estate's first mixed income building, Batik, at Yesler Terrace.
- SHA projects entering into HAP contracts for 74 new project-based vouchers associated with new extremely low-income housing developments under the City Levy.
- Projected receipt of additional Veterans Assistance Supportive Housing (VASH) vouchers.
- Projected increase in voucher utilization such that SHA may house an average of 296 additional households in 2018 over 2017.
- Update SHA's housing mix to provide more units for families:
 - ✓ Convert extra space in Scattered Sites Portfolio units into additional bedrooms. Seven units should be complete in 2017 with 15 more units completed over 2018 and 2019.
 - ✓ Right-size units in the SS Portfolio by facilitating moves of families whose composition has changed to more appropriately sized units. We expect to right-size 12 units in 2018.
- Continue two voucher supplement programs to help improve outcomes for children of SHA voucher holders:
 - ✓ Home from School (HfS) is designed to support homeless and unstably housed families with school-age children attending Bailey Gatzert Elementary School.
 - ✓ The Family Access Supplement for Opportunity Areas (FAS) provides more buying power such that families with minor children may move into high opportunity areas.
- Launch the Economic Advancement program with its primary mission to support SHA residents and participants on their journey toward self-sufficiency.
- Expand the health and wellness program for elderly and disabled adults.

² This reduction is due to updates for 5 temporary construction workers classified as project staff FTEs in the 2017 Adopted Budget Book. Without the reclassification, the FTE count for Asset Management increased by 0.60 FTE from 2017 to 2018.

³ "Administrative Departments" are Human Resources, Finance and Administration, Information Technology, Development, Executive, and the Office of Policy and Strategic Initiatives (OPSI).

⁴ Differences in this line are due to rounding.

Sources of Funds

The chart below provides a breakdown of SHA's main funding sources. The HUD MTW Block Grant continues to be the largest single source of SHA funds; these sources total \$156.1 million or half of total sources while Non-MTW operating subsidy equals \$11.8 million or 4 percent of total sources. Non-MTW capital and redevelopment sources total \$98.0 million, nearly one third of total sources; mixed financing for development projects is the largest share of these funds. Rental Income at \$29.3 million generates 9 percent of sources. All other income, investments, and service grants for 2018 are \$19.9 million or 6 percent. Compared to the total uses that appears in the section that follows, sources exceed uses by \$10.4 million which is used mainly for debt payment and reserves.

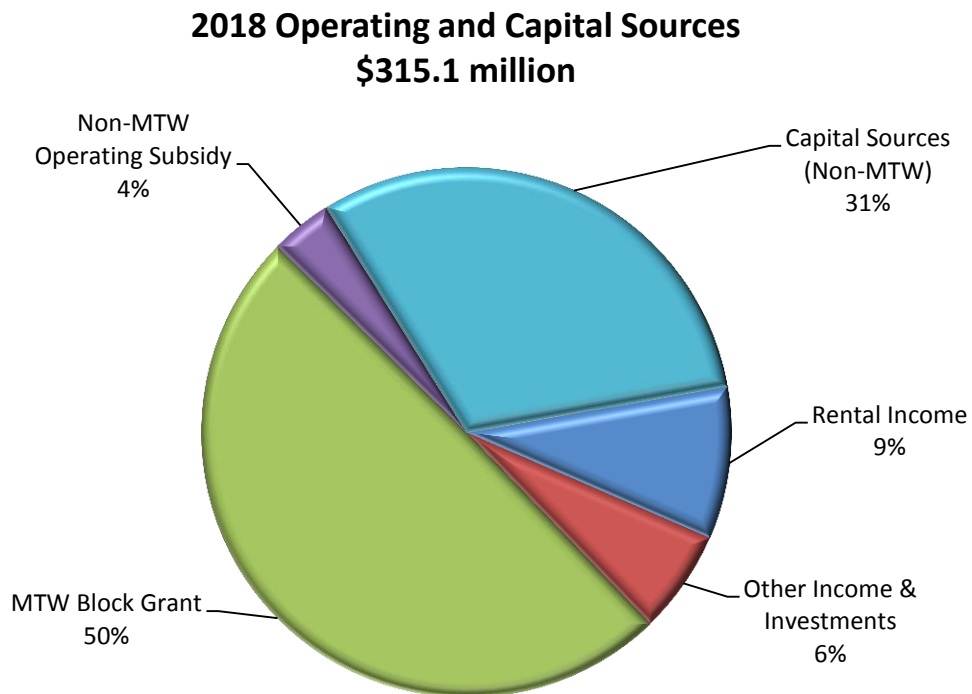


Figure 1: 2018 Operating and Capital Sources

Uses of Funds

The chart below displays a breakdown of SHA uses of funds. As illustrated, Housing Choice Voucher and other Section 8 program payments have a budget of \$104.1 million and represent just over a third of total uses. When combined, capital and redevelopment projects total the largest portion of the budget at \$110.9 million or 36 percent. Low Income Public Housing, Seattle Senior Housing Program, Local Housing, and other operating and service grant programs make up the remaining 30 percent in CY 2018.

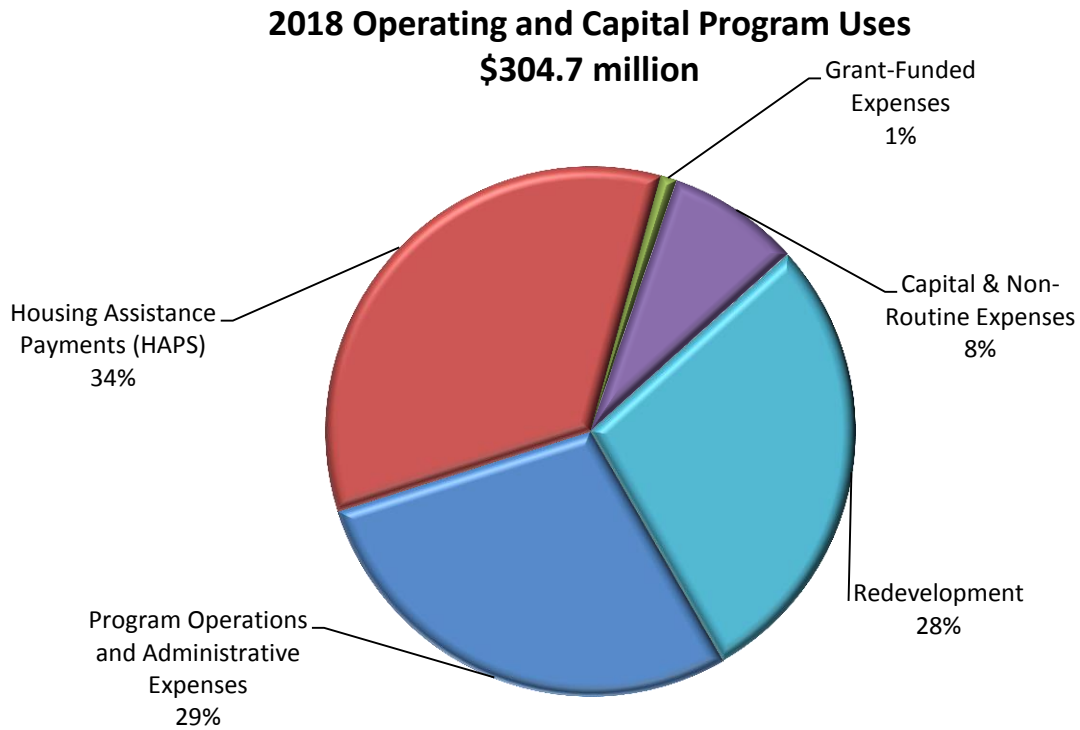


Figure 2: 2018 Operating and Capital Program Uses

HOW THE BUDGET IS PREPARED

Development of the budget begins each year in early spring with the preparation of financial forecasts of revenues and expenses based on projections of federal funding actions, forecasts about the economy, and estimates of cost changes for major expense items. A federal emphasis on reduced spending for “discretionary” programs began in 2011; however a partial reprieve from sequestration occurred when the Congress-enacted 2014-2015 budget led to a more favorable outcome. SHA anticipates that Congress will return to the sequestration spending ceilings in 2018. As a result of measures taken by the authority in 2014, this will reduce our one-time expenditures in 2018 but will not require cutting into our core operations or capital. However, due to the fiscal uncertainty ahead, we have taken a conservative approach to our federal revenue forecast for 2018.

At its annual Budget Retreat held in April, the Executive Director and Cabinet review the Budget Office’s initial forecast of the coming year’s revenues and the cost increases we are likely to face. This gives the Cabinet an initial look at how the cost of continuing to perform at current service levels for current residents and participants compares to estimated revenues.

For 2018, our initial revenue projections were dire but over time more favorable funding information became available. An updated revenue forecast produced positive net income for the fourth year in a row.

Weighing the longer term uncertainties of federal fiscal policy, the Executive Director charged the Directors and the Budget Office to continue the disciplined strategic thinking required to map out the most important investments that departments can make now to best serve our tenants, participants, and our community’s interests in 2018 and into the future.

A continual review of the forecast of federal revenues occurs throughout the budget process, but this year no new information that would significantly alter the forecast – either on the revenue or the expense side – occurred to change the basis for balancing the 2018 proposed budget. Accordingly, department budget targets were based on preparation of status quo budgets with supplemental budget requests for proposed new activities or extension/expansion of existing programs.

The Budget Office establishes the overall criteria in selecting supplemental budget requests. Proposals addressing one or more element of the following criteria received the strongest consideration:

- The proposal significantly furthers a strategic direction or organizational cornerstone from the Strategic Plan;
- The proposal responds to a new regulatory or legal requirement or is otherwise agreed to be mandatory;
- The proposal addresses a critical and urgent safety, security, welfare, and/or liability consideration;
- The proposal has commitments or strong prospects for leveraging grant or foundation matching sources or partner involvement;
- The proposed investment now will create efficiencies in operations and save costs and/or improve service in the future; and
- The proposal addresses severe backlog or customer service issues due to workload spikes.

In the spring of 2017, the Budget Office created an online survey for tenants, voucher holders, people on SHA waitlists, SHA employees, and the general public to gauge their thoughts on budget priorities for 2018. The Budget Office and Cabinet also included the results of this survey in their consideration of supplemental requests from each department. Almost 60% of the survey participants were either SHA

residents, housing choice voucher holders, or on a waiting list for housing or a voucher. This group accounted for over 77% of the responses to the final survey question asking for ideas and suggestions to reduce expenses and improve the efficiency of SHA operations. The majority of these responses were very thoughtful and provided beneficial feedback for the agency. Twenty-five percent of the responses were from SHA's own employees. Consistent with last year's results, out of the seven listed SHA objectives, 45% of all respondents selected preserve and promote high quality housing as their top priority. Preserving and promoting high quality housing was the highest priority for every group of respondents from SHA residents to Other Interested Parties.

The Moving to Work (MTW) Proposed Annual Plan for 2018 and the CY 2018 SHA Proposed Budget Summary were published August 31, 2017, distributed to stakeholders, and posted on www.seattlehousing.org for public review and comment. With this 2018 Proposed Budget book, the Executive presents the recommended budget to the Board of Commissioners for their review and action. The annual public hearing was held on September 13th and written comments are accepted through September 29, 2017.

A resolution to adopt the 2018 Budget is presented to the Board of Commissioners at the September 18, 2017 Board meeting. Adoption of the CY 2018 Budget, as proposed or amended, along with the 2018 MTW Annual Plan, occurs at the Board's meeting on October 16, 2017.

NAVIGATING THE BUDGET: WHAT'S IN THIS DOCUMENT?

The budget is presented in the following sections:

Responding to the Strategic Plan

In this section of the Budget Book, SHA presents the strategic directions and organizational cornerstones from the Strategic Plan for 2016 – 2020 which will guide SHA's growth and development in the coming years. Included here are highlights from department work plans relevant to each of the strategic directions and organized by key objectives. For work plan highlights which pertain to the organizational cornerstones, please see the 2018 Budget Summary.

Department Budgets

This section displays proposed CY 2018 expenditures by SHA department, as well as changes in staffing levels from CY 2017 to CY 2018. Budgets for each department and major sub-divisions are presented, along with highlights of their 2018 work plans. Departments and groups covered are Executive; the Office of Policy and Strategic Initiatives; Housing Finance and Asset Management; Development; Finance and Administrative Services; Information Technology; Housing Operations; Human Resources; and the Housing Choice Voucher Program. With the exception of the Leschi House limited partnership and homeWorks Phases I, II and III limited partnerships, the department operating budgets exclude all limited partnership operating revenues and expenses, capital expenses, and unit count information. Preliminary budgets of all limited partnerships are presented in the last section of this Budget Book.

Capital Improvement Program

This section describes SHA's plans for redevelopment, rehabilitation, and asset preservation for SHA's housing portfolios and facilities. Redevelopment and rehabilitation activities continue in the Yesler Terrace neighborhood, NewHolly Phase I, and Scattered Sites communities while expanding rehabilitation to West Seattle and tenant improvements to High Point's Upton Flats.

Grant Programs

SHA has consistently and successfully competed for grant funding from HUD, other public agencies, and private foundations to support resident services and programs. This section summarizes grants that are currently active and presents a table of grant funding expected in CY 2018.

Limited Partnerships

SHA serves in several different legal capacities depending on the housing program, and the budget reflects this complexity. For most housing resources, SHA is the owner and manager of the properties. In 2018, SHA will serve as the General Partner and Managing Agent for eighteen limited partnerships (LPs) formed to invest in, own, and manage rental housing in mixed-income communities. This includes the West Seattle Affordable Housing LP that is scheduled to close in October of 2017. SHA anticipates the Desdemona and Escallonia LPs will be dissolved prior to the end of 2017, so they are not included in the limited partnership count. The LPs are formed to take advantage of federal law and IRS regulations allowing private parties to invest in affordable housing through the purchase of low-income housing in exchange for tax benefits. For SHA and other non-profit housing developers, the sale of federal low-income housing tax credits has become a principal source of funds for redevelopment of low-income housing communities and rehabilitation of existing low-income buildings. This final section of the Budget Book presents the preliminary 2018 operating budgets for each of the limited partnerships.

The partnerships have separate budgets that are approved by SHA as the General Partner and presented for final approval to the private investors who are the Limited Partners. The Limited Partnership section of this budget includes preliminary 2018 budgets for each of the seventeen tax credit partnerships that will be operational in 2018. The Red Cedar LP will be under development in 2018 and as a result does not have an operating budget for 2018. Additional information about Red Cedar can be found in the Capital Improvements program section. For accounting purposes, these entities are treated as “Component Units”. In total, the 2018 Operating Budget for the limited partnerships is \$28.6 million. Because the component units are separate legal entities, the majority of LP budgets are not included in SHA’s 2018 Proposed Budget figures, but they are presented in the Budget book for information. Four limited partnerships are included in SHA’s Operating Budget due to their unique relationship with SHA.

Limited Partnerships in CY 2018

High Point North	The Ritz Apartments
High Point South	Alder Crest Apartments
South Shore Apartments	homeWorks I
Rainer Vista North East	homeWorks II
Lake City Court	homeWorks III
Leschi House	Tamarack Place
Hoa Mai Gardens	Kebero Court
NewHolly Phase I	Raven Terrace
WSAH (October, 2017)	Red Cedar

RESPONDING IN 2018 TO THE STRATEGIC PLAN

In 2016, SHA adopted a new five-year Strategic Plan for 2016 – 2020 which defines SHA’s strategic directions and key organizational cornerstones. The plan affirms SHA’s mission and values, maintains core commitments, and maps the agency’s course for the five years to make a positive difference in the larger Seattle community, in the neighborhoods where SHA participants live, and in low-income peoples’ lives. The plan sets out three strategic directions and seven organizational cornerstones on which the housing authority will maintain its focus to prioritize activities, investments, and strategies that best equip SHA to advance its mission and values:

Our Mission – Every day, we work 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 incomes.

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.

The 2018 proposed budget responds to the Strategic Directions and Organizational Cornerstones. In the pages that follow, we present highlights of proposed 2018 work plans pertaining to the sub-goals of the Plan’s Strategic Directions and Organizational Cornerstones. In the cases that these highlights duplicate work plan items discussed in the relevant department section, they have been edited for brevity with bookmarks provided for ease of navigation.

STRATEGIC DIRECTIONS

SHA’s strategic directions are “big picture” outcomes that are expected to be the focus of the agency over the five years from 2016 to 2020. Key objectives are measurable actions that guide policies and investment in pursuit of strategic directions.

Expand Housing Opportunities – Key 2018 Action Agenda Items

SHA serves more people by cultivating additional resources and employing strategies which have the biggest impact on increasing Seattle’s affordable housing choices. Specific objectives related to this strategic direction include creating more affordable housing, advancing affordable housing policy, and diversifying housing choice. Below are highlights of SHA’s work plans for 2018 to advance **Expanding Housing Opportunities**.

- Complete substantial [upgrade](#) work on single-family units and [conversions](#) to create more large-family units in the Scattered Sites Portfolio.
- Continue predevelopment for [Lam Bow Apartments](#) complex following a fire that destroyed one building in 2016.
- Manage the construction of [Red Cedar](#) affordable apartments in the Yesler community.
- Implement planning and design of a [replacement housing building](#) in the Yesler neighborhood.
- Close on the [King County Records](#) site acquisition in the fourth quarter of 2018.
- Increase our overall voucher utilization to 92.9%. This increase combined with additional voucher authority will allow the agency to serve nearly 400 additional households on average compared to 2016.
- Continue planned reviews of SHA’s [MTW activities](#) to make best use of MTW flexibility.

- Track and analyze emerging federal guidance on [housing policy](#) and financing.
- Provide support and guidance on implementation of [rent policy](#) for the Seattle Senior Housing Program (SSHP).
- Analyze data trends to assess [equity in access](#) to SHA's housing and support service programs.
- Implement Creating Moves to Opportunity ([CMTO](#)), a grant-funded national research demonstration and pilot program launched in late 2017.
- Pilot and evaluate a [Moving On](#) strategy to house formerly homeless households.
- Assist families in accessing the newly established Family Voucher Payment Supplement to support leasing success for families with children seeking to live in high opportunity neighborhoods.

Promote Quality Communities -- Key 2018 Action Agenda Items

SHA invests in safe, quality housing and connects participants to communities, resources, and services that are designed to meet their needs. Preserving and promoting high quality housing, connecting people to opportunity, and strengthening community and service are the objectives which define our work on this strategic direction. Below are highlights of SHA's work plans for 2018 to advance **Promoting Quality Communities**.

- Continue security improvements in ten SSHP buildings, twenty-nine Low Income Public Housing (LIPH) communities, two Special Portfolio locations, one Homeownership Opportunities for People Everywhere (HOPE VI) community, and various properties in Scattered Sites (see the Capital Budget table for specific buildings). Work includes new entry systems, which update building access from keys to cards, as well as modern security cameras and additional outdoor lighting where needed. (Please see the [2018 Capital Activity](#) tables for more detail).
- Prepare comprehensive property assessments and determine specific actions needed to address water intrusion and to secure funding to perform the needed work at Wedgewood Estates and Montridge Arms.
- Modernize elevators, or begin design work for elevators, in eleven buildings: four in LIPH, six in SSHP, and one in Special Portfolio. (See [2018 Capital Activity](#) tables for specific buildings).
- Transfer Longfellow Creek Apartments, Roxhill Court Apartments, and Wisteria Court to the [West Seattle Affordable Housing LP](#).
- Expand the Preventive Maintenance program to extend assets' useful lives by including more properties thereby increasing SHA's building participation to 100%.
- Coordinate with partners on new housing [projects](#) at Yesler Terrace.
- Develop and [pilot](#) a strategy to assist targeted populations mitigate their criminal history in order to alleviate housing and employment barriers.
- Implement support for [credit repair](#) and credit-building strategies.
- Provide housing services assistance, security deposit assistance, and risk mitigation funds to support success of voucher holders in renting an affordable unit in the private sector.

Improve Quality of Life – Key 2018 Action Agenda Items

SHA partners with communities to use housing as a platform to improve quality of life by enhancing health, supporting education and skill development, and other services to help people reach their full potential. Specific objectives under this strategic direction include enhancing senior and disabled living, economically empowering people through education and employment, and supporting youth achievement and academic success. Below are highlights of SHA's work plans for 2018 to **Improve Quality of Life**.

- Analyze the healthcare needs of elderly and disabled residents and determine a deployment system for the [SHA Care Network](#).
- Fully implement the [volunteer initiative](#) in elderly-designated SHA buildings begun in 2017.
- Continue SHA's community building work in its [mixed income communities](#) as well as its [highrises and SSHP buildings](#).
- In partnership with the Public Health Department, analyze the impact of redevelopment on [health](#) outcomes for Yesler residents.
- Via the newly formed [Economic Advancement](#) program, implement the first year of integrated employment and educational services with an updated delivery model.
- As part of the [Yesler People Initiative](#), provide support to pre-school and school-age children throughout their educational journey.
- Implement a sustainable [attendance initiative](#) designed to eliminate the gap between school attendance by SHA youth and other SPS students.
- Start the second school year of the "[Home from School](#)" pilot at Bailey Gatzert Elementary School to secure housing for homeless families with children within the school attendance area.
- Continue to identify and constructively address issues of [youth](#) disengagement in our family communities via the work of a Youth Engagement Specialist, Americorps volunteers, and youth-centered programming.
- Create new pathways of support for young people to increase high school completion and post-secondary achievement via the Resident Opportunities and Self Sufficiency ([ROSS](#)) for Education grant.

ORGANIZATIONAL CORNERSTONES

SHA's organizational cornerstones reflect SHA's values in action. These qualities help form the foundation of how SHA advances its mission and pursues its strategic directions. SHA's culture is driven by a commitment to excellence that continually strengthens these cornerstones. Proposed actions to strengthen the cornerstones are reflected in the work plans of the lead or involved department and can be found in the Departments section of the Budget Book. The seven organizational cornerstones are listed and defined below.

Engaging Service and Respectful Relationships: SHA is committed to providing consistently high-quality service and respectful interactions. SHA honors and assists participants and communities through service and engagement that recognize their unique needs and strengths.

Staff Excellence: SHA is committed to recruiting, retaining, and developing people whose skills and dedication allow them to consistently perform at the top of their field. SHA trains and invests in a well-equipped workforce to support the agency's day-to-day operation in pursuit of its mission.

Partnership and Coordinated Action: SHA engages in partnerships and leverages resources to extend services and housing beyond core housing programs. SHA aligns partners, programs, and service delivery to broaden and accelerate progress on strategic directions.

Financial Stability and Operational Efficiency: SHA manages its resources to maximize the impact and cost-effectiveness of its operations as well as the value and longevity of its assets. SHA focuses on strengthening its financial condition, streamlining service-delivery, and being good stewards of the public trust to best serve people now and into the future.

Race and Social Justice (RSJ or RSJI): SHA is committed to delivering services in a culturally competent way, free of racism and prejudice; to minimize the impacts of poverty; and to advance and support social justice. SHA strives to eliminate individual, institutional, and systemic racism in its policies and practices.

Environmental Stewardship: SHA incorporates environmental stewardship into daily practices and long-term decision-making to allow for more cost-effective investments; inventive approaches to complex sustainability challenges; healthier working and living environments for staff and participants; and broader impact within the community.

Innovation: SHA actively pursues creative, innovative, and impactful solutions to expand organizational capacity, improve service, and meet participant and community needs. SHA continually uses high-quality information and effective analyses to plan and evaluate its actions.

DEPARTMENT BUDGETS

The table below shows total operating expenditures for departments and housing assistance payments. The CY 2018 operating expenditures (excluding service grants) of \$215.0 million represent an overall increase of 5.3 percent above the 2017 budget. Direct Operating expenses, before backing out internal service fees, increased by 5.9 percent, while Housing Assistance Payments (HAPs) are expected to increase 3.9 percent over the 2017 level. The tables below summarize changes in departmental budgets and staffing levels.

SHA DEPARTMENT BUDGETS COMPARISON OF 2016-2018 OPERATIONS

Departments and/or Divisions Expenditures	CY 2016 Actual (000)	CY 2017 Adopted (000)	CY 2018 Proposed (000)	Change 2017- 2018
Executive	\$2,935	\$3,204	\$3,190	(0.4%)
Policy and Strategic Initiatives	1,085	1,704	1,556	(8.7%)
Housing Finance and Asset Management				
Asset Management (AM)	1,084	1,238	1,471	18.8%
AM Commercial Facilities & 190 Queen Anne CO	2,072	2,244	2,301	2.5%
Development	1,530	1,557	1,429	(8.2%)
Finance and Administrative	11,938	12,536	13,463	7.4%
Information Technology	3,688	4,071	4,265	4.8%
Housing Operations				
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	25,606	23,911	25,033	4.7%
Yesler, Baldwin, and EOC	1,643	1,703	1,446	(15.1%)
Seattle Senior Housing Program	5,593	5,720	6,123	7.0%
Special Portfolio	5,115	5,280	4,214	(20.2%)
Admissions	904	928	976	5.2%
Community Services	4,189	4,892	4,246	(13.2%)
Economic Advancement			1,947	
IPM, Parks, COL, NewHolly Phase I & II	4,144	2,626	5,476	108.5%
Housing Operations Admin	1,540	2,240	1,858	(17.1%)
Facilities	306	343	314	(8.5%)
Solid Waste and Fleet	3,155	3,186	3,436	7.8%
Impact Property Services	14,280	14,625	14,874	1.7%
Human Resources	2,193	2,505	2,607	4.1%
Housing Choice Vouchers	9,637	10,214	10,641	4.2%
DIRECT OPERATING	\$102,637	\$104,727	\$110,865	5.9%
Plus Housing Assistance Payments	\$88,542	100,182	\$104,123	3.9%
Less Internal Agency Fees	(22,806)	(23,677)	(24,235)	2.4%
TOTAL OPERATIONS	\$168,373	\$181,232	\$190,753	5.3%

Table 3: 2018 Department Budgets

Note on Internal Fees: For the 2018 Budget, the Budget Office has updated the way internal fees for information technology services are allocated to each Department. In past years, the fee was calculated based on Departments' computer and electronic equipment inventory. This year, to more equitably portion costs for hardware as well as software, the Budget Office simplified the process and calculated the fee based on Department headcount and weighted by employee job function, i.e. field employees were weighted much less than office staff.

The total proposed full-time equivalent staff positions (FTEs) for 2018 is 562.5, an 0.3 increase from the 2017 adopted level. The comparison of FTEs in 2017 and 2018 by Department is presented in the table below. The change in the right hand column represents position additions, reductions, and/or transfers from one Department to another. Please see Department write-ups that follow for more specific information on staffing changes.

Full-time Equivalent Positions	2017 Adopted	2018 Proposed	Change 2017 to 2018
Executive	16.9	16.9	0.0
Policy and Strategic Initiatives	14.0	11.5	(2.5)
Asset Management	14.8	18.4	3.6
Construction	21.5	13.5	(8.0) ⁵
Development	15.0	14.3	(0.7)
Finance & Administration	43.3	43.8	0.5
Housing Operations	339.0	346.4	7.4
Human Resources	11.0	11.0	0.0
Information Technology	20.0	20.0	0.0
Housing Choice Vouchers	66.8	66.8	0.0
TOTAL	562.3	562.5	0.3⁶

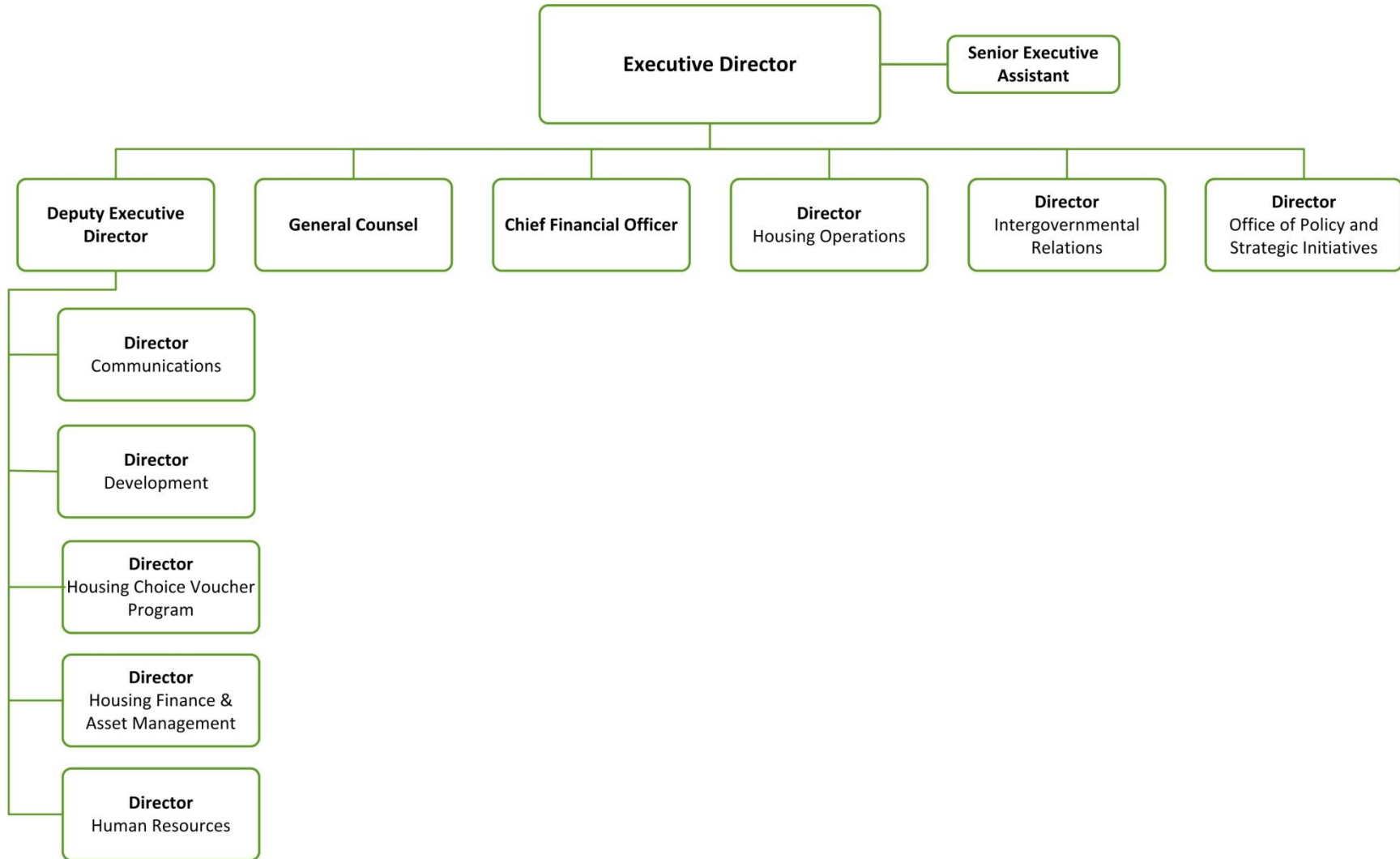
Table 4: 2018 Department FTEs

⁵ As mentioned in the Overview section, this reduction is due to updates for 5 temporary construction workers classified as project staff FTEs in the 2017 Adopted Budget Book. Without the reclassification, the FTE count for Asset Management increased by 0.60 FTE from 2017 to 2018.

⁶ The difference in this line is due to rounding.

EXECUTIVE

EXECUTIVE DEPARTMENT



Executive Budget

	2016	2017	2018	
Executive Department Expenditures	Actual	Adopted	Proposed	% Change
Admin Salaries & Temp Help	\$2,202,600	\$2,387,300	\$2,454,700	2.8%
General and Administrative Expense	437,900	506,300	451,400	(10.8%)
Tenant Services	1,600	2,100	2,200	4.8%
Maintenance & Contracts	293,000	308,000	281,700	(8.5%)
Utilities	-	-	-	-
TOTAL OPERATING	\$2,935,100	\$3,203,700	\$3,190,000	(0.4%)
Less Internal Agency Fees	(187,100)	(188,200)	(132,700)	(29.5%)
Grants, and Salaries/Benefits for Capital and Limited Partnerships	-	-	-	-
TOTAL	\$2,748,000	\$3,015,500	\$3,057,300	1.4%

Table 5: Executive Department Budget and FTEs

	2017	2018
Full-time Equivalent Positions	Approved	Proposed
Total FTEs	16.9	16.9

In CY 2018, the proposed operating budget for the Executive Department is \$3.19 million, a decrease of 0.4 percent from 2017. Department staffing remains flat.

The bulk of the reduction in General and Administrative Expenses is due to the aforementioned internal fee reallocation. The removal of one-time contracts accounts for the reduction in the Maintenance and Contracts line.

Department Purpose and Function

The Executive Department provides overall leadership and direction for Seattle Housing Authority under the guidance of the Board of Commissioners. The office of the Executive Director oversees the operations of the Authority; provides support to the SHA Board of Commissioners; maintains SHA's intergovernmental, community, and business relations; and provides state and national leadership on behalf of low-income housing through advocacy organizations. The department also includes the Deputy Executive Director; the Intergovernmental Relations Director; the Office of the General Counsel—SHA's legal representatives and advisors; the Communications Office which oversees SHA's public affairs, media relations, internal and external communications; and the Office of Policy and Strategic Initiatives whose budget and work plan highlights are shown separately in the department section following this one.

Work Plan Highlights

The Executive Department staff will continue to provide executive leadership to coordinate the work of the agency across departments; to provide oversight and direction on strategic policy initiatives; and to advocate for the interests of low-income housing in local, regional, and national forums. The Department provides communications and legal advice and counsel to the Executive and to colleagues

in other departments as needed and works closely with the Board of Commissioners to ensure their work represents shared priorities.

Director's Office

- Provide leadership on and strategic guidance for the agency's priorities such as mobility, rent policy, economic self-sufficiency, education initiatives, and asset repositioning.
- Continue SHA's leadership role with national industry groups including the Council of Large Public Housing Authorities (CLPHA) and the National Association of Housing and Redevelopment Officials (NAHRO). Represent the agency on the NAHRO national housing committee and on CLPHA and NAHRO subject-specific work groups and committees.
- Continue to work with other MTW agencies nationwide to preserve the authority and flexibility of the MTW demonstration as reflected in our renewed 2028 contracts with HUD. Demonstrate to HUD and Congress the effectiveness of MTW agencies in meeting statutory objectives and serving more low-income people.
- Within the framework of the Board's policy guidance, provide overall direction and leadership to the agency to ensure accomplishment of strategic goals to serve low-income people. Ensure that commitments to advance the Strategic Plan are regularly monitored and that progress against performance indicators is reviewed with the Board at least annually.

Communications Department

- Following the 2017 initial launch of the new website, carry out content and technology additions, modifications and adjustments needed, including integration of online forms and other functionality to increase efficiency and improve customer service.
- Launch, in partnership with IT, a revamped intranet with a new Content Management System (CMS) and increase capacity for file sharing and management.
- Proactively develop opportunities to increase the use of participant stories to tell SHA's story.
- Continue to support increased community engagement by Cabinet members and expand to other staff.
- Support the marketing and branding of Yesler Terrace.

Legal Department

- Provide legal analyses and advice on all matters related to SHA's programs and initiatives.
- Provide representation in judicial and administrative proceedings.
- Prepare pleadings, contracts, leases, policies and other legal documents as needed.
- Advise all SHA departments on a variety of legal issues including personnel and labor relations, property management, landlord-tenant, compliance with HUD regulations, Housing Choice Voucher, contracting, and real estate finance and development.
- Provide advice, guidance, and training on disability and accommodation issues.
- Investigate resident, Housing Choice Voucher participant, and employee fraud.

Intergovernmental Relations

- Maintain and advance relationships with partners at the federal, state and local levels.
- Assist in resolving outstanding issues associated with the SHA's Moving to Work (MTW) contract.

POLICY AND STRATEGIC INITIATIVES

A Division of the Executive Office

OFFICE OF POLICY AND STRATEGIC INITIATIVES



Office of Policy and Strategic Initiatives Budget

Policy and Strategic Initiatives Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$1,004,000	\$1,276,600	\$1,132,200	(11.3%)
General and Administrative Expense	76,600	191,400	193,600	1.1%
Tenant Services	300	11,500	6,400	(44.3%)
Maintenance & Contracts	4,300	224,200	224,000	0.1%
Utilities	-	-	-	-
TOTAL OPERATING	\$1,085,200	\$1,703,700	\$1,556,200	(8.7%)
Less Internal Agency Fees	(33,800)	(69,800)	(101,300)	45.1%
Grants, and Salaries/Benefits for Capital and Limited Partnerships	367,000	555,100	1,444,996	106.3%
TOTAL	\$1,418,400	\$2,189,000	\$2,899,896	32.5%

Table 6: OPSI Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	14.0	11.5

In CY 2018, the proposed operating budget for the Office of Policy and Strategic Initiatives (OPSI) is \$1.56 million, a decrease of 8.7 percent from 2017. Transfer of staff to the Economic Advancement (EA) group and the reduction of a full-time position to half-time account for the decrease of 2.5 FTE. Tenant Services declined due to the incorporation of the Work-Able program into EA as well. Internal Agency fees increased due to the new method of fee calculation discussed in the introduction to the Department Budgets section.

Department Purpose and Function

The Policy Team supports SHA's mission by developing collaborative solutions, empowering strategic decision-making and testing and evaluating strategies. Since the team's inception in 2015, OPSI has played a key role in:

- **Developing collaborative solutions** by partnering with a range of stakeholders including staff, residents/participants and community stakeholders to identify challenges, opportunities and solutions to issues impacting our mission.
- **Empowering strategic decision-making** by ensuring that SHA's strategic plan is a living guide for decisions and bringing best and promising practices and research to inform decision-making.
- **Testing and evaluating strategies** by serving as the evaluator for a variety of SHA policies and programs and establishing key metrics, success measures and leading indicators.

Through all its work, the Policy Team places a priority on listening to participants and staff about the challenges they face and engaging them in developing solutions focused on the mission of SHA and its strategic plan.

Work Plan Highlights

Housing & Economic Self-Sufficiency

The 2018 key activities for this work plan in collaboration with other departments are:

- 1) Develop, implement and begin to evaluate a resident communication and marketing plan for self-sufficiency services and policies.
- 2) Develop, implement and begin to evaluate a staff training module on self-sufficiency services and policies.
- 3) Develop additional data-sharing agreements as needed to enhance SHA's understanding of its working-age, non-disabled population.
- 4) Evaluate SHA's new model of adult education and employment services and related programs.
- 5) Provide leadership and strategic support on implementation of adult education and employment services; collaborate with partners on implementation.
- 6) Provide implementation support and evaluation of credit repair and credit building strategies.

Housing & Education

In partnership with Seattle Public Schools (SPS), SHA will focus on strategies to reduce absenteeism by SHA students by the end of the 2017–2018 academic year (and into the future) to improve educational outcomes for SHA students. As grant funding for this initiative will end in 2019, OPSI seeks to create a strong ongoing partnership with SPS with a focus on measures that will advance the academic success of SHA students beyond 2019.

Activities associated with this work plan include:

- 1) *Attendance*: Monitor SHA's attendance initiatives for the 2017–2018 school year, using focused interventions with selected schools and sub-populations.
- 2) *Institutionalization*: Work to further align systems across SHA and SPS, demonstrate progress on shared goals, develop an effective evaluation tool, engage staff at all levels of each organization, and identify and secure additional future funds.
- 3) *Evaluation*: Conduct an interim partnership evaluation, a follow on evaluation of Home from School, and develop and implement evaluation strategies for the attendance initiative.

Housing & Equity

Equity analysis and strategies are inherent in all of the Policy Team's work. In addition, the Department has developed a specific body of work to analyze equity outcomes in other SHA program areas and to partner with others to develop and pilot strategies to make improvements. In 2018, the Policy Team will explore data trends in SHA's resident populations to identify patterns in resident demographics and how access varies across the spectrum of federal and municipal Protected Classes.

Work activities associated with this work plan include:

- 1) *Equity in Access*: Analyze data trends to assess the extent to which access to SHA's housing and support service programs varies across different demographic groups. Work with staff to understand the data and explore options for making improvements.

- 2) *Criminal Record Clean-Up*: Develop and pilot a strategy to assist targeted populations (e.g. HCV waiting list, HCV participants, work-able adults, young adults) to take advantage of options to improve their criminal history in order to alleviate related housing and employment barriers.
- 3) *Credit History*: Provide implementation support and evaluation of resident credit repair and credit building strategies with the goal of reducing lease-up barriers for residents.

Housing & Health

The state of Washington recently signed a \$1.5 billion Medicaid waiver with the federal government to bring about systems changes and transformation over the next five years. The bulk of these funds (\$1.1 billion) are for a regional approach to systems change through nine Accountable Communities of Health (ACH). King County is its own ACH and serves approximately 23 percent of the Medicaid beneficiaries in Washington, making the county eligible for up to \$253 million in the transformation effort. Public Health—Seattle & King County serves as leading agency for this effort in King County.

The work of SHA's Community Services Division with non-profit health agencies and the Public Health Department positions SHA to capitalize on the transformation initiative. SHA has an opportunity to focus on both the system-level changes to advance the health and well-being of our residents and on funding to demonstrate health service delivery options. SHA's vision and action plan will focus on three resident populations in 2018—seniors, people with disabilities, and families with children.

Activities associated with this work plan include:

- 1) *SHA Health & Housing Initiative Vision and Action Plan*: Create an agency-wide vision and multi-pronged action plan for SHA's health and housing work, using partnerships in Seattle and King County to improve the health and well-being of SHA residents across the three focus populations. This will include funding and other local and state initiatives that SHA will leverage to provide health-related services for seniors, people with disabilities, and families with children.
- 2) *Seniors—Aging in Place*: SHA's Community Services Division (CSD) is working with regional service providers to design and implement a suite of services to help seniors age in place. 2018 will focus on coordinated service delivery design, implementation (CSD), and evaluation (Policy).
- 3) *People with Disabilities—Behavioral Health*: Develop an initiative and associated action plan for serving SHA residents with behavioral health challenges or disabilities and supporting staff and landlords in interactions with our resident population.
- 4) *Families with Children*: Identify the health needs of families with children and look for ways SHA can provide opportunities to address family economic advancement and family health needs in a holistic manner to the benefit of both.
- 5) *Research & Practice*: Continue to build on health and housing data integration work with Public Health—Seattle & King County, which provides accessible, up-to-date information on health needs through other administrative datasets like Medicaid, to informing resource allocation, service delivery design, partner recruitment, and evaluation.

Housing for the Homeless

Homelessness is at a critical point locally and nationally. SHA has been an active partner and major funder of the Seattle/King County homeless system for years, with SHA investments ranging across a number of different programs and models. Given recent recommendations for sweeping changes to the King County homeless system, some of which directly reference the local housing authorities, SHA recently created a homelessness role/vision for the agency through 2020:

- Continue to act in the role of a long-term affordable housing provider for low-income residents of Seattle; and
- Take a data-driven approach to ensure that SHA’s investments are used where they are most efficient and effective within the housing continuum.

With this context to guide work in 2018, Policy will focus on planning, testing, evaluating, and adjusting SHA’s strategic investments in the homeless service system. Specifically, Policy will work on identifying ways to increase the efficiency and effectiveness of existing and potential homeless investments as follows:

- 1) *Moving On Pilot*: Partner with Seattle and King County governments and service providers to pilot and evaluate a Moving On strategy to house roughly 50 formerly homeless (graduates from permanent supportive housing) in SHA-subsidized units. There are no new SHA obligations related to services or operating funds with this pilot. Rather, SHA would revisit the expedited waiting list process for public housing to focus on previously homeless individuals currently housed in permanent supportive housing.
- 2) *Analysis of and Recommendations for Other Homeless Investments*: Provide analysis, recommendations and early planning to improve the effectiveness of other SHA homeless investments such as temporary shelter, permanent supportive housing, and transitional housing. Develop a deeper understanding of SHA residents who have recently experienced homelessness. SHA anticipates that most actions taken from these analyses will focus on accountability through the new City Levy contracts.

Housing Mobility

To further our strategic direction to Expand Housing Opportunities, the Policy Office will undertake several activities to improve housing mobility for participants in the Housing Choice Voucher program (HCV).

Activities associated with this work plan include:

- *“Creating Moves to Opportunity”*: In collaboration with SHA’s Housing HCV program, King County Housing Authority (KCHA), a national research team, and local non-profit provider, implement phase one of this two-year pilot program designed to better enable new voucher families with children to lease-up in neighborhoods with attributes shown to have long-term positive impacts for kids (otherwise known as opportunity neighborhoods). Facilitate continuous learning and improvement in the project.
- *Research and Practice*: Partner with researchers to examine mobility patterns and outcomes across SHA and KCHA residents and inform related policies and practices.
- *Family Access Supplement*: Provide strategic support to HCV to provide additional rental assistance to families with children who choose to use their voucher to rent in an area that promotes greater upward mobility for their children. Analyze initial impact of the Access Supplement and work with HCV on related implications.
- *Shared Housing*: Provide strategic support to HCV in obtaining HUD approval for and implementing policy changes to grow the agency’s shared housing strategy (e.g. roommates, renting a room in a private home). Analyze initial impact and work with HCV on related implications.

Housing Policy (Moving to Work and Public Policy)

The Policy Team's MTW work promotes innovations within SHA, meeting the needs of HUD and maintaining/advancing the national MTW program. The Office's reports and evaluations aim to maximize MTW authority and increase the efficiency and effectiveness of existing MTW activities to help SHA achieve its strategic plan and MTW Plan Goals (self-sufficiency, efficiency and housing choice). Additionally, the Policy Team works on various advocacy teams and projects to ensure SHA's story is told at a national level, that Seattle's housing needs are advocated for at HUD and in Congress, and that the needs of our programs and participants are factored in to local, state, and federal policy.

Activities associated with Moving to Work and public policy are:

- 1) *MTW Planning, Reporting, & Implementation*: Draft and submit annual MTW plan and report, assist departments with developing new MTW activities, evaluate the effectiveness of MTW strategies, and identify potential areas of improvement. Provide expert technical assistance in developing or responding to issues affecting the breadth and depth of our MTW authority. Actively participate in the evolution of the MTW assessment tool.
- 2) *MTW Program Review*: Continue planned reviews of SHA's MTW activities to make best use of the MTW flexibility by improving the planning and reporting processes, ensuring existing activities are meeting their goals, and by giving staff tools to improve and build upon these efforts in the future. In 2018, we will focus reviews on waiting lists, preferences, admissions, inspections, portability and project-based vouchers. The Policy Team will also facilitate the development and implementation of changes stemming from the 2017 MTW program review of rent policy, SLIPH (Streamlined Low Income Housing Program), and graduation programs.
- 3) *Historical Data*: Document historical SHA and contextual data to better understand the effects SHA's MTW status on SHA and SHA's residents from 1999 through the present. Collaborate with other MTW agencies and evaluators to compare SHA data with comparable agencies.
- 4) *Seattle Senior Housing Program Rent Policy*: Continue to provide support and guidance as SSHP rent and occupancy changes are implemented. Begin to evaluate the policy changes in 2018.
- 5) *Policy Responses & Advocacy*: Track and analyze emerging federal guidance and provide input before rules are finalized; actively participate in national governance and advocacy bodies (e.g. NAHRO) to ensure SHA's voice is heard; engage with federal administrators and elected officials to maintain open channels of communication and share SHA's accomplishments; collaborate with Intergovernmental Relations to improve our understanding of the impacts of selected state and local legislation.

Strategic Decision-Making

A large portion of the Policy Team's work revolves around data-driven research to support decision-making. Data-driven decision-making helps align programs and projects across departments through consistent metrics and strategic performance goals.

Through this body of work, the Policy Team strives to make information access more streamlined to enable access at all levels of the agency. The goal is to enable all staff to understand applicable data and information to make better, more informed decisions.

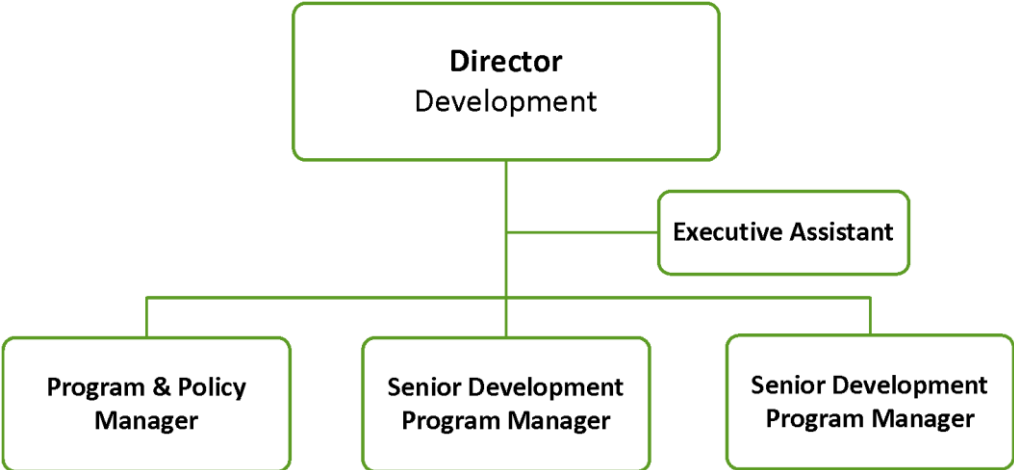
In 2018, the Policy Team will:

- 1) Provide accessible, real-time data analysis to inform policy/programmatic decision-making and improve services for residents.

- 2) Support other departments as needed in their efforts to measure leading indicators related to strategic key performance indicators.
- 3) Build tools that enable SHA staff to easily make data visualizations and conduct analyses through the use of standardized, complete, comprehensive and quality data.
- 4) Promote a data-driven culture by telling stories using data visualizations; create engaging electronic and print materials to communicate SHA's mission and impact to a broader community; and provide relevant information for strategic decision-making.
- 5) Leverage and partner with other agencies and researchers to build our knowledge base and facilitate cross-sector data integration and subsequent analyses. In 2018, this includes launching the development of a Data Lab with the University of Washington, KCHA, and other partners to provide access to an integrated, up-to-date dataset with local, state, and federal data.
- 6) Improve processes and mechanisms for regularly reporting performance measures; support the Business Intelligence (BI) program; and support other departments in their efforts to measure performance.
- 7) Implement a framework for compiling SHA historical data; work with IT to store historical data in a format accessible across the agency; and develop guidelines for updating SHA data annually.

DEVELOPMENT

DEVELOPMENT DEPARTMENT



Development Budget

Development Department Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$ 1,220,800	\$ 1,212,500	\$ 1,240,500	2.3%
General and Administrative Expense	126,000	149,700	139,300	(6.9%)
Tenant Services	-	-	-	-
Maintenance & Contracts	37,900	48,000	48,500	1.0%
Utilities	145,400	147,000	900	(99.4%)
TOTAL OPERATING	\$ 1,530,100	\$ 1,557,200	\$ 1,429,200	(8.2%)
Less Internal Agency Fees	(78,300)	(103,000)	(107,200)	4.1%
Grants, and Salaries/Benefits for Capital and Limited Partnerships	517,525	605,600	561,800	(7.2%)
TOTAL	\$ 1,969,325	\$ 2,059,800	\$ 1,883,800	(8.5%)

Table 7: Development Department Budget and FTEs

Full-time Equivalent positions	2017 Approved	2018 Proposed
Total FTEs	15.0	14.3

For CY 2018, the Development Department's total operating expenditures will decrease by 8 percent, when both operating and capital and grant staff funding sources are considered. Capital and grant staff funding costs will decrease by 7 percent primarily due to the elimination of a part-time staff position. Several projects are in progress in varied phases of planning, design, and construction.

Development funding sources include planning funds from the MTW Block Grant; For Sale program revenues; and grants from the Choice Neighborhoods Initiative (CNI) and The Kresge Foundation.

The Development Department proposes a decrease of 0.7 FTE from 2017 to 2018, which includes the reclassification of a half-time Senior Housing Developer position and half-time Scattered Sites Project Coordinator to a new full time Development Program Manager position; a 0.2 FTE decrease to the Department Director position; and the elimination of a 0.5 FTE Senior Development Program Manager position due to organizational changes. Operating Expenses decreased by over 8 percent primarily from the reductions associated with a utility and infrastructure loan payoff. The Grants, Capital and Partnership labor expenses represent continued activities associated with Yesler Terrace redevelopment and support for the Scattered Sites repositioning activities.

Department Purpose and Function

The Development Department reports to the Deputy Executive Director. The Development Department is responsible for redevelopment which includes: planning new affordable housing and redevelopment; managing community processes surrounding development visions; implementing development projects; overseeing the sale of land to private developers and the subsequent development of market-rate or workforce housing; managing and supporting neighborhood associations until property owners in the communities assume management and financial responsibility; and participating in local and regional planning meetings that may involve potential new low-income and affordable housing development

opportunities. The Department is accountable for advancing the Strategic Plan's goal to increase SHA's low-income, work force, and affordable housing.

The Development Department serves the Seattle Housing Authority's Mission by developing safe and affordable housing in thriving communities. The Department also seeks to increase the number of affordable housing units, both rental units and homeownership, through a variety of programs and partnerships. The Development Department revitalizes old low-income housing with new vibrant mixed income communities that are connected to nearby neighborhoods and provide a variety of rental and homeownership housing choices, plus community facilities and other amenities. An important responsibility of the Development staff is to successfully market properties to private developers for homeownership opportunities, including affordable ownership opportunities.

The Development Department is also responsible for looking toward the future to identify new housing development opportunities primarily to serve people earning less than 80 percent of area median income. In this role, the Department evaluates opportunities for future developments with both public and private partners, looking especially for opportunities that have minimal financial risk to SHA and hold good promise for desirable affordable housing.

Work Plan Highlights

In 2018, the Development Department will focus on the strategic goals of expanding housing opportunities and promoting quality communities through development of housing, partnerships, and the physical and social infrastructure of Yesler Terrace; continuing the private and non-profit development at High Point, Rainier Vista, Othello Station, and other sites; implementing Scattered Sites replacement developments; and participating in SHA and regional planning efforts.

2018 planned activities include:

- Engaging residents and stakeholders in planning, community activities, and providing feedback on our work.
- Providing staff with engaging work assignments and appropriate training.
- Continually seeking out and sustaining partnerships to support all elements of the work from renewing the Yesler Citizens Review Committee participation, to working with a variety of City departments on additional funding and regulatory monitoring, to new arts, farming, public safety, and partnerships.
- Building environmentally positive, durable assets for SHA that serve the needs of residents, staff, and community within available financial resources.
- Designing the community with social equity as a primary goal.
- Supporting a culture of innovation with the understanding that SHA is committed to the highest goal of social equity, environmental stewardship, and providing transformational connections and opportunities for low income people which can only be achieved through partnerships and innovation.

Major Project Activity in 2018

For Sale Program (non-Yesler Terrace)

- The majority of the partnership development properties outside of Yesler Terrace are under contract with private and non-profit development partners. SHA will be monitoring the

construction activity and managing the numerous elements of the post-closing financial transactions for these projects.

- The High Point management office space tenant improvements will be coordinated with Housing Operations and Asset Management.
- HomeSight performed a feasibility study on the Othello Station and Red Brick sites as the potential location of a SE Seattle Financial Empowerment Center. This feasibility study is being evaluated which will lead to either a sale of all or part of these parcels.

Scattered Site Replacement Housing Development projects

- The redevelopment of the Lam Bow apartment building due to a major fire will be financed and under construction in 2019 with planned completion in 2020.

Yesler Redevelopment/Choice Neighborhood

- Work with branding consultants and real estate brokers to position property for sale, negotiate Purchase and Sale Agreements, review designs, and manage closings.
- Yesler redevelopment continues with resident relocation; education, health, and workforce development programs; and infrastructure, community facility, and rental housing construction. In 2018 key activities will include:
 - ✓ Master Developer—Maintain and develop strategic partnerships with City, County, private sector partners, non-profits, labor, philanthropists, and stakeholders to implement Yesler Terrace/CNI vision. Manage overall budget, schedule, planning, and communication. Manage vacant land to promote active uses and neighborhood safety. Manage the Yesler Terrace Owner’s Association. Work closely with Community Services, Housing Operations, and external partners to develop a thriving mixed income community connected with the broader neighborhood, with special attention to the needs of seniors and children.
 - ✓ Public Realm Activation
 - Develop and launch partnerships that activate Yesler Terrace Park and Hillclimb.
 - Support Urban Farm, P Patch, and off-leash dog area partners activating WSDOT property.
 - Support artist-in-residence program.
 - ✓ Public Realm Construction
 - Construction of the Yesler Terrace Park is scheduled to be completed by the Parks Department.
 - Extension of the pedestrian path in Block 2 will be completed.
 - Complete S. Main Street Infrastructure project.
 - A pocket park on E. Fir Street will be in progress.

Affordable Housing Production

- Red Cedar, a 119-unit, 7-story affordable apartment building at Fir Street and 8th Avenue will be under construction and scheduled for completion early 2019. The property will have a mix of one to four bedrooms and will house the Property Management office and social service offices.
- A replacement affordable housing building, located on East Yesler Way and 10th Avenue South, will be in the planning and design phase with construction scheduled to start in 2019.

- Collaborate with a non-profit partner on the design and permitting phase of affordable housing units on the King County Records site located on East Yesler Way and 13th Avenue.

Market/Workforce Housing Production

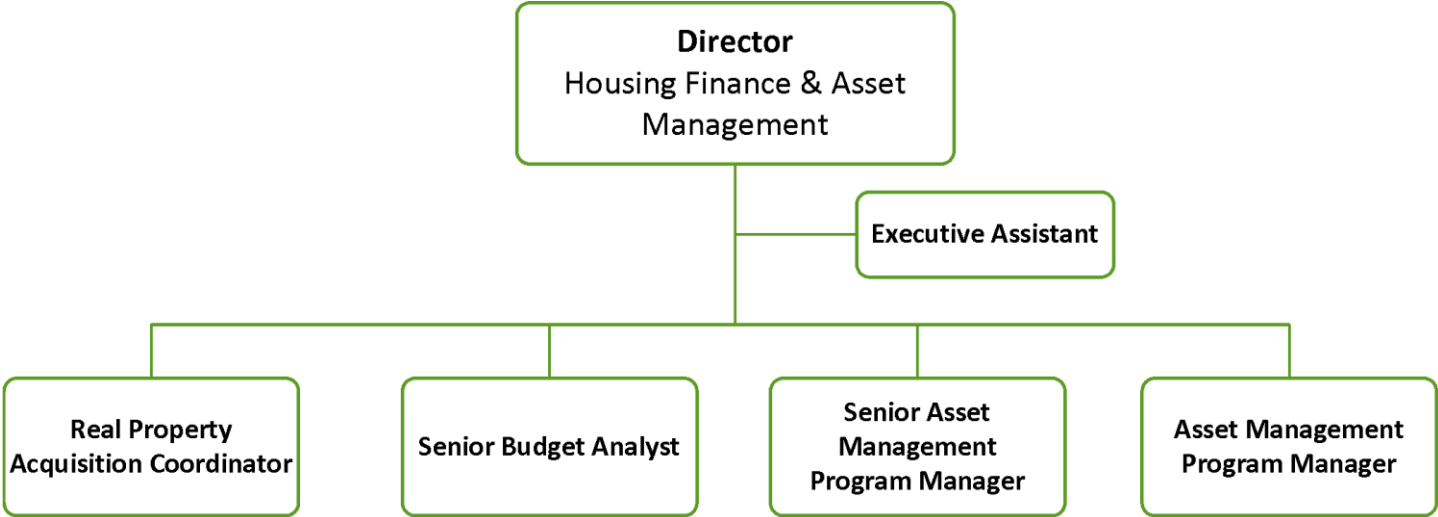
- Batik, a Vulcan Real Estate (VRE) market rate/workforce housing development at East Yesler Way and west of Broadway Avenue, will be completed in spring 2018. This 7-story, 181,000 square-foot mixed-use building consists of 195 apartments and ground floor commercial space. Twenty (20) percent of the housing will be workforce affordable units available to households earning up to 80 percent of median income.
- VRE's second market rate/workforce development, Cypress, a 237-unit, 7-story mixed-use building at East Yesler Way and east of Broadway Avenue will be under construction with planned completion in 2019.
- A third VRE market rate/workforce development with approximately 209 units, located at East Yesler Way and 10th Avenue, will be in the design and permitting phase.
- Modera First Hill, a Mill Creek Residential (MCR) 288-unit market-rate/workforce housing development will be under construction at East Yesler Way and Boren Avenue.
- Lowe market-rate/workforce housing development at 10th Avenue South and South Main Street will be in the design and permitting phase.

Other Activities

- Support the completion of the 3-year collaborative artistic projects and programs to implement the Arts Master Plan throughout the new mixed income community.
- Marketing, Purchase and Sale Agreement negotiation and design review of Yesler commercial office development depending on outcome of 2017 marketing efforts.
- Block 5 resident relocation will be completed in 2017. Further relocation phases will be based on the outcome of marketing office land.

HOUSING FINANCE AND ASSET MANAGEMENT

HOUSING FINANCE AND ASSET MANAGEMENT



Housing Finance and Asset Management Budget

Housing Finance & Asset Management Department Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$ 970,600	\$ 1,087,100	\$ 1,283,700	18.1%
General and Administrative Expense	109,600	140,900	177,000	25.6%
Tenant Services	-	-	-	-
Maintenance & Contracts	3,000	10,000	10,300	3.0%
Utilities	500	-	-	-
TOTAL OPERATING	\$ 1,083,700	\$ 1,238,000	\$ 1,471,000	18.8%
Less Internal Agency Fees	(63,300)	(69,800)	(95,700)	37.1%
Grants, and Salaries/Benefits for Capital and Limited Partnerships	2,342,700	2,927,900	2,919,800	(0.3%)
TOTAL	\$ 3,363,100	\$ 4,096,100	\$ 4,295,100	4.9%

Table 8: Housing Finance & Asset Management Budget and FTEs

Full-time Equivalent positions	2017 Approved	2018 Proposed
Operating Budget FTEs	14.8	18.4
Capital Budget FTEs	21.5	13.5
Total Housing Finance & Asset Management FTEs	36.3	31.9

The Housing Finance and Asset Management Department's total proposed expenditures are projected to increase 4.9 percent in CY 2018 when both operating, capital, and grant support are included. The bulk of the 26.0% rise in General Administration Expense results from an increase in the information technology fee for service as described in the opening of the Department Budgets section.

The increase in Operating Budget salaries and FTEs is a result of several factors: an update which moved 2.0 FTEs from the Capital Budget to the Operating Budget and the addition of two mid-year 2017 project positions, one at 1.0 FTE and one at 0.6 FTE. The project positions are as follows: a Resident Services Liaison (1.0 FTE) for the West Seattle LP to enhance communications between the Construction Project Manager and residents during the rehabilitation of occupied buildings and a Program Manager for Special Projects (0.6 FTE) to assist with strategic planning, acquisition, and disposition of various properties.

The reduction in the Capital Budget FTEs comes from the 2.0 FTE update above; an additional update of minus 5.0 FTE for five temporary construction workers originally classified as project staff in the 2017 Adopted Budget Book; the reduction of a painter from 1.0 FTE to 0.5 FTE; and the removal of 0.5 FTE for an unfilled Capital Needs Assessment position approved in 2017 but whose anticipated duties were instead spread out over existing staff. After the technical adjustments, the effective increase in FTEs for 2018 is 0.60.

Commercial facilities and the Queen Anne Central Office are managed by Asset Management and are listed separately.

Department Purpose and Function

The Housing Finance and Asset Management department is focused on improving the agency's use of its real estate and assets to achieve its mission and maintaining the physical and financial viability of the real estate and assets. In conjunction with other departments, Housing Finance and Asset Management works to finance new housing; to develop and implement policies affecting either the physical and/or financial viability of the agency's assets; and to look for increased efficiencies in property management models and methods to ensure our properties meet agency financial and social goals. The Asset Management Team, consisting of high-level representatives from all SHA departments, serves as the convening body for cross-departmental discussions of issues and for decision-making regarding SHA assets. The Department also works with limited partner asset managers and makes strategic recommendations regarding capital assets, cash flow, resident services, and other factors affecting the real estate portfolio and SHA's residents.

Work Plan Highlights

- Advance the Scattered Sites (SS) repositioning program by continuing to work with Housing Operations and Development to identify redevelopment opportunities within the portfolio. These areas identified for redevelopment will replace existing under-performing properties and create new affordable units. This effort will be funded in part by the sale of under-performing scattered site properties and properties in areas of the City where the Authority already has a large presence.
- Continue with rehabilitation and conversion of SS units:
 - ✓ Complete substantial upgrade work on single-family (SF) units in the SS Portfolio in 14 homes in 2017 and address rehabilitation of up to 24 additional SF homes in 2018. If the current plans continue, SHA will complete substantial rehab of all 82 SF units at the end of 2019.
 - ✓ Complete conversions in selected SS properties to create more large-family units within the portfolio. In 2018, SHA estimates that this will provide an additional 20 -25 large-family units by more effective use of existing space.
- Continue predevelopment for Lam Bow Apartments complex following a fire that destroyed one building in 2016. Construction is scheduled to begin in 2019 with completion in 2020. Design options under consideration include expanding the number of units as well as replacing the destroyed units and rehabilitating units in the remaining building.
- Develop capital planning data that can project a five-year capital plan and budget for the agency. Continue to work on expanding the functionality of the Capital Budget database in terms of tracking and forecasting the capital expenditures and needs of agency assets. In addition, continue to improve the collection and quality of capital needs data through the development of a Capital Needs database with Capital Needs assessments being conducted internally and by third parties.
- Complete the NewHolly Phase I Rehabilitation Project. Envelope repairs started in 2016 will continue throughout 2018 with completion of the project in late 2018. Continue with the implementation of the 10-year plan to rehabilitate unit interiors.
- Negotiate exits of multiple tax credit limited partnerships.

- Complete tenant improvement work at Upton Flats and move the High Point management office to a new space. Lease the retail space to provide a coffee shop for the neighborhood.
- Develop a comprehensive modernization plan for Jefferson Terrace and identify funding to implement the plan.
- Continue predevelopment activities for the West Seattle Affordable Housing LP. The project is scheduled for a mixed-finance closing in October 2017 with construction to beginning in November 2017. The project includes exterior and interior rehabilitation of Longfellow Creek Apartments, Roxhill Court Apartments, and Wisteria Court. The project is scheduled for completion by 2020.
- Continue to actively monitor debt coverage ratio requirements for all SHA and LP-managed properties. Work with Finance to implement actions to ensure all properties meet debt service coverage ratios and reserve requirements. Develop corrective action plans, as necessary.
- Pursue long-term solutions to address the on-going issues of water intrusion into the buildings at Wedgewood Estates and Montridge Arms.

Asset Management Commercial Facilities

Asset Management Commercial Facilities	2016 Actual	2017 Adopted	2018 Proposed	% Change
TOTAL OPERATING	\$ 408,700	\$ 414,600	\$ 426,800	2.9%

Table 9: AM Commercial Facilities Budget

Asset Management Commercial Facilities manages eleven commercial properties across several portfolios. In some properties, the commercial tenants are service providers and others are commercial businesses. Six of the properties are associated with HOPE VI communities. HOPE VI management offices are lessees at some of these properties. Expenses increased 3 percent from 2017 to 2018; most of the increase is in maintenance services, adding \$14,000 more in janitorial and preventive maintenance service to the portfolio over the prior year.

The program goal is to keep all commercial spaces leased and occupied at levels that allow SHA to cover expenses; debt requirements for the buildings; and build capital reserves.

Work Plan Highlights for Asset Management Commercial

Highlights of work plans for 2018 are as follows:

- Continue to work towards standardizing commercial leases and maximizing revenue to contribute to the general fund’s administrative costs associated with the properties.
- Secure a service provider to use the 1,400 square feet of vacant space at High Point Neighborhood Center. If unable to secure a service provider, offer the space to Neighborhood House; possible uses include an additional early childhood classroom.
- Negotiate favorable antenna leases and increase the number of antenna leases to increase non-dwelling income at those properties.
- Oversee and manage unit upgrade work at various Agency units to be performed by IPS and Construction Operations; the project budget was approved in 2017.

- Evaluate new bill-back invoicing to agencies for damages caused by agency residents.
- Evaluate the commercial lease data transition from the Enterprise One system to Yardi.
- Maintain full occupancy at the Employment and Training Opportunities Center at NewHolly. Keep it leased to agencies providing employment and training opportunities to the NewHolly community.

190 Queen Anne Central Office

190 Queen Anne Central Office Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
TOTAL OPERATING	\$ 1,663,400	\$ 1,829,300	\$ 1,874,300	2.5%

Table 10: 190 Queen Anne Central Office Budget

The Central Office, located in the lower Queen Anne neighborhood, houses SHA’s executive, administrative, voucher assistance, and many property management services staffs. The Housing Finance and Asset Management staffs manage and administrate the offices at 190 Queen Anne.

The 190 Queen Anne Central Office budget increased 2.5 percent in 2018. SHA has been at this address for six years as of 2018 and furniture and fixtures will need repairing and replacing. The budget includes funding for new conference chairs and appliances in the coffee and lunchrooms. The negotiated lease included baseline expenses set in 2012; SHA pays for any increased expense on a per-square-foot basis, however most expenses have decreased over the first three years. The recent increases were due to increased square footage in 2017, property taxes, and management fees.

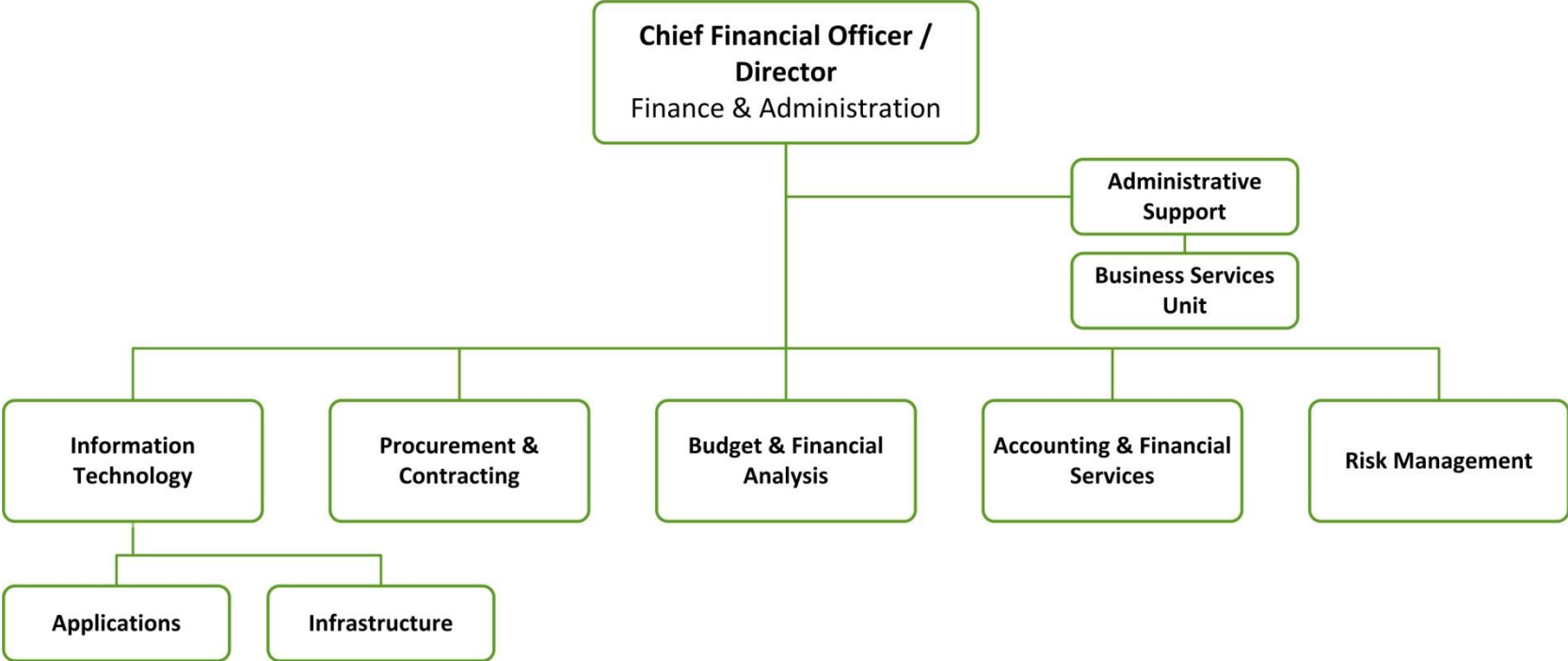
Work Plan Highlights for 190 Queen Anne:

Highlights of work plans for 2018 are as follows:

- Work with staff and the management company to ensure a clean, safe, and welcoming environment for our staff, visiting residents and vendors.
- Evaluate status of furniture and fixtures in the conference rooms and common areas, then determine which items need repair or replacement within the budget provided.

FINANCE & ADMINISTRATIVE SERVICES

FINANCE AND ADMINISTRATION DEPARTMENT



Finance and Administrative Services Budget

Finance and Administrative Services		2018		
Department Expenditures	2016 Actual	2017 Adopted	Proposed	% Change
Admin Salaries & Temp Help	\$4,403,600	\$4,667,700	\$4,910,300	5.2%
General & Administrative Expense	7,478,500	7,725,700	8,384,700	8.5%
Maintenance & Contracts	55,000	140,000	165,000	17.9%
Utilities	1,100	2,300	2,700	17.4%
TOTAL OPERATING	\$ 11,938,200	\$ 12,535,700	\$ 13,462,700	7.4%
Less Internal Agency Fees	(400,700)	(452,400)	(530,100)	17.2%
Grants, and Salaries/Benefits for Capital and Limited Partnerships	-	-	-	-
TOTAL	\$ 11,537,500	\$ 12,083,300	\$ 12,932,600	7.0%

Table 11: Finance and Administration Budget and FTEs

Full-time Equivalent Positions	2017	2018
	Approved	Proposed
Total FTEs	43.3	43.8

The CY 2018 proposed operating budget for Finance and Administrations is 7.4 percent above the 2017 adopted budget. The increase primarily results from conversion of Desdemona and Escallonia limited partnerships to SHA-owned properties, increase in property insurance premiums, and the addition of a Senior Contract Administrator as a project position in the Purchasing Division to address increases in procurement contract backlogs.

The Department's central and lead responsibilities for staff excellence pertain to the cornerstone:

Financial Stability and Operational Efficiency: SHA manages its resources to maximize the impact and cost-effectiveness of its operations, as well as the value and longevity of its assets. SHA focuses on strengthening its financial condition, streamlining service-delivery, and being good stewards of the public trust to best serve people now and into the future.

The fundamental charge of Finance and Administration is to strengthen the agency's financial position and ability to respond to shifting financial conditions and needs and to ensure the Agency's assets and operations are managed in an efficient and cost effective manner.

These core objectives will guide the priorities for the Department in 2018 to make changes in operations, policies, and programs in order to meet the challenges of a new federal fiscal and political reality where public funding for low-income housing development, operations, and maintenance is likely to be severely constrained over the decade.

Department Purpose and Function

The Finance and Administration Department consists of six operating groups: Accounting and Treasury Management; Budgeting and Financial Analysis; Purchasing and Contract Administration; Information Technology; Risk Management; and Business Services.

The department oversees the financial stewardship of SHA. To this end, the department includes responsibilities for:

- **Financial Management:** Financial policies, accounting and reporting systems; banking relations; investments; treasury functions; overall debt management; internal controls and annual financial statements and compliance with financial reporting requirements from investors, trustees, funders, lenders, and city, state, and federal agencies.
- **Financial Accountability:** Annual audit reviews by the State Auditor, SHA's independent auditor, and auditor(s) for the tax credit limited partnerships; monitoring and corrective actions as required to ensure SHA's conformance with bond and contractual financial performance obligations and compliance with state and federal regulations.
- **Budgeting:** Management of SHA's budget processes and preparation of recommended annual operating and capital budgets; reviewing Congressional funding proposals and monitoring economic trend analyses; monitoring and reporting performance of actual revenues and expenditures and program accomplishments against approved budgets and program goals; proposing budget revisions and/or corrective actions to maintain the integrity of the annual budget; and overseeing adherence to financial and funding provisions of the MTW Agreement.
- **Risk Management:** Obtaining insurance coverages for SHA and affiliates; auditing and reviewing insurance policies; processing and handling claims; recommending risk management and incident/accident reduction actions; reviewing contracts, leases, and other agreements to ensure SHA risks are appropriately addressed and controlled.
- **Procurement and Contracting:** Purchasing and contract administration for goods and services and construction contracts; administration of Section 3, Davis-Bacon, and social equity programs; development and administration of SHA procurement policies and procedures to ensure fair and competitive purchasing practices and compliance with federal, state, and local laws and regulations; and continuous process improvement to ensure procurement practices support SHA's business interest in timely and efficient contracting.
- **Information Technology:** Providing efficient and creative technology solutions to business problems; supporting the application and operating system software in use at SHA and the computers, telephones, and ancillary equipment used by agency staff; ensuring a stable, reliable, and secure computer infrastructure and software to support SHA's computing needs; addressing the highest priority needs of the agency for new software development or introduction of new applications; and providing training resources and expertise to support the computer literacy and competence of SHA staff. (See separate budget section on Information Technology for 2018 work plan highlights.)
- **Business Support Services:** Operation of the agency's central reception desk; travel policy and petty cash administration for SHA as a whole; administrative support to the accounting and budgeting groups; supply ordering and budget management; and CFO executive support.

2018 Work Plan Highlights -- Overview

The Department plays key support roles in advancing most of SHA's Strategic Directions and Organizational Cornerstones by performing:

- Budget and financial analysis of projects and programs;
- Side-by-side work with project managers in procurement of major construction or key service contracts;
- Financial reporting that assists property managers in accounts receivable and rent delinquency collection; informs asset managers whether cash flow is sufficient to cover debt service; and tracks actual performance against budget for all operating departments and programs of the agency;
- Oversight of the Authority's creditworthiness and financial condition over the longer run through administration of annual audits; preparation of a Comprehensive Annual Financial Report; maintaining a credit rating of AA through annual external reviews; and conformance with financial ratio benchmarks for sound financial conditions;
- Determinations of project and program resources from debt, to grant resources, to equity commitments;
- Procurement of insurance at risk-effective rates or negotiation of contractual insurance provisions to protect SHA's liability interest;
- Provision of proactive claims management to mitigate the exposures and the cost of claims paid from SHA reserves; and
- Provision of expert software applications development and technology infrastructure development and maintenance.

We will focus attention on the Finance Department's own house internally; on priority areas for achieving new efficiencies and streamline operations and services to our residents and participants; on opportunities for new revenues; and on ensuring that we maintain and, to the extent feasible, strengthen SHA's financial position and credit worthiness.

The 2018 Work Plan Highlights below address three major objectives of SHA's Strategic Plan Cornerstones.

1) Enhance the efficiency and streamline the services of the Finance & Administration Department. Among the targets for positive change are:

Electronic Accounts Payable Processing (AP)

- Presuming that the Inspyrus Electronic Account Payable Work Flow System has stabilized by the end of the year, undertake an assessment with users applying lean techniques of how effectively the system is operating for users and where further improvements are desirable.

Yardi Hosting; Yardi: Enterprise One Interfaces (E-1); Yardi Upgrade

- Complete the transition to Yardi Hosting and Stabilization by end of first quarter of 2018; begin the Upgrade of Yardi 7 and complete by the end of 2018. Activate the Yardi Requirements/User group to participate in the transition process and help ensure that SHA key requirements are addressed in the process. This work will all be led by IT Applications and involve significant time for business users throughout SHA in planning and testing.

- Undertake the upgrade of E1 to 9.2 during the second and third quarters of 2018. Ensure that the Yardi/Enterprise One interfaces are fully preserved and/or enhanced in the transition, conversion, and upgrade.

Business Intelligence (BI)

- Continue to actively support the Business Intelligence program by participating in the Data Analyst Forum, Business Intelligence, and BI Steering groups. Use Enterprise Data Warehouse to analyze and report trends and to support key budget and policy decisions.
- Participate with Asset Management and IT in the Capital Needs Assessment, Capital Budget, and Utility Management system and data requirements to ensure that intersystem issues are addressed with respect to E1, budgets, and accounts payable processes and systems.

Procurement Streamlining and Support

- Continue to partner with departments to update contracting specifications, forms and templates to ensure provisions are up to date with current industry standards, protect SHA interests, and meet agency business needs.
- Develop and provide procurement and purchasing card training to department staff on procurement and contracting solicitation processes.
- Evaluate processes for verifying contractor compliance with Davis-Bacon and social equity contracting requirements and develop efficient procedures to reduce administrative time.
- In collaboration with departments, finish implementation of the Job Order Contracting tool for small construction/repair projects in an effort to streamline contracting for these activities.
- Develop and track a dashboard of key indicators to gauge progress in reducing time to complete procurements for various types of services.
- Implement the deliverables identified in the contracting process improvement, including hosting any relevant training for project managers (i.e. specification development, negotiations).
- Implement an electronic Contract Management System to enhance Procurement tools for assignment and tracking contracts and assessment of bottlenecks and to provide transparency for all users of procurement services to view the status of contracts in process.
- Conduct quarterly forecasting meetings with key departments to identify contracting needs, joint procurement plans and areas for improvement in the contracting process, reduce duplicative requests, and highlight opportunities for agency-wide contracts.
- Work with Asset Management to resolve contract completion issues related to labor compliance and release of retainage by modifying terms with lenders and LP partners on requirements for release of final equity payments and pay-off of construction loans.

Budget Process Efficiencies and Improvements

- Improve budgeting, tracking, and reporting of Minor Maintenance Repair and Replacement and allowance activity; clarify authorization for approving MMRR expenditures and their accounting treatment.
- Use newly acquired budgeting software to develop improved electronic forms and to eliminate time-consuming manual steps. The initial key stakeholders include the Budget

Office and the staff within Departments who prepare their departments/divisions proposed budgets.

2) Identify and help evaluate opportunities for operations and policy changes to reduce SHA's operating costs and achieve efficiencies and/or to increase revenues and/or improve service at a savings. Among the targets for positive change are:

Tax Credit Partnerships Management

- Work with an interdepartmental staff team to maintain current assessments of potential long-term exit tax liabilities across SHA's portfolio of low-income housing tax credit partnerships. Identify actions to mitigate and minimize potential tax liabilities; determine desirable timing for exiting partnerships; and negotiate terms of exiting with partnerships.
- Track significant maintenance items so that properties can reduce current year losses through proper capitalization and utilize reserves in a manner consistent with each property's pro-forma.

Property Management Efficiency and Effectiveness

- Participate in discussions about a geographic-based maintenance service delivery model and evaluate financial implications, using the West Seattle pilot as the model. Consolidation of service on an area basis would be expected to reduce costs and improve service.
- Initiate a review of policies and procedures for rent collection with Housing Operations and Asset Management with the aim of setting metrics/standards for on-time collections, for addressing past due rent, for payment plans, and for ongoing management of accounts receivable.
- Continue working with Property Management and IPS to monitor property repair, maintenance, and vacate costs versus revenues from communities to IPS on a quarterly basis to ensure the revenues and expenses remain in balance as reflected in the adopted budget.
- Work with Property Management to measure the service level improvement achieved from increasing on-site staffing at select Senior Housing communities.
- Determine if efficiency gains resulted from combining the oversight of the Scattered Sites and Special Portfolio communities and discuss with Housing Operations the longer term plan for managing these two portfolios.

Economic Advancement

- Work with Housing Operations and the Policy Office to determine performance metrics to be measured and initial goals for outcomes over the first full-year of the newly designed Economic Advancement program.

IPS Financial Structure, Fee Support Methodology

- Work with IPS and Property Management to monitor quarterly tracking and reports by property of maintenance work orders by type, IPS charges, and IPS revenues in relation to budgeted levels; conduct a quarterly review among Budgets, IPS, and HO Property Management; and document findings and budget or operational considerations for action.

Future Fleet Management and Financing

- Work with Housing Ops to capitalize on the Department’s pilot, undertaken in 2017, to test use of alternative travel modes and address future management and financing structures for SHA’s fleet of cars, trucks, and other business vehicles. Develop recommendations in two phases:
 - ✓ Phase 1: Complete work on identifying alternative transportation options and recommendations that would allow SHA to reduce its automobile fleet to the minimum and rely on a range of options that provide reliable, convenient, and on-demand local transportation in a cost effective and more environmentally friendly manner.
 - ✓ Phase 2: Finalize analyses of options for long-range management of a modernized fleet, principally of vans, small trucks, specialty trucks or other vehicles suited to specific SHA business needs. Identify the cost comparison of alternatives, other distinguishing features of the options, and proposed financing alternatives for the options, and identify a transition plan and schedule for the preferred option.

Solid Waste Rates and Revenues

- With Housing Ops, review the financial performance of Solid Waste over 2016 and 2017 under current rates and rate structure. Identify areas of projected cost or revenue changes, including, for example, increased costs for insuring solid waste trucks, vehicle replacement schedule, and potential loss of revenues from external customers. With Housing Ops, determine whether modifications to the SW Rate structure/rates will be required for 2018/2019 and, if so, work with the department on a proposal and schedule for implementation.

Scattered Site Repositioning

- Assess the progress of the Scattered Site repositioning plan for rehab, sale, and redevelopment of properties and planning for subsequent repositioning actions and financing plans.
- Work with Asset Management and Housing Operations to evaluate Scattered Site units selected for repositioning. Review budgets and projected proforma changes resulting from the repositioning.

Voucher Programs and Initiatives

- Evaluate alternate methods for improving leasing success rates of SHA voucher holders with search and deposit assistance programs, the potential to share the cost of renting a unit, and the potential to support renting a room with shared common facilities.
- Assist with evaluating the internal and external results of the Bailey Gatzert pilot, designed to house homeless families in the Bailey Gatzert catchment area in order that the students of these families can stay in one school; perform an assessment of the program costs in relation to the number of families served.

Risk Management, Control, and Prevention

- Based on the “SHA Insurance Program Assessment” to be completed in 2017, recommend/ implement changes in SHA’s insurance coverages, insured levels, program structure (deductibles and premium levels), claims management, and risk management and prevention programs.

Safety and Emergency Preparedness

- Work with the Accounting Division in F&A, Housing Ops and Communications to enhance SHA's Business Continuity Plans in the event of a major emergency by learning about and developing procedures for managing the FEMA process to gain assistance and for reimbursement of costs following a catastrophic loss or event.

3) *Strengthen Seattle Housing Authority's financial position and creditworthiness.*

Tracking SHA's Financial Position through Financial Ratios and Policies

- Continue to participate with Standard and Poor's in their annual review of SHA's credit rating and maximize opportunities to maintain or improve it.
- Conduct regular quarterly reviews through the Financial Policy Oversight (FPO) Committee, and annual reviews with the Board of Commissioners, of SHA's Unrestricted Cash Balances in relation to the Board's policies regarding Committed Funds and the level of Unassigned Funds or Operating Reserves.
- With the FPO, perform at least an annual review of SHA's leverage position related to debt ratios and consider the impact of new debt proposals on SHA's leverage position.
- Continue to improve F&A's ability to forecast cash flow needs, the agency's undesignated unrestricted cash position, and the strategy for meeting HUD's cash management rules.

Financial Management

- Continue monitoring and evaluating the balance and use of Operating, Real Estate, and Taxable Lines of Credit (LOC). If draws are needed for the Yesler development projects, work with FPO to determine prudent borrowing strategies. Maintain ongoing standby credit instruments by timely negotiation of extensions of current credit instruments as they mature.
- Ensure that all reporting and disclosure requirements of SHA's debt financing instruments are met in an accurate and timely manner.
- Actively monitor the debt coverage ratio requirements for all SHA and LP-managed properties. Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios (DCRs) and reserve requirements. If problems exist, work with Asset Management and Housing Operations to conduct a thorough review of the property and develop a corrective action plan.

Support Financing for Yesler Terrace Redevelopment

- Monitor and review use of the Collateral Reserve, Development Reserve, and the Development Revolving Fund to ensure the amounts set aside are used and recorded appropriately; advise the FPO Committee if changes in funding levels become necessary.
- With Asset Management and Development, regularly review Yesler cash flow requirements and short-term financing needs and recommend to FPO the most cost effective methods of meeting cash flow needs and expected timing and sources for permanent financing.
- Set up and track new limited partnerships for Yesler Terrace or other property financings using low-income housing tax credits, as needed; and work closely with Asset Management to ensure that development costs are in line with budgeted sources.

Development and Capital Financing

- Monitor the NewHolly Phase I re-syndication to ensure the rehabilitation costs are within budget and the ongoing operating costs are consistent with the proforma; identify any issues early and recommend corrective actions.
- Assist in the development and set-up of new tax credit projects, their cash flow needs during development and their ongoing financial monitoring—West Seattle Affordable Housing Limited Partnership (created in 2017, including Roxhill Court Apartments, Longfellow Creek Apartments, and Wisteria Court) and an anticipated LamBow tax credit project to replace burned units, possibly add units, and rehabilitate the second LamBow building.
- With Asset Management, continue reviewing recommended strategies for refinancing or newly financing properties to reduce debt service costs, fund capital reserves, and/or provide permanent financing and repayment of lines of credit. Review all new debt proposals with FPO in relation to projected impact on SHA's financial leverage ratios.

Cash Management Implementation and Evaluation

- Continue to improve tracking methods to meet HUD requirements for cash management and reporting via the HUD Voucher Management System. Ensure SHA is able to draw, utilize, and track all HCV MTW funding without risk of subsidy recapture.
- Assess impact of rising Housing Choice Voucher costs and the trade-off with utilization of Single Fund flexibility. Develop forecasting alternatives that estimate when the Authority may encounter the need to rebalance SHA's single fund uses at the point when total program costs exceed available MTW single fund resources.
- Continuously monitor the 2018 HUD appropriation levels for operating, capital, and Housing Choice Vouchers subsidies and make appropriate adjustments to the budget when necessary.

HCV Utilization, Time-to-Lease, and Voucher Payment Standard Analyses:

- With HCV, assess the effectiveness of 2016 changes to the Voucher Payment Standards and the impact on SHA partners by reviewing success rates, time-to-lease days, and the financial cost.
- As needed, conduct analyses of options and costs for an increase in the private market tenant-based voucher payment standards. Options shall include a no net HAP cost increase option; targeted VPS increases; and alternative uses of HCV funds to more cost effectively provide housing support to more people.
- Work with the Policy Office to conduct research, survey other MTW PHA's, and develop analyses of when private market tenant-based vouchers lose their viability for rental assistance due to increased rental cost and lack of affordability in the local private market.
- In conjunction with the Housing Choice Voucher Department and the Policy Office monitor and assess a supplemental program to encourage families with minor children to utilize their vouchers in high opportunity areas.
- With HCV, establish clear standards and required information for considering any adjustments to VPS, other than an inflation adjustment (OCAF), for project-based vouchers with private non-profit operators.

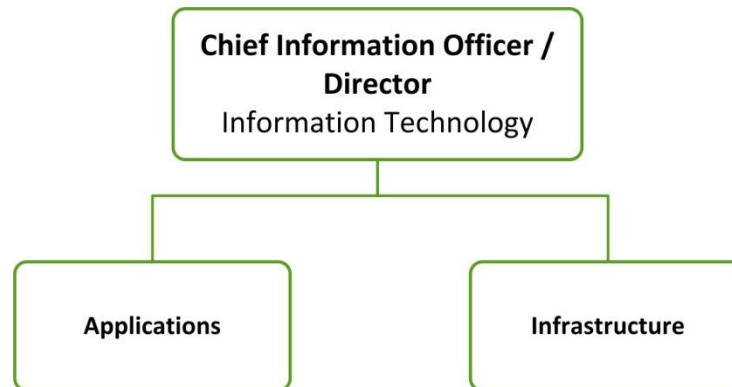
4) Other Items

- Participate in National Association of Minority Contractors (NAMC) meetings to facilitate growth of the WMBE participation in SHA contracting.
- Evaluate the existing Social Equity goals in collaboration with the Section 3 Advisory Committee to determine if SHA has set appropriate percentages for participation.
- Collaborate with SHA's Economic Advancement program and SHA contractors to establish a robust list of Section 3 businesses and employees to utilize on construction projects.
- Continue to improve compliance with Davis Bacon labor standards through enforcing requirements for prime contractor review of certified payroll submittals; sampling of certified payrolls for compliance; and investigation of complaints of labor standard violations.

INFORMATION TECHNOLOGY

A Division of Finance and Administration

INFORMATION TECHNOLOGY



Information Technology Budget

Information Technology Department Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$2,399,500	\$2,511,600	\$2,527,600	0.6%
General and Administrative Expense	1,002,100	1,235,800	1,382,900	11.9%
Maintenance & Contracts	286,300	323,300	354,700	9.7%
Utilities	-	-	-	-
TOTAL OPERATING	\$3,687,900	\$4,070,700	\$4,265,200	4.8%
Less Internal Agency Fees	(28,600)	(2,400)	(2,700)	12.5%
Grants, and Salaries/Benefits for Capital and Limited Partnerships	-	-	-	-
TOTAL	\$3,659,300	\$4,068,300	\$4,262,500	4.8%

Table 12: Information Technology Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	20.0	20.0

In CY 2018, the Information Technology (IT) operating budget is proposed to increase by 4.8 percent to \$4.27 million. The bulk of the increase in General and Administrative Expense is due to new software contracts and increases in related maintenance and support fees. Similarly, a rise in the equipment contract budget leads to the increase in the Maintenance and Contracts line. In 2018, the Information Technology Department will continue to split administrative costs between the Central Services Operating Center and MTW funding.

Each year SHA's IT Steering Committee reviews proposed technology projects for infrastructure and network investments. Separate from the operating budget, these IT capital projects are proposed at \$814,000 for 2018, a 15.8% decrease from 2017 but still a substantial increase from the average annual project funding of \$550,000 from 2010-2015. SHA continues to invest in technological upgrades to improve process efficiency and promote cost savings. Ongoing projects include the deployment of a contract management system to streamline the procurement process and the third year of two multi-year projects: document imaging and business intelligence, both of which contribute to SHA's operational efficiency and data-driven standards.

New projects include major upgrades to enterprise-level software applications and infrastructure; moving the Yardi Property Management software and data into the cloud then upgrading to the latest application version; deployment of budgeting software agency-wide to both streamline the annual budgeting process and help departments keep a closer eye on their expenditures; an intranet redesign to ensure SHA staff have access to the most up-to-date information on communities, policies and procedures, and professional development opportunities; professional services for the Capital Needs Assessment and Utilities Management databases to streamline reporting and planning; and updates to information security software, hardware, and training. As security is an ongoing and critical part of day-to-day operations, incorporating future requests for information security funding into IT's operating budget is currently under consideration.

Department Purpose and Function

The IT group supports the mission of SHA by providing efficient and creative technology solutions to business problems. The IT group supports the application and operating system software in use at SHA and the computers, telephones, and other ancillary equipment used by agency staff. IT runs scheduled computer jobs to produce pay advices, invoices, vendor checks, and other documents. The department also performs the records storage function for the agency. The division consists of two operating groups, Infrastructure or Network Systems and Applications Development.

Agency staff rely on IT to perform their jobs effectively and efficiently; to meet legal and regulatory requirements; to provide a consistent secure operating environment that enables uninterrupted access by staff to perform business requirements and provides a high level of assurance that SHA data is secure and individual privacy protected; to provide financial and property management records; and to communicate with the public, applicants for housing, residents, landlords, vendors, contractors, as well as each other. Automated systems reduce paper storage costs and reduce the need for manual data entry, asset tracking, and other administrative work.

Working with the guidance of the IT Steering Committee which is composed of senior business department representatives, Information Technology is dedicated to ensuring a stable, reliable, and secure computer infrastructure and software to support SHA's computing needs. IT will work to maintain, upgrade, and support existing software systems; consolidate in a cost-effective manner duplicative or redundant systems; address the highest priority needs of the agency for new software development or new applications; and provide training resources and expertise to support the computer literacy and competence of SHA staff.

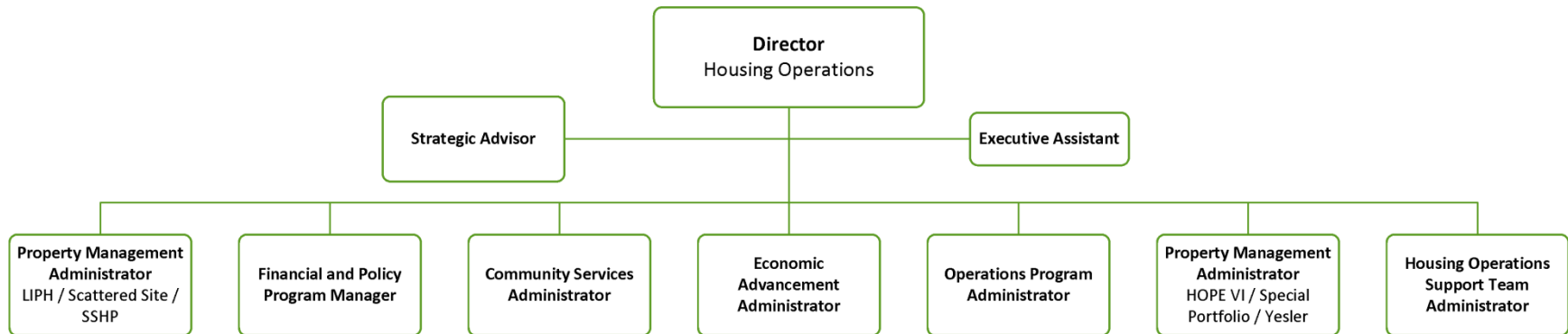
Work Plan Highlights

IT's 2018 budget request contains the following elements to help further SHA's strategic directions and organizational cornerstones:

- Continue the move to electronic filing for Housing Choice Vouchers and Housing Operations tenant files. This will create efficiencies and improve data security by enabling files to be examined remotely and will reduce storage space for paper files.
- Upgrade the Yardi application and implement appropriate modules/new functionality.
- Upgrade the Enterprise One application to the next release.
- Continue to enhance security efforts to protect resident and employee personal information, develop security policies, and look for ways to partner with security providers to make SHA's data and networks safer.
- Implement additional network infrastructure to accommodate changes within Housing Operations and the need for connectivity at more locations.
- Continue work on the Business Intelligence program. Completed phases include demographic and rental data. Anticipated phases in 2018 include external data (e.g. census, crime statistics, etc.), waitlists, inspections, and financial data.
- Maintain existing application software, networks, and computer infrastructure. Keep each product at a current version, so projects interact well with each other and enable agency staff to use improvements made by the vendors.

HOUSING OPERATIONS

HOUSING OPERATIONS DEPARTMENT



Housing Operations Budget

Housing Operations Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$ 12,757,000	\$ 13,288,000	\$ 14,166,400	6.6%
General & Administrative Expense	12,154,400	8,977,300	9,774,100	8.9%
Tenant Services	2,073,800	2,654,100	3,138,200	18.2%
Maintenance & Contracts	29,174,400	30,387,800	31,548,200	3.8%
Utilities	10,314,300	10,147,100	11,315,300	11.5%
TOTAL OPERATING	\$ 66,473,900	\$ 65,454,300	\$ 69,942,200	6.9%
Less Internal Agency Fees	(19,036,900)	(19,708,500)	(19,720,900)	0.0%
Grants, and Salaries/Benefits for Capital and Limited Partnerships	4,982,700	6,410,300	5,991,200	(6.5%)
TOTAL	\$ 52,419,800	\$ 52,156,100	\$ 56,212,500	7.8%

Table 13: Housing Operations Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	339.0	346.4

The 2018 proposed operating budget of the Housing Operations Department increases by 6.9 percent compared to 2017 budget. The increase is mainly due to the conversion of Escallonia and Desdemona to SHA-owned properties, an increase in utility expenses, and higher tenant service charges. The increase is offset by conversion of three West Seattle properties (Longfellow Creek Apartments, Wisteria Court, and Roxhill Court Apartments) from SHA ownership to a limited partnership. Excluding the impact of changes due to conversion of partnerships, the remaining operating expenses increased by 4.5 percent when compared to the 2017 Adopted Budget. The major causes for the increase are described below.

Administrative salaries and benefits budget is about 6.6 percent higher than the 2017 Adopted Budget. The bulk of the change is due to cost of living increases and the addition of Desdemona and Escallonia. The department budgeted a salary saving of \$269,000 based on prior years' history and experiences consistent with agency-wide projection of salary saving. The projected saving is offset against increases in salaries and benefits.

General Administrative Expenses are projected to increase by 8.9 percent of which 4.6% is due to the inclusion of Desdemona and Escallonia as well as the exclusion of the West Seattle partnership.

Contracts for **Tenant Services** are projected to increase by \$484,000 over 2017. The bulk of the change is due to an increase in the Community Services (CSD) budget of \$273,000 and the addition of tenant service contracts for the newly-formed Economic Advancement group in the amount of \$198,000. New and renewed contracts for CSD in 2018 include Aging in Place programming, youth programming, case management in garden communities, the Breathe Easy program, and the Yesler sewing initiative. Economic Advancement contracts include services for mental health support, childcare and college navigation.

The proposed budget for **maintenance** increased by 3.8 percent of which about 1.7 percent is due to addition of formerly LP owned properties mentioned above. The remaining changes are reflective of inflation plus additional budget for contracts related to fire alarm testing, roof anchors and increase in

flooring and carpentry materials cost. Impact Property Services (IPS) will remain at just over its 2017 budget.

Utilities are budgeted to increase by 11.5 percent from 2017 level. The incorporation of Desdemona and Escallonia back into SHA's operating budget and the exclusion of West Seattle partnership resulted in an increase in utilities of 4.9%. The remaining increase is mainly due to utility rate increases.

Department Purpose and Function

Housing Operations is responsible for managing and maintaining SHA's housing portfolio of over 8,000 units. In 2018, this diverse portfolio will be comprised of approximately: 5,900 units of Low-Income Public Housing which includes 894 Seattle Senior Housing Program (SSHP) units; 135 SSHP tax credit and locally funded units; about 890 units in Special Portfolio locally acquired units; and approximately 770 HOPE VI tax credit units (excludes public housing tax credit units). The HOPE VI tax credit units are in the mixed income communities of NewHolly, Rainier Vista, High Point, and Lake City Court. In addition, the redeveloped Yesler Terrace site (including the Baldwin Apartments, Kebero Court, Raven Terrace, and Hoa Mai Gardens) has a total of 312 units. Baldwin, Kebero, and Raven started operation in 2014, 2015 and 2016, respectively. Hoa Mai Gardens began leasing in mid-2017.

Housing Operations is the core of SHA's housing operations, maintenance, and tenant services programs, and it plays a major role in the successful implementation of the agency's mission and strategic plan. Essential functions performed by Housing Operations include property management, maintenance and repair, and community services. These functions are carried out through the following groups: Housing Operations Central Administration and Admissions, Low Income Public Housing, Yesler Terrace, Seattle Senior Housing Program, Special Portfolio, Impact Property Services, Community Services, Economic Advancement, and Impact Property Management.

The Department continues to be committed to implementing a work plan that supports and enhances SHA's mission to provide decent, safe, and affordable housing to low-income households. Housing Operations staff executes the overall mission by operating, managing, and maintaining SHA's housing portfolio units throughout Seattle. As part of its continuing effort, the Department will focus on initiatives to improve efficiency and workflow. The goals and values of the agency are represented in the hard work of each SHA employee, many of whom work in Housing Operations. The work plan highlights are provided in greater detail for each of the portfolios and department work groups in the sections that follow.

Housing Operations Central Administration & Admissions

Housing Operations & Facilities Support	2016 Actual	2017 Adopted	2018 Proposed	% Change
Housing Operations Central Administration	\$ 1,540,100	\$2,239,500	\$1,858,300	(17.0%)
Admissions	\$ 903,900	\$ 928,500	\$976,100	5.1%
TOTAL OPERATING	\$ 2,444,000	\$3,168,000	\$ 2,834,400	(10.5%)

Table 14: Housing Operations Central Admin Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Housing Operations Central Administration FTEs	16.0	15.8
Admissions FTEs	9.0	9.0
Total FTEs	25.0	24.8

In 2018, the combined Housing Operations Central Administration and Admissions budget is proposed to be lower by 10.5 percent compared to 2017 adopted budget. The main reason for the reduction is due to the salary savings expected across Housing Operations divisions. The savings reduction is budgeted in Housing Operations Central Administrations office, and it is reflected in the Central Administrations budget. The savings will be achieved at various divisions in the department. The Admissions office proposed a status quo budget.

The Central Administration supports the entire Housing Operations Department and working divisions include the Housing Operations Support Team (HOST). The HOST Administrator provides management oversight of Admissions; Training and Development; Compliance and Policy; Housing Operations Contract Administration; and Resource Conservation and Sustainability (RC&S) functions.

The Admissions team's goals are to provide every applicant with the maximum possible opportunity to obtain an approvable application and to provide approved application files to fill the agency's vacancies; and in congruence with the agency's strategic plan for operational efficiency; race and social justice; innovation; staff excellence; and engaging services and respectful relationships.

The Training and Development team will work with various departments within SHA and roll-out several training courses to the housing operations staff with the goal of increasing efficiency and improving data integrity to achieve SHA's mission.

The Compliance and Policy team helps ensure that all federal, state, and local regulatory requirements as well as all SHA Policy and Procedure requirements are met for each of its Housing Operation programs, including public housing, tax credit, and multifamily units.

The Contract Team in Housing Operations provides centralized contract support to all of Housing Operations and serves as the internal liaison with the Procurement department.

The Resource Conservation and Sustainability (RC&S) team's work includes providing improved internal and external reporting, resource conservation, billing and cost analysis. The Team vision seeks to inspire and further Seattle Housing Authority's (SHA) commitment to environmental stewardship and sustainability by championing, developing, and facilitating projects, programs, and policies that support SHA's mission, positively impact key performance indicators for sustainability, and hinge on engagement with SHA staff, residents, and external stakeholders. RC&S also manages and oversees the work of the

Solid Waste and Fleet groups. The operating budget for Solid Waste and Fleet divisions are included in Impact Property Services' (IPS) budget.

2018 Work Plan Highlights

Housing Operations Administration provides oversight and direction to the entire department and includes budget support, policy analyses, compliance auditing, admissions, training, conservation and sustainability, solid waste management, fleet management, and contract administration. The proposed 2018 Housing Operations Work Plan supports SHA's mission by advancing the priorities identified in the Strategic Plan.

Admissions

In 2018, the Admissions Team will:

- Explore the centralization of the Special Portfolio properties subsidized units' waiting lists currently under site-based management. The centralization of these lists will increase efficiencies, consistencies, and compliance.
- Collaborate with Property Management, Compliance, Central Services, and IT to improve waiting list compliance and customer service for approved applicants prior to leasing. Review current waiting list structure and measurements to identify the largest areas of inefficiencies. Develop a plan of action and run a pilot program to test and measure action items.
- Implement changes to decrease duplicative work and improve customer experience for the applicant interview process. Review current interview processes and measurements to identify the largest areas of inefficiencies. Develop a plan of action and run a pilot program to test and measure the action items.
- Continue working with consultants and the Housing Operations Strategic Advisor on building a lean culture and continuing process improvement initiatives through lean activities and training.
- Provide property management with sufficient applicants to improve leasing rates.

Training and Development

2018 work plan includes the following:

- Provide Yardi training to the property management, admissions, compliance, and IPS staff. The Housing Operations Trainer and the Program Analyst will partner together to identify data integrity issues and establish a training program to improve deficiencies.
- Assist with the Yardi upgrade, which will include preparing Yardi instructions and training staff on any changes.
- Coordinate Fair Housing training with an outside provider. The Seattle Office for Civil Rights will facilitate 3 hours of basic training and 2 hours of advanced training for Housing Operations staff.
- Via an external source, deliver tax credit specialist training to property management, admissions, and compliance staff.
- Provide EIV training through an online source for the property management, admissions, and compliance staff to participate.
- Offer Property Management training to property management staff by an external provider.

- Coordinate rent calculation training with the compliance team as the provider.
- Assist with WBARS trainings.
- Develop an on-boarding plan for Housing Operations staff with implementation beginning in 2018.

Compliance and Policy

In 2018, the Compliance and Policy team will:

- Serve as liaison between regulatory agencies and staff regarding changes in regulations/policy from oversight agencies; assist with preparation of documents for submission to regulatory agencies; review and approve reports and responses for submission to regulatory agencies.
- Revise/develop procedures related to the new Admissions and Continued Occupancy Policy (ACOP) expected to be released in 2017.
- Coordinate with the new Training Coordinator to provide training on the procedures revised as a result of the new ACOP; technical areas such as rent calculation and verification; and other procedures as needed.
- Analyze compliance trends to help SHA address any issues of potential noncompliance before they become issues.
- Audit all initial and first year certifications for properties reported in the Combined Funders' Annual Reporting System (also known as the Web-Based Annual Reporting System, or WBARS) by the end of 2018.
- Meet with site staff to communicate issues and ideas; develop and provide/facilitate training to ensure all site staff is handling issues consistently as required by regulations and policy.
- Submit, monitor, and audit submissions to PIC (Public and Indian Housing Information Center) and EIV (Enterprise Income Verification) to ensure compliance with HUD reporting requirements; work with staff to correct discrepancies as they arise.
- Continue using the current auditing protocol and the contracted external auditor to focus on critical issues for new admissions, transfers, continued occupancy, re-syndication, and acquisition/rehabilitation of new tax credit properties as well as property and staffing issues.
- Analyze audit data to spotlight areas where policies and procedures need revision; revise policies and procedures; and provide training, as needed.
- Audit submissions to WBARS to ensure compliance with funder requirements and household eligibility; work with site staff to review the requirements and timelines for year-end reporting and proactively address issues throughout the year to enable smooth year-end reporting.

Housing Operations Contracts

Work plan highlights for 2018 are as follows:

- Continue to manage, implement, and/or renew Housing Operations' contracts for services related to the management and maintenance of properties.
- Work with Procurement to increase and expand centralized contracting services to all of Housing Operations and to improve how the agency's work is accomplished in this area.

- Supply the necessary ACAM services as well as facilitate the creation of a viable system and protocol for the oversight of all ACAM and NetVue operations.
- Precisely perform utility bill processing, data base entry and billing issue resolution.

Resource Conservation and Sustainability

- *Utilities database Management:* Improve utilities management database and streamline trending analyses, while maintaining compliance with city's ordinances related to building performance benchmarking. Also work with IT and Asset Management departments to streamline accessibility of utility databases with other building information databases.
- *Avoided Cost through Conservation:* Through the use of expanded reporting tools in Access and Microsoft Power Business Intelligent (BI), continue and expand the work to avoid costs that would have been paid in utility expenses had a leak or infrastructure issue not been addressed through management efforts.
- *Water \$mart:* Implement program modifications to increase Water \$mart program's overall sustainability and impact. This program is a price-signal- and incentive-based water conservation initiative that uses two consumption thresholds to offer tenants a credit for conservative, below average, consumption, no charge for normal consumption, or a charge for excessive, above average, consumption patterns.
- *Utilities Compliance Support:* Administer utility allowances for all SHA-owned or -managed properties, including annual evaluation of needs for utility allowance updates or modifications. In 2018, the team will continue to closely monitor rates and work with local providers to ensure compliance goals are achieved. In addition, a review of utility allowance calculation methodologies is planned for 2018.
- *Waste Reduction:* Focus on waste reduction efforts on continued improvement in technical assistance, outreach, and implementation of management best practices and perform waste audits at 10 additional SHA properties.
- *Environmental Stewardship Report and Sustainability Agenda:* Focus on the development of a sustainability agenda. Convene a committee focused on articulating the goals and strategies for a more sustainable SHA going forward.
- *Green Fleet Strategy:* Evaluate a Multi-Modal Fleet pilot that incorporates shared resources like public transit and car-sharing services.
- *Design and Construction Standards:* Work with other SHA departments to identify and document agency standards as well as assist with the development of a framework for evaluating adjustments to agency standards.
- *Pilot Project Development and Evaluation:* Measure, verify, and evaluate the Toilet Replacement and Green Stormwater projects. In addition, team will work with Asset Management staff to further an ongoing effort to develop a Revolving Capital Fund for Sustainability.

Low Income Public Housing

LIPH High-rises, Scattered Sites, homeWorks and Inspections Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
LIPH High-rises, Scattered Sites, homeWorks	\$25,514,300	\$23,807,500	\$24,919,900	4.7%
Inspections	91,200	103,400	113,200	9.5%
TOTAL OPERATING	\$25,605,500	\$23,910,900	\$25,033,100	4.7%

Table 15: Low Income Public Housing Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	55.2	57.0

The 2018 proposed budget for LIPH is 4.7 percent higher when compared to the 2017 Adopted Budget. The increase resulted mainly due to a rise in utility rates and projected increases related to cost of living. Utility expenses are projected to increase by more than 10 percent.

The Low Income Public Housing (LIPH) program consists of approximately 5,900 units of low-income housing owned, maintained, or managed by SHA. The homeWorks tax credit partnerships, with 1,977 units, are included here as part of the LIPH program. The program is also managed and served by other portfolios including approximately 950 LIPH units in the HOPE VI communities; 63 LIPH units at Special Portfolio; 894 units in the Seattle Senior Housing Program (SSHP) brought into the Low Income Public Housing Program in 2011; and 160 units in Yesler Terrace, the public housing community undergoing redevelopment. The budgets for these units are accounted for in the Limited Partnerships, NewHolly, Special Portfolio, Seattle Senior Housing Program, and Yesler Terrace sections. Low Income Public Housing serves low-income residents, with most residents at or below 30 percent of median income.

LIPH Work Plan Highlights

Highlights of work plans for 2018 are as follows:

- Deploy Assistant Property Managers to optimize staff skills as either technical or relationship-based to enhance the efficiency of completing accurate and timely paperwork and to provide better customer service. This effort is currently known as the Occupancy Team initiative.
- Start planning on how to address the need for increased needs for repair/replacements due to age of properties.
- Continue reviewing the capital needs and attentions required for LIPH Village properties which are serving families in 2 or 3 bedroom units.
- Continue to perform Scattered Sites portfolio annual reviews on time and maintain current rent collection rate of about 98%.
- Explore the opportunity to house more people by “right-sizing” over- and under-housed households in the Scattered Sites portfolio.

- Coordinate with Asset Management on the completion of substantial upgrade work on single-family (SF) units and conversions to create more large-family units in the Scattered Site Portfolio.
- Review the backlog of capital needs, higher per unit costs, and other needs of the Scattered Sites Portfolio.

Seattle Senior Housing Program (SSHP)

Seattle Senior Housing, includes Ravenna and Leschi Tax Credits	2016 Actual	2017 Adopted	2018 Proposed	% Change
TOTAL OPERATING	\$5,592,800	\$5,720,000	\$6,122,500	7.0%

Table 16: Seattle Senior Housing Program Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	20.5	20.5

The proposed operating budget for SSHP is 7.0 percent higher as compared to the 2017 budget. The increase is mainly because of higher utility expenses and the inclusion of loan/bond service payments for Leschi House. Utility expenses are expected to be higher in 2018 by about 11.3 percent compared to 2017. The bond/loan service expense is part of Leschi House’s regular loan payment. The partnership converted its construction loan to a permanent loan in 2016, and the payment will be reflected as part of the property’s regular recurrent payment.

The Seattle Senior Housing Program (SSHP) along with the Leschi House LLLP consists of 1,029 units serving elderly and disabled persons. The units were acquired and developed using funding from a 1981 Seattle Senior Housing bond issue. The program serves households with a maximum income of 80 percent of Area Median Income and the head of household or spouse must be at least 62 years old or disabled. Residents pay affordable rent depending on their income. In 2011, 894 SSHP units were brought into the LIPH program in order to increase resources for capital rehabilitation and repairs. A portion of subsidy is used for SSHP operations, while the major share is dedicated to SSHP’s Ten Year Rehabilitation Plan. These units, along with Ravenna School and South Park, are managed by the LIPH property management team. Leschi House LLLP converted to a limited partnership in 2012 and is managed by the Yesler management team in IPM.

SSHP Work Plan Highlights

- Work with other departments within SHA to address capital priorities and reduce elevator failure rates.
- Major rehabilitative work proposed in 2018 includes elevator upgrade work at Blakeley Manor, Sunrise Manor, Phinney Terrace, Schwabacher House, and Primeau Place.
- Continue security improvements started in 2017 with ten additional SSHP buildings. The work will include new ACAM or card entry systems where residents will use a card to access their buildings instead of a key to improve overall building security. Installation of digital video recorders to monitor all entryway activity and additional outdoor lighting, where needed, will enhance resident safety.

- Fill Property Assistant positions so each SSHP building will be receiving 20 hours a week of consistent building coverage during normal work weeks.
- Review staffing assignments to better serve the senior buildings including the possible implementation of the Occupancy Team configuration.

Yesler Terrace

Yesler Terrace, Baldwin and EOC Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Yesler Terrace	\$1,512,500	\$1,559,100	\$1,291,600	(17.2%)
Baldwin Apartments	\$76,400	\$80,400	\$90,900	13.1%
Epstein Opportunity Center	\$53,700	\$63,200	\$63,500	0.5%
TOTAL OPERATING	\$1,642,600	\$1,702,700	\$1,446,000	(15.1%)

Table 17: Yesler Terrace Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	14.0	15.0

The 2018 proposed Yesler Terrace (old Yesler, Baldwin, and the EOC) operating budget is 15.1 percent below the 2017 Adopted Budget, mainly due to the relocation of residents and fewer online units at old Yesler Terrace. Utility, general administrative expenses, and maintenance expenses are expected to be lower as a result of the declining number of occupied units onsite. The operating budgets for Kebero Court, Raven Terrace, and Hoa Mai Gardens are included in the Capital Improvement, Grants, and Limited Partnership section of the budget book and are not reflected in the table above.

Originally, Yesler Terrace consisted of 561 Low Income Public Housing (LIPH) units built from 1941 to 1943 serving a diverse community in the neighborhood. Yesler Terrace is the city's first publicly subsidized housing development. Many of the residents are families with children, seniors, and people with disabilities. Most of the households are at or below 30 percent of area median income. SHA began redeveloping Yesler Terrace and replacing aging housing with new units. The project is multi-year and has a vision to transform Yesler Terrace into a vibrant new community within a diverse, connected, safe, and sustainable neighborhood. The first relocation started in 2012 with relocation of the YWCA program. The lease-up and Hoa Mai Gardens, a 111-unit third new building in the Yesler Terrace redevelopment will be completed in the first quarter of 2018.

The Baldwin Apartments and the Epstein Opportunity Center (EOC) both began operations in 2014. The Baldwin Apartments has 15 replacement housing units. The EOC provides space for Head Start, Youth Tutoring, and Community Services.

Kebero Court and Raven Terrace, the first two new residential properties, were completed and started operations in 2015 and 2016, respectively. The construction of replacement and tax credit units at Hoa Mai Gardens was completed in 2017. The construction for Red Cedar (119 units) will continue in 2018. These projects are limited partnerships; as such, their budgets are not reflected in the table above.

Yesler Terrace Work Plan Highlights

Highlights of work plans for 2018 are as follows:

- Continue to manage and operate Yesler Terrace out of the temporary management and mitigate construction-related issues.
- Look at different ways to manage and operate the Yesler campus as the community moves away from its current housing type to apartment buildings and a dense living environment.
- Engage in the activities of the Yesler Terrace Owners Association (YTOA), as common areas are created that will require upkeep and maintenance.
- Continue in discussions about the Yesler campus needs related to Community Services as more housing comes online and establish positive relations and support within the CNI area.
- Coordinate with the Development department to ensure updates and changes are shared with residents, SHA staff, and external stakeholders and maintain positive relationships with residents who are undergoing so many changes..

Special Portfolio Housing Program (SP)

Special Portfolio	2016 Actual	2017 Adopted	2018 Proposed	% Change
Operating Expenditures -- SHA-Managed	\$2,886,900	\$2,900,300	\$1,767,000	(39.1%)
Operating Expenditures -- Outside-Managed	2,228,500	2,380,000	2,446,500	2.8%
TOTAL OPERATING	\$5,115,400	\$5,280,300	\$4,213,500	(20.2%)

Table 18: Special Portfolio Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	10.3	11.0

In 2017, the Special Portfolio Program was divided into SHA-managed and outside-managed groups in an effort to improve management oversight of outside-managed properties and operational efficiency overall.

The SHA-managed section of the Special Portfolio group operates within the SHA property management team under the LIPH portfolio. It now has 469 units including Local Housing Program facilities, Section 8 project-based buildings, and limited partnerships at Alder Crest and South Shore Court. (Note: This unit count excludes the offline units at LamBow Apartments.) The group will soon include a limited partnership consisting of Longfellow Creek, Wisteria Court, and Roxhill Court. The removal of these communities from the operating budget accounts for the bulk of the reduction noted in the table above. The budget for Bayview Tower is included in the Special Portfolio budget shown above. Bayview Tower will be managed by an outside firm; this accounts for the reduction of 1.3 FTEs in the table above. The limited partnership budgets in this portfolio are included in the final section of the Budget Book and are not included in the table above.

The outside-managed section of Special Portfolio is now administered under the Impact Property Management (IPM) group by a Property Management Coordinator who provides oversight for contracts

and coordination with the companies which manage these properties, ensuring that SHA standards are upheld and maintained. There are 201 units in this group.

The portfolio serves households with various income levels and income limits vary by property. Depending on the property, limits can be 30%, 50%, 80%, or 100% of Area Median Income. Most of these units were acquired using debt financing and the properties need to generate sufficient income to cover debt payment in addition to meeting all other operating and capital expenses.

Special Portfolio Work Plan Highlights

Highlights of work plans for 2018 are as follows:

SHA-Managed Properties

- Develop a staffing plan that is consistent with practices in the rest of SHA’s portfolio. This includes continued work standardizing job duties and, in some cases, redirecting resources from one classification to another.
- While work aligning and standardizing property management practices in this portfolio has begun, and much progress has been made, significant work remains. Tasks include:
 - ✓ Rent collection,
 - ✓ Lease enforcement,
 - ✓ Inspection and inspection follow up,
 - ✓ Application and amounts for fees such as late fees and move out fees,
 - ✓ Leasing procedures,
 - ✓ Wait list management, and
 - ✓ Occupancy (public housing, tax credit, and project based re-certifications) and maintenance work.
- Continue working with Impact Property Services (IPS) on reducing vacate days and keeping costs under control. While the pilot transition from onsite maintenance to IPS has been successful, this work will require continued vigilance and attention in order to succeed going forward. The property management team works closely with IPS to make sure needed work is done, units are turned in a timely manner, and costs are managed.
- Consider re-alignment of Scattered Sites and Special Portfolio to gain management efficiencies. The management teams of both portfolios will be working on this effort for the balance of 2017 and into 2018. Efforts will focus on:
 - ✓ Aligning management practices as mentioned above,
 - ✓ Taking advantage of the geographic layout of the two portfolios,
 - ✓ Utilizing the admissions department and potentially the robust scattered sites wait list to lease Special Portfolio units,
 - ✓ Replacing the troubled site-based wait lists Special Portfolio currently uses for its project based units, and
 - ✓ Looking at specialization for the management team, focusing some staff on property management and others on leasing and certifications, with the intent of turning out a higher quality product in both areas.
- Prepare for conversion of 200 units in Special Portfolio into a new tax credit limited partnership. This project includes, in the early stages, the addition of the 24-unit Roxhill Court to the

internally managed properties, so that it can be managed as one cohesive unit with Longfellow Creek and Wisteria Court, the other communities in the LP.

- Plan for the redevelopment of Lam Bow. Property management staff will be working closely with Asset Management and Development on the plans, and, depending on final plans and development timelines, could begin resident relocations or other work associated with the redevelopment project in 2018.
- Assess properties that do not meet their required Debt Coverage Ratio (DCR) and make recommendations on corrective actions.

Outside-Managed Properties

- Continue to work with third-party private management (TPM) companies to provide quarterly financial reviews for the properties they manage.
- Work with the TPMs on the implementation of new City Ordinances, “First-in-Time” and “Fair Chance Housing”.
- In concert with Asset Management, monitor major capital work at Wedgewood Estates for water intrusion and Montridge Arms elevator rehab.
- Continue to update Management Agreements with TPMs.

Impact Property Services (IPS)

Impact Property Services Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Impact Property Services Operations	\$ 14,280,300	\$ 14,625,100	\$ 14,874,200	1.7%
Solid Waste & Fleet	3,154,900	3,186,300	3,436,000	7.8%
Housing Operations Facilities	305,500	343,000	313,800	(8.5%)
TOTAL OPERATING	\$ 17,740,700	\$ 18,154,400	\$ 18,624,000	2.6%

Table 19: Impact Property Services Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
IPS Operating Budget FTEs	111.7	112.0
Solid Waste & Fleet Operating FTEs	15.0	15.2
Capital Budget FTEs	5.0	3.2
Total IPS FTEs	131.7	130.4

If approved, **Impact Property Services (IPS)** will have a net decrease in staff of 1.0 full-time equivalent position. IPS Operating FTEs changed with 1.0 FTE transferred in from Construction Operations and a 0.75 decrease in staff associated with the outside management of Bayview Tower. Solid Waste and Fleet increased the FTE count by 0.2 to acknowledge the added work associated with the Fleet analyses started in 2017. Capital Budget staff changed by 1.5 project positions: 2.0 FTE capital positions were no longer needed while an add of 0.5 project FTE will cover carpentry work associated with solid surface materials.

The principal increase in IPS' budget is due to material and contract management requests; solid surface and floor material increases; contract management expenses for Seattle Fire Department's third-party test monitoring; and oversight for contractor-installed roof anchor installation on the buildings still needing anchors.

IPS will maintain staffing levels for Special Portfolio's pilot project intended to reduce the time it takes to turn units back to management. IPS will analyze and evaluate the pilot in 2018 to determine if the division will continue to turn units back to management or if the portfolio will return to site-based maintenance.

The right-sizing initiative is a contingency plan for 2018. In the event that funds become available, IPS will be available to provide these services.

Capital budget initiatives for IPS staff include the single-family rehabilitation and repositioning projects for Scattered Sites properties. Eighty-two single-family units are identified to be rehabilitated to reduce long-term maintenance costs, and several scattered site units will see the number of bedrooms increased to expand the number of larger family units.

IPS advances the Agency's mission by promoting quality communities and improving residents' quality of life at SHA properties.

IPS is a subset of Housing Operations; it is an internal service and enterprise fund specializing in maintenance, repair, and renovation services for SHA and other relevant entities in the affordable housing industry. Services include janitorial, landscaping, pest control, repairs and maintenance, and hazmat operations. IPS emphasizes efficiency, quality, reliability, convenience, customer service, intra-organizational networking, and one-stop shopping with simplified procurement administration. IPS provides SHA's properties with in-house knowledge, unique skills, coordination, availability, stable service support, and accountability.

The Solid Waste and Fleet divisions' proposed budgets will increase 8 percent in 2018. The Solid Waste's business process, modeled after Seattle Public Utility's residential and multifamily methodology, encourages waste reduction. The city rate structure helped SHA align its solid waste business with SHA's organizational cornerstones of sustainability and environmental stewardship; it makes it easier for customers to compare their rates to the City rates. The Fleet team provides vehicle maintenance, replacement analyses, and monitors vehicle operating expenses. Both budgets increased over status quo in 2018. Solid Waste had an increase of about \$200,000; half of the increase is due to budgeting overtime for holiday pickups and the other half is due to increased vehicle maintenance, vehicle insurance and dump fees. Fleet's budget increased due to added staff support for an ongoing fleet feasibility study and the other half is due to higher insurance cost estimates.

IPS has managed Housing Operations Facilities, MLK Maintenance site, South Operations Facility and Operations Support Center since 2014. The Facilities budget will decrease 6 percent in 2018 because of lower utilities and maintenance expenses; utilities are expected to decrease in 2018 due to reassignment of Solid Waste costs to building tenants (i.e. IPS) while increases are planned in maintenance expense to improve landscaping and sidewalk appeal.

IPS Work Plan Highlights in 2018

Technology Improvements

- Yardi Mobile Maintenance – Increase the number of handheld devices to field staff to help streamline service-delivery, optimize productivity, help eliminate paper usage, reduce printing

and improve data integrity. The devices' access to multiple work orders simultaneously has led to modest increased maintenance output, while significantly reducing administrative workload.

Maintenance and Repair

- Increase the number of participants in the Specialized Maintenance and Repair Training (SMART) program; offer the program to staff in other divisions of Housing Operations. Skilled trades' staff train others in plumbing and electrical areas to provide them with new skills and knowledge. Student participants may envision a career path; the program fosters staff retention and continuity of knowledge.
- Expand the IPS Customer Service Program to train Property Assistants to properly perform small-job property maintenance tasks, such as how to change a faceplate, in order to provide staff with value-added skills; increase timely response to minor maintenance tasks for residents; and reduce IPS maintenance costs to communities.
- Maximize Universal Maintenance Mechanic staff to perform the majority of vacate work. The expanded skill set of the Universal Maintenance Mechanic and the Maintenance Technician create effective and efficient teams performing vacant unit turnovers.
- Expand IPS' Customer Service Feedback program where residents who recently received maintenance services complete a short survey on the quality of service, analyze survey responses, and identify areas for improvement. Positive survey results are also an opportunity to build morale within IPS.
- Continue to support the Special Portfolio pilot program with 8.5 FTE maintenance staff.
- Utilize teams, training programs, and the new Universal Maintenance Mechanic staff to improve IPS' approach to vacates; meet the agency's goals and expectations in vacate days and costs.
- Right-sizing funds are part of a contingency fund plan for 2018. Right sizing moves families to units that are more size-appropriate. It can include modest unit improvements and correction of deferred maintenance.
- Install or repair 24/7 fans in Scattered Sites. This work is included in the capital budget contingency fund. The 24/7 fans reduce mold growth in units, improve air quality, and maintain current investments.
- Work with Construction Operations to support the Scattered Sites Repositioning program with cleaning, mold and hazardous materials abatement, and maintenance and repair efforts.
- Monitor HOPE VI backflow and alarm monitoring and other contract work for limited partnerships.
- Perform minor maintenance repair and replacement projects identified by property managers and funded via the capital grant process.
- Explore innovative ways to decrease costs to the communities. Determine uses of more durable materials that will have a longer life, such as flooring, counter tops with solid surface material, appliances with more durable structures or cost less to replace.
- Evaluate the West Seattle Sub-Area Maintenance Pilot—a maintenance team located in a sub-area of Seattle serving SHA housing communities. Analyze work order volumes to more efficiently support a dedicated team and quantify the reduction in travel-time and other benefits; identify both pros and cons of the Sub-Area approach to maintenance management

and determine measures to mitigate disadvantages. Based on the results, design and expand to at least one additional Maintenance Sub-Area program in 2018.

- Review and evaluate the processes and procedures used by the Landscaping and Hazardous Materials work groups. Analyze and compare the data with the private market and find innovative business solutions.

Pest Control

- Identify and implement the best practices for pest control.
- Build more trust with residents and increase efforts in resident education to lead to proactive and efficient inspections.
- Monitor results of move-in pest inspections for all SHA buildings, including HOPE VI and Special Portfolio. Expand preventive pest control maintenance and canine bed bug inspections to HOPE VI.

Preventive Maintenance (PM)

- Using Power Business Intelligence, evaluate and refine analyses of maintenance and repair work orders in the Yardi system to enhance efficiencies and monitor property performance and repairs.
- Expand the PM program to all properties and thereby extend assets' useful lives with preventive maintenance protocols.

Solid Waste

- Analyze Solid Waste routes and ensure routes are as efficient as possible. Evaluate external customer service to fit into existing routes. Determine the fully burdened cost by customer type and evaluate the current rate structure to ensure cost recovery for each customer class.
- Reduce waste and divert tonnage from the garbage waste stream; identify opportunities for waste reduction with targeted outreach and education programs.
- Expand compliance with SHA's organics program in SHA communities and identify increases or decreases in tonnage.
- Stabilize disposal costs by negotiating pricing with Waste Management and/or explore other disposal options.
- Implement the comprehensive collection policy and procedures developed for Solid Waste in 2017. Establish new protocols to increase collections by regularly reviewing reports and taking appropriate actions.
- Merge the Solid Waste and Fleet vehicle maintenance teams to increase efficiency through economies of scale and elimination of redundancies. The merger will provide cross training and improve coverage during staff absences.

Fleet

- Perform a short-term pilot to test staff usage of multi-modal transportation (bicycles, public transportation, shared car and ride services, etc.) as an alternative to using SHA fleet cars. Focus the pilot project on a small group of frequent travelers and report results and recommended actions for the 2019 budget process.

- Develop a comprehensive long-term plan for SHA’s ‘Future Fleet Requirements, Management and Financing’ which optimizes use of multi-modal alternatives to owning cars; adopts industry best practices on cost effectiveness and safety; and ensures a viable, sustainable financing plan. Prepare a proposal for the 2019 Budget.
- Continue investment in fleet replacements, which started in 2014.
- Improve the vehicle work-order system to enable tracking of all costs and to identify trends. Develop new maintenance protocols and create uniformity to track Solid Waste and Fleet maintenance activity. Obtain better information regarding maintenance costs with new protocols for entering vehicle maintenance work-orders.
- Improve preventive maintenance work on all vehicles and develop a sustainable plan for keeping up with the workload.
- Identify and manage replacement of vehicles that require major repairs or have replacement part issues.
- Maintain SHA’s fleet in compliance with state and local safety and environmental standards, focus fleet replacements on fuel efficiency, and seek to reduce SHA’s dependence on fossil fuels within the fleet.
- Continue to survey and analyze vehicle utilization to determine where vehicle reductions might occur and where improved routing can increase efficiency.

Facility Operations

- Solid Waste costs previously attributed to Facility Operations will be charged to the businesses operating at the facilities therefore reducing the budget 6 percent. One Capital project is proposed for 2018, a back-up generator for emergency preparedness at Central Maintenance Facility, MLK.

Community Services

Community Services Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
TOTAL OPERATING	\$4,188,900	\$4,891,800	\$4,245,600	(13.2)%

Table 20: Community Services Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	28.8	15.8

The decrease in budget and FTEs for CSD results from the transfer of budget and staff to the newly formed Economic Advancement group. Community Services staff whose work focuses on education, employment, and self-sufficiency/stability were transferred to the Economic Advancement program. More information on this group is found in the section following this one.

The Housing Operations Community Services Division (CSD) oversees social services planning and coordination as well as community building for the housing authority. CSD is active in the area of community building and support to youth and families with students to be academically successful,

including college preparation and obtaining financial aid. The division contracts out for social services with non-profits and government agencies at a value of approximately \$2.65 million annually. CSD also plays a key role in developing and maintaining external partnerships in terms of social services and plays a key role in raising funds through private and public grants.

Community Services 2018 Work Plan Highlights

Community Building in Mixed Income Communities

CSD continues to support and grow SHA's model of community building in the mixed income communities that is based on helping create social networks through affinity groups and neighborhoods coming together around common interests. These interests will be very different from one community to another.

- Assist Rainier Vista community members with their focus on improving the central park through an extension of the park footprint and murals.
- Work with NewHolly community members to support young men of middle school and early high school age to create a bike club that includes a mentoring element.
- Continue to support the High Point community residents with their annual Bee Festival and education around sustainable living.
- At Yesler Terrace, fully implement the Yesler Community Building Network plan to promote community and social networks across income and class strata.

Community Building in High Rises and SSHP Buildings

- Support community members who want to hold community events to bring people together around common interests and community celebration;
- Support the duly-elected public housing councils on utilizing the Resident Participant Funding for investments in training for residents (e.g. emergency preparedness), internet access for council offices, interpretation/translations, and other areas of interest.
- Oversee the distribution of funds under the SSHP Community Building fund which supports SSHP residents in community activities like holiday events, gardening clubs, and resident council sponsored initiatives.

Aging In Place Initiative

SHA and key service providers (i.e. City of Seattle, Full Life Care, NeighborCare Health, Seattle University) working with SHA senior and disabled populations came together in 2017 to develop a coordinated services plan which includes outcomes based on enhanced support. In the fall of 2017, SHA will analyze needs and determine a deployment system for 2018. This collective impact approach is now known as the "SHA Care Network". Two key elements of the plan that will be evaluated as part of the overall plan are the following:

- *Expanded Nursing:* SHA has expanded our in-community nursing programming from three LIPH buildings to six buildings. In doing so, the agency broadens the reach of this popular nursing project with an eye towards a focus on supporting seniors in their medical needs as they age in place.
- *Wellness Activities:* In 2017, SHA will award a contract for wellness programming in our Senior buildings. Wellness programming will include targeted foot care and vitals checks as well as a

number of health-related programs such as exercise, socializing, workshops on managing chronic disease, and social/emotional supports. This programming will begin in 2017 and will be integrated into the enhanced service coordination mentioned above.

- Fully implement the volunteer initiative which supports residents who volunteer to lead activities to engage residents in the SSHP buildings and the two elderly designated public housing buildings. Based on an initial survey of potential resident volunteers and participants, CSD anticipates these activities will include workshops or classes like arts and crafts and/or wellness activities like Thai Chi.

Resident Opportunities and Self Sufficiency (ROSS) for Education Grant

In the winter of 2016, SHA received funding via ROSS for Education program's Project SOAR (Students + Opportunities + Achievements = Results). Through this grant, CSD has hired three ROSS Youth College Navigators to support specific youth in some of SHA's low-income public housing communities. 2018 will begin to show specific results from the Navigators' work with community partners to:

- Support youth in low income public housing communities to get into college and stay in college;
- Organize events to assist students in completing financial aid requests;
- Help students find the right type of on-going supportive programs to meet their needs and interests; and
- Conduct regular in-person and phone contacts with a smaller group of youth to help them identify strengths and goals; develop plans to reach those goals; and take action steps to accomplish the identified goals.

Youth Development

SHA has worked for the last two years to identify and build responses to issues of youth violence and general youth disengagement in its family communities. SHA anticipates that the significant work will begun in 2017 will, in 2018, show more specific results from these long-view approaches.

- *Youth Engagement Specialist*: In late 2017, CSD created this position to support Rainier Vista and NewHolly communities. This individual works directly with youth and families in these communities to support their finding and accessing services that meet their specific needs. This position particularly targets middle school to college-aged youth who are not actively engaging in school, work, or other services.
- *AmeriCorps*: SHA has recently been awarded two AmeriCorps positions that will start in fall 2017 and will work with SHA through summer 2018. These AmeriCorps members will work in the larger family communities to specifically support disengaged young people to return to high school, apply to other schooling options, and/or seek out work opportunities.

In addition to the projects described above, CSD contracts with a number of youth-serving organizations that offer youth academic and enrichment programming including tutoring, afterschool enrichment, summer programming, arts, sports, and recreation.

Yesler People Initiatives

CSD will continue to play the lead role in the People initiatives under the Choice Neighborhood grant and for the redevelopment. Two areas of focus in 2018:

Education:

- Partner with Seattle University to provide education support to children 3 – 18 years-old in the Yesler community with the aim that all youth graduate from high school ready for college and/or careers. These services, supported by several partners, include:
 - ✓ Early learning programs
 - ✓ After-school tutoring
 - ✓ Classroom teaching support
 - ✓ College preparation, mentoring, and scholarships
 - ✓ Summer academic enrichment programs
 - ✓ Social/emotional support for Garfield high-school students
 - ✓ Family engagement support
- Continue to support children’s academic success at Yesler through the work of the Education Engagement Specialist at Yesler by developing and implementing educational plans for at least 50 students. These plans will include information about the students pertaining to current academic progress, areas for growth and at least one indicator that is directly linked to the Choice Neighborhoods education metrics matrix.

Health:

- Continue the partnership with NeighborCare Health to implement the Community Health Worker model (CHWs) and continue work to engage Yesler residents in discussions about health-related topics. In addition,
- CSD will also work to complete the annual Health Assessment survey—the fifth of the six annual surveys to be implemented by NeighborCare Health as part of the Choice Neighborhoods Grant.

Home from School

- Start a 2nd school year of the “Home from School” pilot at Bailey Gatzert Elementary School to secure housing for homeless families with children within the school attendance area in order to contribute to the stability of Bailey Gatzert in its teaching program and to the stability of families by providing them with a home and available supportive services. During the 1st school year of the pilot, twelve families successfully leased housing in the catchment area, two families are in the process of leasing up, and two are still searching for appropriate homes.

Technical Assistance for External Resource Development for Community Members

- Community Builders in both the mixed income and high-rise buildings will continue to support and provide technical assistance to community members for the development of grant applications and implementation of matching grants from the Department of Neighborhoods, Parks Department, SDOT, and the Department of Information Technology for community events, community improvements, and computer labs. These funding sources have been used for funding activities like Juneteenth celebrations, the extension of the Rainier Vista central park, and computer labs in the high-rise buildings.

Economic Advancement

Economic Advancement Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
TOTAL OPERATING	\$0	\$0	\$1,947,300	N/A

Table 21: Economic Advancement Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	0.0	19.0

The Economic Advancement group is a new division within Housing Operations created to expand the work helping adult residents connect to future economic opportunities through employment, education and training. Since 1999, SHA’s employment support program has been delivered by the Community Services Division. Today, as a separate division with a reorganized set of services and a new delivery model, the Economic Advancement program is designed to reach more residents and increase their progression toward securing good paying jobs. The Economic Advancement group will provide individual support and create education, training and employment pathways for SHA residents to be competitive for 70% of jobs in Washington state that require some education or training beyond high school which includes: credentials, certificates, apprenticeships, two and four year degrees or more. The Economic Advancement group will build on lessons learned from the Workforce Opportunity System (WOS) pilot and incorporate several current program features supporting residents’ transition to self-sufficiency.

Economic Advancement 2018 Work Plan Highlights

Implement the first year of a reorganized set of services and a delivery model designed to meet residents where they are and assist with removing barriers to help their progression toward good paying careers via a continuum of services. The new model will:

- Provide one-on-one coaching to assist HCV and LIPH participants in their efforts to advance their economic position: assess barriers that prevent them from moving forward; identify services that are available to assist them; set goals and outline the steps to reach those goals; and obtain education, training services, and employment offered by local providers;
- Pay special attention to meet residents or participants where they are and build success for individuals. Focus on known employment barriers, including English language skills, affordable and accessible childcare, and mental health support;
- Actively develop resident employment opportunities in growth industries with career advancement opportunities by working directly with employers to create referral relations and opportunities to help build career ladders; and
- Implement and evaluate a revised incentive program that, in addition to providing escrow savings to build assets, would also include financial incentives for educational attainment and job retention.

Impact Property Management – HOPE VI Communities and Parks

Impact Property Management – HOPE VI Administration, NewHolly and Others				
Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Impact Property Management	\$789,100	\$884,000	\$913,400	3.3%
NewHolly Phase I, II & III (Holly Park, Othello & Desdemona)	2,399,800	816,400	2,275,100	178.7%
Escallonia	0	0	1,340,200	
Parks	346,400	351,300	364,000	3.6%
Campus of Learners	608,900	574,100	583,000	1.6%
TOTAL OPERATING	\$4,144,200	\$2,625,800	\$5,475,700	108.5%

Table 22: Impact Property Management Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	53.5	53.0

The above chart accounts for the expenses for Impact Property Management (IPM) administration for the HOPE VI sites, including the Campus of Learners at NewHolly; Parks maintenance for HOPE VI communities; and tax credit properties owned by SHA. Two existing limited tax credit partnerships, Desdemona and Escallonia, are expected to be 100% owned by SHA by the end of 2017 and are included in the 2018 proposed budget. In October of 2016, SHA closed the mixed finance resyndication of NewHolly Phase I. As a result, the 2017 and 2018 operating budget for NewHolly Phase I is not included in the above table and is now included with the other limited partnerships. The limited partnership expenses are carried on the partnership books presented in the back section of the budget book, but the employees funded by the limited partnerships and working in the HOPE VI communities are included in the FTE numbers above. In 2017 the Maintenance Supervisor was scheduled to retire, in an effort to provide additional capacity for the recent NewHolly Phase I resyndication and related construction as well as provide a training period for the Maintenance Supervisors replacement, a six month overlap was approved. This overlap period added .5 FTE to the budget for 2017 and accounts for the .5 FTE decrease in 2018.

In general the proposed budgets for Impact Property Management (IPM), Parks and the Campus of Learners are all consistent with the 2017 budget plus small inflationary related increases. The most significant changes were to Internal Fees which was the result of technical changes and not reflective of a change in operations. For the second year in a row there was a significant increase, \$21,600, in the High Point Open Space Association fees, which are included in IPM's proposed budget. In 2016 SHA added budget authority to the Parks budget to address work on Heritage Trees on SHA owned property. The work on the heritage trees has continued into 2017 and has been budgeted in 2018 in order to complete the work. An additional \$5,000 was added to the Parks budget to address ongoing maintenance of these trees.

In 2018 Impact Property Management (IPM) will oversee the management of HOPE VI housing units owned by six limited partnerships, for which SHA serves as the General Partner and Managing Agent – NewHolly Phases I, Rainier Vista NE, Tamarack, Lake City Village, and High Point N & S. IPM also manages three former tax credit partnership properties anticipated to be owned and operated by SHA in

2018. Two of these properties, Escallonia and Desdemona, began 2017 as limited partnerships and are expected to become 100% SHA owned by the end of 2017. In 2018, IPM-HOPE VI will manage about 1,700 public housing and tax credit units in these communities. IPM also oversees the management of approximately 570 Yesler Terrace campus housing units, including Yesler Terrace public housing and Baldwin Apartment. Also included in the 570 units are five tax credit limited partnerships, Ritz Apartments, Leschi House, Kebero Court, Raven Terrace, and Hoa Mai Gardens, for which SHA serves as the General Partner and Managing Agent.

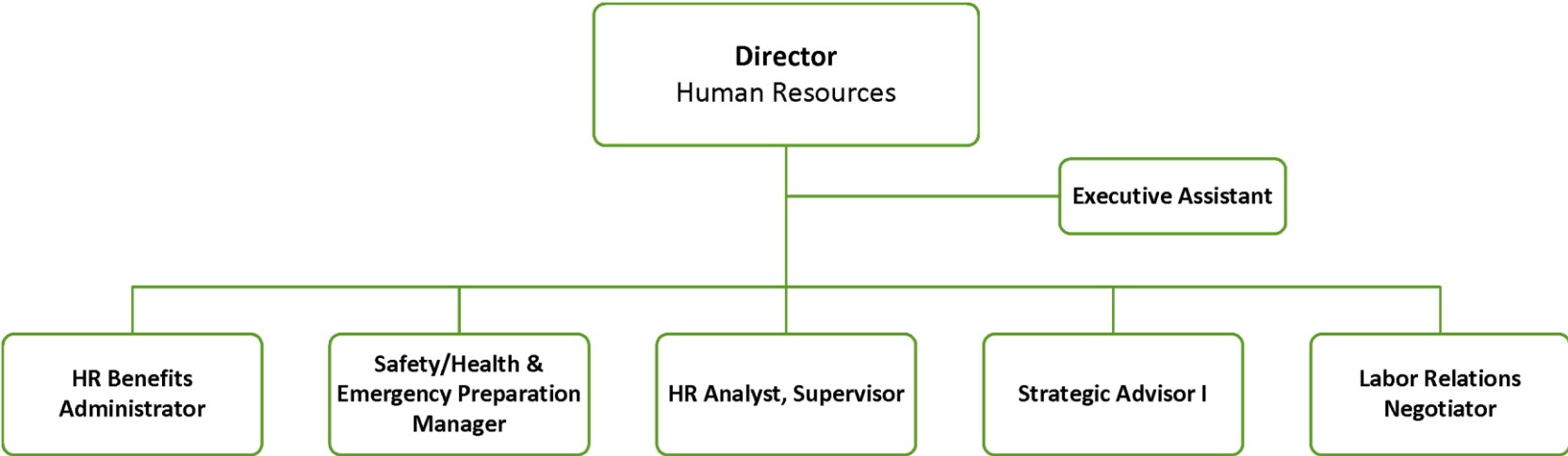
IPM also administers operation of the parks and common amenities in these communities. In addition, the NewHolly Campus of Learners and Special Portfolio outside-managed communities are also managed by IPM. Budgets for the Limited Partnerships are included in the final section of the Budget Book, and Yesler's budget appears in its own section. The budget for Special Portfolio is also separately presented.

IPM – HOPE VI Work Plan Highlights for 2018

- Continue to manage and operate Yesler Terrace out of the temporary management office, at current levels of service and mitigate construction related issues through construction of Phase 4 site and Red Cedar. Participate in the inspection/work order pilot, utilizing YARDI's mobile capability and hand held devices, expanding on the pilot that IPS is currently running.
- Explore innovative ways to decrease costs to the limited partnerships. Determine uses of more durable materials that will have a longer life such as flooring and appliances that require less repairs and cost less to replace.
- Support IPS Solid Waste and community partners to promote participation and compliance with the organics program for the rental units in High Point, NewHolly, Rainier Vista, Lake City and Yesler.
- Continue to evaluate the billing for overages and incentive program for costs and administrative burden to the Hope VI communities for areas of refinement, to reduce costs to SHA, and address risks associated with tax credit compliance. Work with the utility billing vendor, to establish the collection process for water overages to keep accounts receivable down.
- Complete the resyndication project at NewHolly Phase I
- Pursue and implement the use of blanket contracts for high need services that would address site-staff skill gaps and spikes in workload. Blanket contracts will provide a streamlined process with minimal ongoing administrative burden.
- Implement Housing Operation's document imaging project at High Point, NewHolly, Rainier Vista and Yesler.
- Actively participate in the Yardi upgrade and its move to a web-based platform.
- Assist in the potential buyout and transition back to SHA of multiple tax credit limited partnerships.
- Continue the partnership with IPS in the skills training for the Universal Maintenance Mechanic and Hope VI Maintenance Tech positions.

HUMAN RESOURCES

HUMAN RESOURCES DEPARTMENT



Human Resource Budget

Human Resources Department Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$ 1,703,000	\$ 1,989,100	\$2,132,800	7.2%
General & Administrative Expense	362,400	382,000	357,700	(6.4%)
Tenant Services	-	-	-	-
Maintenance & Contracts	128,000	134,000	116,800	(12.8%)
Utilities	-	-	-	-
TOTAL OPERATING	\$ 2,193,400	\$ 2,505,100	\$ 2,607,300	4.1%
Less Internal Agency Fees	(101,300)	(122,200)	(88,400)	(27.7%)
Grants, and Salaries/Benefits for Capital and Limited Partnerships	-	-	-	-
TOTAL	\$ 2,092,100	\$ 2,382,900	\$ 2,518,900	5.7%

Table 23: Human Resources Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	11.0	11.0

For 2018, Human Resources (HR) Department's proposed operating budget increases by 4.1% above the 2017 Adopted Budget to \$2.61 million. The Human Resources budget holds the employee benefit budget for vacation, annual, and sick leave payouts and unemployment benefits reimbursements for all of SHA. This budget is included under Admin Salaries & Temp Help line. In 2018, SHA increased the funds set aside to cover these expenses due to a significant increase in the potential exposure related to additional retirement eligible employees in 2018. This increase, coupled with standard inflationary increases, lead to the 7.2% increase in projected Admin Salaries. General and Administrative Expenses decreased 6.4% as a result of a change in the allocation method for IT-related charges which is reflected in the 27.7% decrease in Internal Agency Fees. The 2017 Adopted Budget included onetime funding for business continuity planning which was not funded in 2018 resulting in the 12.8% decrease in Maintenance and Contracts.

Department Purpose and Function

HR Department's mission is to provide comprehensive, progressive Human Resources programs to meet the needs of SHA staff, and contribute to achievement of SHA's strategic goals. Human Resources is responsible for core employment services such as recruitment and selection, job classification and compensation, performance management, employee relations, agency-wide temporary staffing, and employment records. In addition, HR oversees the race and social justice initiative, training and development, benefits administration, labor relations, safety and health, emergency management, and employee recognition.

These responsibilities entail implementation of best practices and compliance with federal, state, and local employment laws, with HUD regulations, and with court decisions regarding employment rights and responsibilities. HR supports the Strategic Plan and the Authority by assisting departments with

recruitment, hiring, and on-going training and development of staff. The goal of HR is to ensure employees are working in a productive, safe, welcoming, and non-discriminatory environment.

Work Plan Highlights

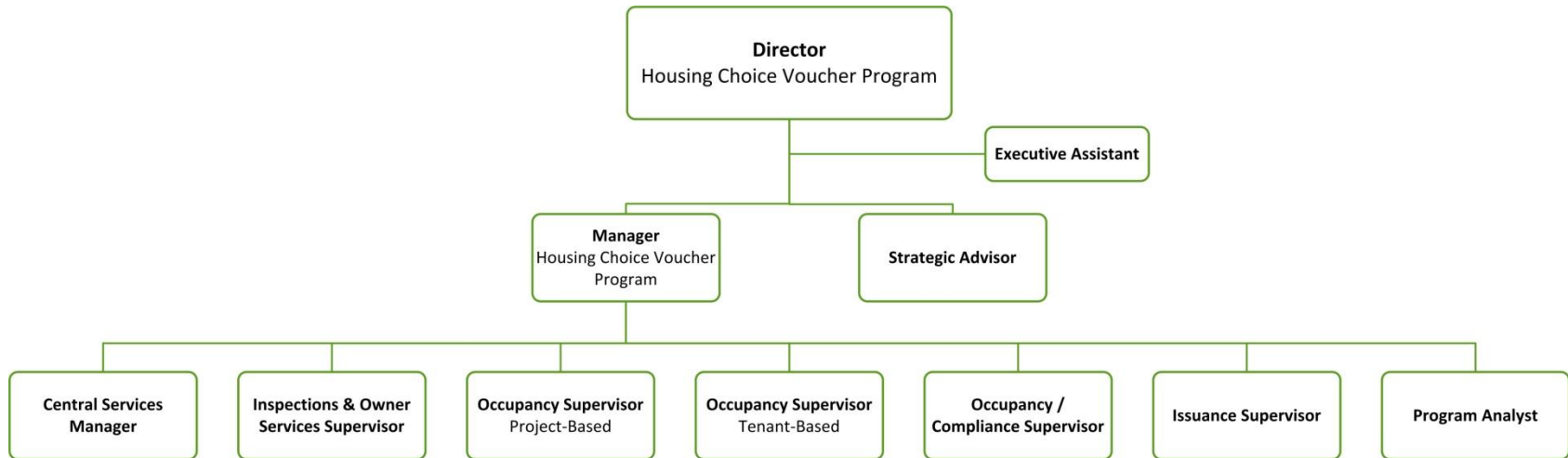
2018 work plan includes:

- Continue monitoring, reviewing, and implementation of new federal, state, and local laws that are relevant to the Authority's employment practices. Provide on-going training for HR staff to ensure the Authority's ability to comply with employment laws and regulations.
- Develop and implement processes, procedures, programs and initiatives for an agency-wide emergency management program. Efforts include focus on preparedness, response and recovery. This includes, but is not limited to, updates to policy and procedures, emergency supplies, staff training, and technological advancements.
- Work with Labor and Industries (L&I) Department on claims to return employees back to work. Maintain focus on the Return to Work program which helps return employees back to "light" duty work. Continue processing of claims in the "Stay at Work" program.
- Look for opportunities to utilize technology to improve efficiency and effectiveness within the department.
- Further strengthen the relationship with labor unions to enhance communications, reduce grievances and partner to implement SHA's mission and goals. Working with the unions to ensure the contracts are consistent with SHA's financial capacity, and efforts to create efficiencies in operations and cost containment.
- Gather information and begin negotiations with the Building Trades Council and OPEIU (Office and Professional Employees International Union) on new three-year agreements.
- Continue implementation of the Race & Social Justice Initiative (RSJI). Efforts will include foundation training for new staff, development of the next level of RSJI foundation training for all staff, continuation and refinement of the RSJI toolkit to review agency policies and procedures through an RSJI "lens."
- Refine staff Culture of Poverty foundational training, covering impacts on our housing applicants and residents, and best practices for improving interactions with our customers.
- Continue roll-out of our newly developed employee career-development training and staffing continuity planning, as well as process improvement efforts.
- Further enhance the new employee onboarding and new supervisor orientation to reflect best practices, including new segments with speakers from IT and Purchasing.
- Work with managers and directors to develop improved career paths for employees based on individual and team goals.
- Further refine the online performance evaluation tool for all staff, and enhanced onboarding functionality.
- Continue efforts to increase supervisory skills by offering training classes for supervisors and managers. Provide ongoing training to meet the needs of staff, improving employees' skills, and complying with federal, state and local employment laws and regulations.

- Work with our Employee Assistance Provider to coordinate training, referrals, coaching, and special interventions regarding incidents affecting SHA staff.
- Develop programs and initiatives that will continue to provide a safe work environment for staff, lower accident rates, and comply with regulatory agencies; thereby, reducing time loss and workers' compensation costs. These programs include, but are not limited to, more than forty safety training topics annually, dynamic stretch program, safety committee teams, and engineering controls.
- Continue to provide training (in-house or external trainers) in more than forty different safety training classes most of which are required by Washington Industrial Safety and Health Administration (WISHA). These classes include, but are not limited to, fall protection program, respiratory protection program, medical surveillance program, blood borne pathogens, hazard communication, workplace violence prevention and active shooter response.
- Update the Authority's Safety and Health Manual, as needed, to ensure compliance with federal and state regulations. Provide safety training and work with the Safety Committees to address the needs of SHA's workforce.
- Work with the Labor/Management committee to review current labor relations processes to ensure SHA is utilizing the most efficient process for labor management and negotiations.
- Update the Employment Section of SHA's Manual of Operations, to reflect the latest employment laws and regulations, to ensure compliance and prevent litigation. Human Resources will be continuing a systematic review process that will ensure all policies are reviewed for relevancy.
- Enhancements and improvements to the Human Resources OurHouse pages will continue with potential new functionality coming online in the coming year.
- Coordinate annual agency meetings and events, such as the All Staff Meeting, Holiday Brunch, SHA Annual Anniversary Awards Luncheon, and Charitable Giving Events.

HOUSING CHOICE VOUCHER PROGRAM

HOUSING CHOICE VOUCHER PROGRAM



Housing Choice Voucher Program Budget

Department Expenditures	2016 Actual	2017 Adopted	2018 Proposed	% Change
Admin Salaries & Temp Help	\$ 4,856,000	\$ 5,568,800	\$ 5,407,100	(2.9%)
General & Administrative Expense	4,447,700	4,167,800	4,798,400	15.1%
Tenant Services	67,700	384,300	393,900	2.5%
Maintenance & Contracts	265,600	92,800	41,700	(55.1%)
Utilities	-	-	-	-
TOTAL OPERATING	\$ 9,637,000	\$ 10,213,700	\$ 10,641,100	4.2%
Less Internal Agency Fees	(3,134,000)	(2,814,800)	(3,286,500)	16.8%
Housing Assistance Payments	88,541,700	100,182,000	104,123,000	3.9%
TOTAL	\$ 95,044,700	\$107,580,900	\$111,477,600	3.6%

Table 24: Housing Choice Voucher Program Budget and FTEs

Full-time Equivalent Positions	2017 Approved	2018 Proposed
Total FTEs	66.8	66.8

For CY 2018, the Housing Choice Voucher (HCV) Program's operating expenses will increase 4.2% above CY 2017 to \$10.6 million. This increase is directly related to the increase in Internal Service fees and Portability Administrative Fees, both of which are included under General Administrative Expenses. These increases are partially offset by a decrease in the proposed budget for Salary related expenses. The 2.9% decrease in Administrative Salary expenses is the result of a technical change in how salaries are budgeted and the expiration of a one year customer service project position. A new grant funded position was added to the HCV department and is reflected in the FTE count shown above. The salary related expenses for this position are with the department responsible for managing the grant, Office of Policy and Strategic Initiatives.

Over the past several years SHA has taken a wide variety of actions to address the challenges facing voucher holders in the ultra-competitive Seattle rental market. Below are a list of some of the significant steps the HCV department and SHA have taken over the past few years to improve voucher holders ability to use their voucher within the City of Seattle.

- Provide tenants with housing search and deposit assistance.
- Create Voucher Payment Standard (VPS) supplement programs to increase the ability of families to find housing in designated areas.
- Provide landlords with Risk Mitigation funds to cover potential damages caused by SHA voucher holders while renting their units.
- Increase the VPS 42% over the past three years for market rate units to improve market access.
- Create alternate voucher payment standards for market-rate, affordable and non-profit, and project-based units.

The costs associated with many of these actions take a significant amount of time to fully materialize. This is most clearly reflected in the increase in the proposed 2018 housing assistance payments (HAP) which are anticipated to increase \$3.9 million compared to the 2017 adopted budget to \$104.1 million. This increase is the result of costs associated with changes in the voucher payment standard and not with increasing the number of people served. SHA does anticipate serving nearly 400 more households than in 2016 and achieving an overall average voucher utilization rate – leased vouchers divided by authorized vouchers – of 92.9%. SHA’s ability to serve additional households in 2018 was significantly impacted by the uncertainty surrounding the federal appropriations process and the related funding concerns in 2017. With funding unclear, SHA stopped mailing MTW voucher applications from March to the middle of August 2017.

For 2018, SHA has not incorporated any future changes in the voucher payment standard in the proposed budget. However, SHA will have two new family access supplements to assist families with school aged children find housing. The first supplement, Home from School (HfS) supplement is designed specifically to assist unstably housed or homeless families lease housing in the Bailey Gatzert school catchment area. The second supplement, Family Access Supplement (FAS), is designed to allow families to access areas designated as opportunity neighborhoods. The FAS is associated with the Creating Moves to Opportunity (CMTO) initiative discussed in further detail in the Office of Policy and Strategic Initiatives and Grant Program sections. SHA will continue to analyze the efficiency and effectiveness of all of the program enhancements, including the VPS, in order to ensure that SHA voucher holders remain competitive in the Seattle rental housing market.

Department Purpose and Function

The primary responsibility of SHA’s Housing Choice Voucher (HCV) Department is to administer federal housing assistance payments serving households in the Housing Choice Voucher (HCV) and Mod-Rehab programs. The Housing Choice Voucher program provides rental assistance to more than 11,000 very low-income households. The overwhelming majority of participants in the HCV project-based, tenant-based, and the Mod-Rehab programs have incomes below 30 percent of area median income.

The Department is responsible for managing all aspects of the voucher program. These include: maintaining a waitlist; certifying applicant eligibility and issuing vouchers; determining participant income; administering utility allowances; establishing voucher payment standards; recruiting and screening landlords; establishing reasonable rent to be charged by landlords; conducting housing quality inspections and following up to ensure corrections are made when violations occur; recertifying eligibility and income at the designated review cycle; providing housing counseling and programs to prepare participants to be successful in the rental market; administering special voucher programs for specific populations; administering contracts with project and program-based providers of vouchers; encouraging participants to understand their choices in neighborhoods; and leading advocacy efforts, often in coalitions with others, on behalf of low-income housing and support programs with federal, state, and local governments.

The Department also plays a crucial role in supporting the City of Seattle’s continuum of affordable housing by providing critical operating subsidies for transitional housing and service-enriched units owned by non-profits. These units, supported with vouchers from SHA, provide decent, affordable housing with services to homeless or disabled individuals and families who are unlikely to be served well by SHA’s public housing program.

The Housing Choice Voucher Department also assists SHA in meeting its commitment to replacement housing of public housing units demolished by redevelopment. It does so by providing “hard units” through non-profit developers housing affordable to extremely low-income households comparable to the public housing units demolished by redevelopment. The Department also augments the financial viability of the Special Portfolio/Local Housing program by providing project-based subsidy in many of these units.

Work Plan Highlights

The HCV department developed a five-year plan for its activities that aligns with SHA’s Strategic Plan and that will guide the 2018 work plan. The primary HCV goals in relation to the Plan are:

- Create opportunities for the HCV teams to engage in and understand how their role connects to the agency vision and goals.
- Develop and implement new policies to engage staff and partners to identify solutions that enhance customer service.
- Support HCV staff efforts to remain current on industry trends and best practices that provide ideas for potential policy changes.
- Promote a culture of compliance by conducting regular file audits; monitoring exception reports; providing technical assistance; training and mentorship; and establishing procedures to improve monitoring and contract compliance of project-based voucher contracts.
- Continue the process of standardizing the compliance/quality management program and process to consistently and effectively measure and report on identified performance benchmarks.
- Regularly review policies and relevant regulations to determine department impact and develop procedures to operationalize.
- Make the customer experience easy, pleasant, and effective in addressing issues quickly so internal and external customers can move to the next step in the process or find resolution. Develop qualitative metrics to assess internal and external customer satisfaction.
- Promote the importance to staff of having data to support and establish customer needs through development of tracking tools.
- Encourage the determination of customer “value-added” to every task that is performed and eliminate tasks that have no added value.
- Engage with external stakeholders to further the mission and vision of SHA through collaborations, building partnerships and relationships, and sustaining a positive public image.
- Use MTW authority and implement Strategic Initiatives which target special populations and focus on particular demographics and needs, as well as promote self sufficiency.
- Partner with agencies that provide resources to seniors in support of the Aging In Place Initiative.
- With assistance from our provider partners, maintain Utilization goals set for special programs such as Family Unification Program (FUP) and Veterans Affairs Supportive Housing (VASH)

- Apply for additional vouchers made available through standard or other special voucher programs that are appropriated by Congress.
- Provide housing services assistance, security deposit assistance, and risk mitigation funds through an in-house model.
- Increase our overall voucher utilization to 92.9%. This increase combined with additional voucher authority will allow the agency to serve nearly 400 additional households per month compared to 2016.
- Continue the effort to make Housing Choice Voucher forms more intuitive and make them available online.
- Identify improvement opportunities within HCV operations (based on the current process maps) and engage staff on applying lean problem solving methods on improving each process.
- Continue staff's full engagement on process improvement projects and develop stronger capability by strengthening the deployment of lean liaisons in all areas of operation.
- Provide bi-monthly trainings to enhance internal and external customer service.
- Expand Resource Toolkits.
- Continue to work towards utilizing direct deposit for 100% of the Housing Assistance Payments to landlords.
- Implement process and service improvements in HCV resulting from department-wide lean processes that will:
 - ✓ Reduce the time from inviting someone from the waitlist to issuing a voucher;
 - ✓ Provide greater support assistance to voucher shoppers in leasing an affordable unit;
 - ✓ Achieve initial Housing Quality Inspections and any re-inspections of units in a timely fashion; and
 - ✓ Implement monitoring procedures to ensure contract compliance by Project-Based Voucher (PBV) providers, including high utilization performance.
- Issue and enforce repayment agreements from overpaid Housing Assistance Payments (HAP). Most repayment agreements are due to non-timely notification of, or failure to report, household income changes which would have resulted in a reduced housing assistance payment.
- Utilize Race and Social Justice Initiative Toolkit to assess 12 months of data related to HCV terminations.
- Ensure that all HCV staff have completed Fair Housing Training.
- Promote Staff and Leadership Development through:
 - ✓ Internal/ External Trainings
 - ✓ Promoting up
 - ✓ Lean Leadership
 - ✓ Encouraging best practices
 - ✓ Knowledge and capacity building, increasing competencies

- ✓ Leadership development and training in order to ensure cohesion, congruency across teams, and agency engagement to reduce silos.
- ✓ Engage in promoting SHA's mission, values and vision in order to fulfill the strategic direction of the department.
- Use MTW authority to wave unnecessary or overly burdensome regulations and requirements to improve efficiency, productivity, customer service, and to obtain cost savings.
- Review and evaluate document imaging from a user perspective.
- Continue document imaging for Project Based tenants.
- Transition to online forms and continue to purchase recycled office supplies.

CAPITAL IMPROVEMENT PROGRAM

CAPITAL IMPROVEMENT PROGRAM SUMMARY

The Capital Improvement Program Summary describes SHA's CY 2018 plans in the following areas:

- Community redevelopment using federal grant funds and mixed financing,
- Asset preservation through modernization, renovation, and rehabilitation of our housing portfolios and operating facilities using predominantly federal grant funds, plus property reserves; and
- New acquisition, development, and pre-development planning.

The tables below describe the projected sources and expenditures for CY 2017 and CY 2018. Sources reflect a net decrease of 20.7 percent in capital and redevelopment funding compared to 2017. The change in capital sources is due to several factors. The most significant reduction and reason is the lack of new redevelopment funding, a mixed finance transaction, is not anticipated in 2018 and 2018 activities are based on funds already in hand.

Summary of SHA Capital Projected Sources	CY 2017	CY 2018
Public Housing (MTW portion)	\$11,630,000	\$10,386,000
Seattle Senior Housing Program (MTW portion)	3,342,000	2,661,000
Other MTW capital - Blue Topaz (Prior Year)	1,500,000	-
Special Portfolio/Local Housing Reserves	870,000	1,162,000
homeWorks Reserves	1,070,000	1,768,000
HOPE VI Reserves	820,000	691,000
Facilities and Impact Property Services Reserves	490,000	221,000
Bond Proceeds for Pooled Refinance: Wedgewood Estates, Escallonia, Othello and Desdemona		7,826,000
Short and Long Term Financing for Red Cedar	42,100,000	
Tax Credit Equity to Red Cedar in 2017	25,430,000	
Program Income contribution to Red Cedar in 2017	15,200,000	
Use of Prior Year Resources - Mixed Finances	29,260,000	73,092,000
Internal financing for Predevelopment		3,500,000
Funds for Infrastructure	3,690,000	
For Sale Proceeds from Homestead sale	730,000	
For Sale Proceeds from Yesler Neighborhood		8,816,000
Special Portfolio Other sources	360,000	
City, State and Federal Grants	3,420,000	875,000
TOTAL SOURCES	\$139,912,000	\$110,998,000

Table 25: Summary of SHA Capital Project Sources

Projected capital expenditures in 2018 are 30.3 percent higher than 2017. The increase is due to increased costs of construction and the Pooled Refunding projects for Special Portfolio. In 2017 SHA had three projects in construction or rehabilitation with estimated expenditures at \$61.0 million, 2018 expenditures for three comparable projects are estimated at \$71 million. Red Cedar will be in its second year and NewHolly I will be in its final year of construction; West Seattle Affordable Housing LP will be in its first full year of construction. SHA also pooled refinancing for four properties to provide capital improvement funds at Desdemona, Escallonia, Othello and Wedgewood Estates, with extra funds to be

assigned. Other projects include Scattered Site rehabilitation and repositioning in its third year. Yesler Terrace Apartment and Lam Bow will be in predevelopment planning. High Point Management Office will move to new offices at Upton Flats after tenant improvements are completed in 2018.

The following table compares 2017 and 2018 projected capital expenditures:

Summary of SHA Projected Capital Expenditures	CY 2017	CY 2018
Mixed Finance Redevelopment	\$32,074,000	\$ -
Yesler Terrace Prior Year Mixed Finance projects	20,499,000	48,448,000
NewHolly (Phase I) Prior Year Mixed Finance project	12,170,000	12,860,000
Other Projects Prior Year finances		11,784,000
Public Housing (MTW portion)	9,188,000	7,558,000
Seattle Senior Housing Program (MTW Portion)	3,890,000	3,567,000
Blue Topaz Predevelopment contribution (MTW portion)	1,500,000	-
King County Sites acquisition and Upton Flats improvements		8,816,000
Predevelopment funds		3,500,000
Other MTW Funded Capital Projects	1,918,000	1,793,000
Capital Projects for Other Housing Properties	3,881,000	11,668,000
Infrastructure at Yesler Terrace		875,000
TOTAL EXPENDITURES	\$85,120,000	\$110,869,000

Table 26: Summary of SHA Projected Capital Expenditures

CHOICE NEIGHBORHOODS IMPLEMENTATION: YESLER TERRACE – REDEVELOPMENT

The Choice Neighborhoods Initiative (CNI) grant program will be in its seventh year in 2018. The program goal is to transform distressed neighborhoods into sustainable, mixed-income communities by linking affordable housing with quality schools, public transportation, good jobs and safe streets. Seattle Housing Authority received two CNI grants totaling \$30 million. The grants were the first step to transform Yesler Terrace and the surrounding neighborhood. Depending on fund sources and local business cycles, Yesler Terrace Redevelopment implementation will range from 10–20 years.

The CNI grants support elements of infrastructure and housing construction in the Yesler Terrace neighborhood. In 2018, Red Cedar will be in its first full year of construction, the fifth new apartment building will be in predevelopment and modest pedestrian and school-safety infrastructure projects are scheduled.

Red Cedar

Red Cedar is located on the north side of Fir Street and west of Broadway. Financing closed in 2017 and construction started on 119-unit apartment. Construction will continue into early 2019 and lease-up will begin as units become available.

Red Cedar Sources	Total
Construction Loan/Bonds	\$35,000,000
Tax Exempt First Mortgage	13,960,000
Program Income	15,734,000
Bridge Loan	1,892,000
Deferred Developer Fee	1,500,000
City of Seattle, Office of Housing various	3,420,000
Income from Operations	435,000
Tax Credit Equity	32,188,000
TOTAL	\$104,129,000
TOTAL PROGRAMMED SOURCES	\$65,787,000
Less Short Term Financing	\$38,342,000

Table 27: Red Cedar Sources

The project uses are budgeted as follows:

Red Cedar Uses	Total
Construction	\$55,500,000
Design, Engineering and permitting	5,038,000
Financing costs	5,249,000
TOTAL	\$65,787,000
2018 Expenditures	\$48,448,000

Table 28: Red Cedar Uses

Yesler Terrace Apartment

Yesler Terrace Apartment will be located on East Yesler Way and 10th Avenue South. Financing is expected to close in 2019 and construction to start shortly thereafter. Current plans indicate that it will have up to 125 apartments and be near the pocket park on the southeast corner of South Washington Street and 10th Avenue South.

Yesler Terrace Apartment Sources	Total
Construction Loan/Bonds	\$35,000,000
Tax Exempt First Mortgage	13,960,000
Program Income	15,734,000
Bridge Loan	1,892,000
Deferred Developer Fee	1,500,000
City of Seattle, Office of Housing various	3,420,000
Income from Operations	435,000
Tax Credit Equity	32,188,000
TOTAL	\$104,129,000
TOTAL PROGRAMMED SOURCES	\$65,787,000
Less Short Term Financing	\$38,342,000

Table 29: Yesler Terrace Sources

The project uses are budgeted as follows:

Yesler Terrace Apartment Uses	Total
Construction	\$55,500,000
Design, Engineering and permitting	5,038,000
Financing costs	5,249,000
TOTAL	\$65,787,000
2018 Expenditures	\$2,000,000

Table 30: Yesler Terrace Uses 1

Infrastructure Activity

Infrastructure at Yesler Terrace

SHA had previously secured funds from the City of Seattle to assist in infrastructure improvements at Yesler Terrace. In 2018, SHA expects to use \$875,000 to complete the pedestrian pathway from the park to Harborview and to close the slip lane at Boren and 12th Avenue South.

OTHER REDEVELOPMENT ACTIVITIES

NewHolly (Phase I) Rehabilitation

NewHolly (Phase I) is SHA's first HOPE VI redevelopment. This rehabilitation project is replacing all roofs, gutters, and targeting siding repairs. It started in 2016 and it will be completed in 2018.

NewHolly Rehabilitation Sources	Total
Construction Loan/Bonds	\$6,960,000
Long term debt	15,860,000
Program Income	5,500,000
Tax Credit Equity	18,127,000
TOTAL	\$46,447,000
TOTAL PROGRAMMED SOURCES	\$29,998,000
Less Short Term Financing	\$16,449,000

Table 32: NewHolly Rehabilitation Source 1

The project uses are budgeted as follows:

NewHolly Rehabilitation Uses	Total
Acquisition	\$3,010,000
Construction	20,086,000
Design, Engineering and permitting	938,000
Financing costs	5,964,000
TOTAL	\$29,998,000
2018 Expenditures	\$12,860,000

Table 33: NewHolly Rehabilitation Uses 1

West Seattle Affordable Housing LP

Three Special Portfolio properties will be converted to one limited partnership in late 2017. The Longfellow Creek Apartments, Roxhill Court Apartments and Wisteria Court mixed-finance transaction is expected to close in late 2017 and construction to begin shortly thereafter. Roxhill Court Apartments and Wisteria Court need building envelope repairs, which includes siding; trim; flashing; roof and entry improvements. All three properties require full unit upgrades; flooring; cabinets and countertops; paint; trim and doors; light fixtures; and tub/shower upgrades. In addition, all Wisteria units will have washers and dryers installed and the common area laundry rooms removed.

West Seattle Affordable Housing LLLP Sources	Total
Acquisition loan / short term financing	\$13,685,000
Tax Exempt First Mortgage	7,945,000
SHA Loan #3	1,978,000
Tax Credit Equity	11,570,000
TOTAL	\$35,178,000
TOTAL PROGRAMMED SOURCES	\$15,559,000
Less Short Term Financing	\$19,619,000

Table 34: West Seattle LLLP Sources

The project uses are budgeted as follows:

West Seattle Affordable Housing LLLP Uses	Total
Construction	\$10,265,000
Design, Engineering and permitting	2,097,000
Financing costs	3,197,000
TOTAL	\$15,559,000
2018 Expenditures	\$10,000,000

Table 35: West Seattle LLLP Uses

The Tax Credit rehabilitation of these buildings will continue all through 2018. As mentioned above, the project will touch the interior of nearly every unit in the group and will involve more than 200 individual moves, as the work is extensive enough that units must be vacant in order for construction to be completed. The construction will be staggered such that communities will remain occupied throughout the project. Additionally, tenant income qualification/certification work required for Tax Credit projects is ongoing.

PUBLIC HOUSING AND OVERALL ASSET PRESERVATION FUNDING

The 2018 budget includes public housing modernization, renovation projects, and capital planning of \$7.6 million, 17.7 percent decrease over 2017. Capital grant funds of \$3.6 million are budgeted for the Seattle Senior Housing Program, an 8.6 percent decrease over 2017. Most of Seattle Senior Housing's operating subsidy is earmarked for elevator rehabilitation and security upgrades.

Other projects funded with MTW sources include \$380,000 for Special Portfolio/Local Housing program, the largest project is Montridge Arms' elevator upgrade. Non-residential Facilities Projects budget will replace up to 26 vehicles and a back-up generator for emergency preparedness at the Central Maintenance Facility. The Management Improvements through Technology budget of \$814,000 provides for technical and technological upgrades.

Other Capital Projects, principally funded from a pooled refinance between Desdemona, Escallonia, Othello and Wedgewood Estates, are in Special Portfolio and Other Projects for \$9 million. The largest projects are at Wedgewood Estates and Othello to replace roofs and Desdemona to make targeted exterior repairs to building envelope and roofs. Limited Partnership's have many projects listed, the largest at homeWorks I to replace an elevator lift gear at Center Park and install shower surrounds at Cal-Mor Circle. SHA's facilities have a budget of \$221,000, most of which will fund replacement windows and five boilers at Center Park Community Building.

The 2018 Capital budget was allocated to the groups and in the amounts shown below. More detailed project descriptions are in the chart at the end of this section.

CAPITAL PROJECTS

Summary of Capital Projects by Housing Type and Fund Source	CY 2017 Budget	CY 2018 Budget
<i>MTW-Funded Capital Budget for Public Housing</i>		
Bell Tower	\$219,000	\$65,000
Cedarvale Village		266,000
Denny Terrace		155,000
Holly Court		245,000
Jackson Park Village	200,000	530,000
Jefferson Terrace	806,000	145,000
Olive Ridge	370,000	138,000
Scattered Sites	1,367,000	1,204,000
Tri-Court	250,000	190,000
Westwood Heights	158,000	10,000
Yesler Terrace	5,000	
Allowance for Hazardous Material abatement		240,000
Allowance for Minor Maintenance Repair and Replacement	335,000	375,000
Allowance for unforeseen price hikes	735,000	620,000
Contingency Capital Projects		710,000
Allowance for Aging Unit / Unit Upgrades	150,000	300,000
Program Administration	1,464,000	1,522,000
Debt Service for homeWorks' projects	2,066,000	-
Indirect Service Fees	1,063,000	843,000
MTW-Funded Capital Projects for LIPH Properties TOTAL	\$9,188,000	\$7,558,000

Table 29: Summary of Capital Projects by Housing Type and Fund Source

<i>MTW-Funded Capital Projects for Senior Housing Properties</i>	CY 2017 Budget	CY 2018 Budget
Bitter Lake Manor	\$568,000	\$23,000
Blakeley Manor	565,000	350,000
Carroll Terrace	120,000	120,000
Daybreak		64,000
Fort Lawton Place	120,000	120,000
Fremont Place		180,000
Gideon-Mathews Garden	50,000	
Island View		134,000
Michaelson Manor		120,000
Olmsted Manor	158,000	120,000
Phinney Terrace		470,000
Pinehurst Court	260,000	
Pleasant Valley Plaza	230,000	120,000
Primeau Place		356,000
Ravenna School Apartments		30,000
Schwabacher House	50,000	470,000
Sunrise Manor	922,000	350,000
Wildwood Glen		120,000
Allowance for Minor Maintenance Repair and Replacement	160,000	120,000
Allowance for targeted exterior upgrade repairs		200,000
Allowance for UFAS upgrades	70,000	
Allowance for plumbing	50,000	
Allowance for security upgrades	467,000	
Indirect Service Fees	100,000	100,000
MTW-Funded Capital Projects for Senior Housing Properties TOTAL	\$3,890,000	\$3,567,000

Table 30: MTW-Funded Capital Projects for Senior Housing Properties

<i>MTW-Funded Capital Projects for Other Housing Properties</i>	CY 2017 Budget	CY 2018 Budget
Special Portfolio	\$425,000	\$380,000
Non-residential Facilities Projects	501,000	599,000
Management Improvements through Technology	992,000	814,000
MTW-Funded Capital Projects for Other Housing Properties TOTAL	\$1,918,000	\$1,793,000

Table 31: MTW-Funded Capital Projects for Other Housing Properties

Other Capital Projects for Other Housing Properties	CY 2017 Budget	CY 2018 Budget
Special Portfolio Reserves Projects	\$866,000	\$1,162,000
Special Portfolio Financing Projects	636,000	7,826,000
Limited Partnership Capital Projects	1,888,000	2,459,000
Non-residential Facilities Projects	491,000	221,000
Capital Projects for Other Housing Properties TOTAL	\$3,881,000	\$11,668,000
TOTAL ASSET PRESERVATION PROJECTS	\$18,877,000	\$24,586,000

Table 32: Other Capital Projects for Other Housing Properties

The Allowance for Minor Maintenance Repair and Replacement allocated through the capital grant process provides a funding source to property managers to make specific repairs to buildings, such as emergency repairs, carpet or appliance replacements and parking lot improvements.

Seattle Senior Housing Program

In 2011, SHA and HUD converted Seattle Senior Housing Program (SSHP) to the low-income public housing program to provide financial support via Operating Subsidy and Capital Grant allocations. SHA committed to a 10-Year Capital Rehabilitation Plan for SSHP in 2011. SSHP had significant capital needs and, thanks to the cooperation of the SSHP Rent Advisory Committee, the Seattle City Council, and HUD, SSHP transitioned into the Public Housing program in fall 2011 and began receiving funds in 2013. The original plan uses SHA's MTW authority to maintain the SSHP program within Public Housing and uses all but a small portion of the HUD Operating Subsidy plus the Capital Grant for SSHP units to support an annual average capital requirement of \$3.0 million in known major capital work. This work primarily pertains to the integrity of building envelopes, e.g. to correct water intrusion and rot, for window replacement, and to modernize or replace elevators.

In 2018, SHA will allocate \$3.6 million of the MTW Block Grant for SSHP's capital improvements. HUD's Capital Grant allocation to SSHP is \$0.7 million. Six SSHP properties will receive elevator replacements or repairs; Blakeley Manor, Island View, Phinney Terrace, Primeau Place, Schwabacher House, and Sunrise Manor. Security upgrades are the next major project for SSHP with \$1.2 million to install digital video recorders and key card access devices at Carroll Terrace, Fort Lawton Place, Fremont Place, Island View, Michaelson Manor, Olmsted Manor, Phinney Terrace, Pleasant Valley Plaza, Schwabacher House, and Wildwood Glen. Allowances for targeted exterior upgrade repairs and minor maintenance repair and replacement are also included.

Extensive exterior rehabilitation projects take about three years, from planning, design, and construction completion. Michaelson Manor rehab work budgeted in 2015 will be completed in 2017; Carroll Terrace was funded in 2016 and Sunrise Manor was funded in 2017. These projects typically include exterior siding upgrades, window replacements, intercom or security replacements, mailbox replacements, and patio repairs.

Summary of SSHP Capital Projects	CY 2017 Budget	CY 2018 Budget
Elevator rehabilitation	\$ 1,173,000	\$ 1,764,000
Exterior Improvements	922,000	369,000
Interior Improvements	120,000	14,000
Roof repairs or replacements	948,000	
Security	467,000	1,200,000
Minor maintenance repair and rehabilitation allowance	160,000	120,000
Total Asset Preservation Capital Projects	\$ 3,790,000	\$ 3,467,000
Indirect Service Fee	\$ 100,000	\$ 100,000
TOTAL SSHP Capital	\$ 3,890,000	\$ 3,567,000

Table 33: Summary of SSHP Capital Projects

Capital fund allocations from HUD for Senior Housing units remain in the SSHP portfolio. Work continues with the SSHP Rent Policy Advisory Committee to transition to revised policies and procedures, maintaining the distinctive features of the SSHP program and identity, to be in compliance with the Public Housing Program.

Special Portfolio

SHA owns housing acquired with a variety of financing plans and two Section 8 New Construction buildings. The CY 2018 capital work focuses on exterior and internal improvements. Special Portfolio communities are included on the Capital Projects table in three sections, under MTW – Special Portfolio Projects, Special Portfolio and Other Projects and Redevelopment Projects. The total Special Portfolio capital budget will increase to \$9.4 million, an increase of \$7.4 million over the 2017 budget. Four properties; Desdemona, Escallonia, Othello and Wedgewood Estate, will participate in a pooled refinancing that will generate \$7.8 million for capital projects; these properties have \$4.7 million in project budgets. The remaining \$3.1 million is under development.

Greenwood Apartments, Main Street Place, Montridge Arms, Norman Street Townhomes and Westwood Heights have proposed budgets for siding, painting and lighting upgrades. Fir Street Townhomes has a proposed budget for roof repair or replacement.

Internal repairs include elevator upgrades at Montridge Arms and Bayview Tower. Delridge Triplex, Fir Street Townhomes, Main Street Apartments, Market Terrace, Mary Avenue Townhomes, and Stone Avenue Townhomes have funds proposed for upgrades to kitchens, baths and 24/7 fan installations. Alder Crest Apartments, Greenwood Apartments, Mary Avenue Townhomes and Montridge Arms are budgeted for parking area repairs.

Mixed financing plans for Longfellow Creek Apartments, Roxhill Court Apartments and Wisteria Court will be finalized in late 2017. The West Seattle Affordable Housing LP is the new entity and is more fully described under the Other Redevelopment section, above.

Management Improvement through Technology

The proposed Information Technology capital projects list totals \$814,000 in 2018 and is 15.8 percent less than 2017. Several projects are ongoing; deployment of a contract management system to streamline the procedure process; document imaging; and business intelligence. New projects include: major upgrades to enterprise-level software applications and infrastructure; moving Yardi Property Management software and data into the cloud and then upgrading to the latest application version;

deployment of budgeting software agency-wide to streamline the annual budgeting process and help departments keep a closer eye on their expenditures; an intranet redesign to ensure SHA staff have access to the most up-to-date information on communities, policies and procedures and professional development opportunities; professional services for the Capital Needs Assessment and Utilities Management databases to streamline reporting and planning; and updates to information security software, hardware, and training.

Low Income Housing Tax Credit and HOPE VI Limited Partnerships

As of October of 2017, after the closing of the West Seattle Affordable Housing limited partnership, SHA will be the owner of three tax credit properties and the general partner in eighteen tax credit limited partnerships. The 2018 capital repair, replacement and rehabilitation plan for these limited partnership communities approximates \$2.5 million. Projects are funded from replacement reserves, annual deposits defined within the terms of the partnership agreements. Individual project descriptions are in the chart at the end of this section.

Miscellaneous and Non-Routine

Non-residential Facilities has a projects budget of \$599,000 to support replacement of approximately 26 service vehicles/vans; a back up generator for emergency preparedness at Central Maintenance Facility; and exterior siding repairs at Lee Apartments.

The High Point Management Office will move into new offices at Upton Flats in 2018. SHA will complete the purchase of a commercial condominium and finish out the tenant improvements for office space for the High Point Management team and community services providers. Expenditures are estimated at \$1.7 million.

NEW ACQUISITION, DEVELOPMENT, AND PLANNING

Replacement Housing

SHA has committed to replace all demolished public housing units from redeveloped communities, on a one-for-one basis, either on- or off-site. Once Red Cedar is complete in 2019, SHA will have finished more than 50 percent of its total replacement-housing obligation at Yesler Terrace.

Scattered Sites Reconfiguration Program

SHA will be in the third year of another Scattered Sites Repositioning project in 2018 and \$1.8 million in expenditures are expected. The projects are:

- Modernize a total of eighty-two single-family homes in the Scattered Sites portfolio. Fifteen homes are included in the large bedroom conversion program below. Various levels of rehabilitation are necessary to reduce ongoing maintenance costs and improve marketability of single-family homes to our tenants.
- Renovate and convert smaller bedroom units, with existing, unused space, to larger bedroom units to increase the number of large family units. The multi-year project will update unit interiors, heating and ventilating systems, and address other deferred capital needs.
- To fund some of the renovations and conversions units may be sold. The replacement units will be easier for tenants and SHA to manage. Close proximity to services for residents is highly

desirable and an element SHA hopes to improve with repositioning. The locations of units identified for sale is one of many elements under consideration.

Housing Acquisitions/Development

If approved, SHA will close on the \$7.1 million acquisition of the King County Records site, which is in the Choice Neighborhood area, in the fourth quarter of 2018. SHA will collaborate with a non-profit partner to develop and operate approximately 125 affordable apartments with an emphasis on family-size units.

SHA plans to continue to maintain and improve its current stock of housing. Yesler Terrace redevelopment is ongoing. SHA's completed housing projects at Yesler Terrace are: Baldwin Apartments (an apartment building rehabilitation completed in 2014); Kebero Court (completed in 2015); Raven Terrace (completed in 2016); and Hoa Mai Gardens (completed in 2017 with lease-up to be completed in 2018). Red Cedar will be completed in early 2019 and lease-up completed by yearend 2019.

Predevelopment Working Capital – Pipeline Projects

SHA has properties throughout the Seattle area and is discussing future housing development with potential partners. The budget includes \$1.5 million in funds for architectural and engineering feasibility studies to replace and rehabilitate fire-damaged units at Lam Bow Apartments, a West Seattle Building of 51 units with 21 units damaged by fire in 2016. SHA will study how best to proceed; design options include expanding the number of units as well as replacing the destroyed units and rehabilitating units in the remaining building.

SHA created a revolving fund for reimbursable predevelopment activities in 2010. The funds are earmarked for planning work on projects that are ready for predevelopment, where permanent financing will repay the predevelopment cost and to bridge cash flow when necessary. These funds may be used in 2018 in anticipation of mixed finance funding for work at Yesler Terrace's new apartment building and the King County Records sites.

Future Capital Financing

Housing authorities throughout the country face significant challenges to meet growing capital needs. SHA is no exception. SHA's challenge is to find adequate capital resources. SHA needs funds:

- To preserve and prolong the life of our existing housing stock;
- To address emergent conditions such as water intrusions;
- To add new and replacement units;
- To respond to funding challenges of major redevelopment activities;
- To hedge against the volatility of development projects and their funding;
- To contribute to viable mixed financings that pencil out for development and rehabilitation projects and their subsequent operations.

The hot housing market, construction boom, and the uncertainty that characterizes the federal budget process and decision-making have increased pressures. The federal government continues to target discretionary programs that support capital and operating funding in low-income communities, including the public housing capital and community development block grants. Close attention needs to be paid to the changing realities of the credit markets, the escalating condition of the local housing market, the agency's overall financial capacity; and, federal, state, and local capital funding trends, as SHA addresses financing to complete existing projects and thinks about future capital funding availability.

2018 CAPITAL ACTIVITIES

SHA 2018 Capital Projects -- MTW Grant-Funded Activities

Table 34: SHA 2018 Capital Projects -- MTW Grant-Funded Activities

Low Income Public Housing Projects		
LIPH Scattered Sites	Upgrade four occupied units; upgrade units at vacate; replace windows and repair exteriors; repair beam and structure; phase three of targeted exterior repairs; painting; repair or replace siding and rot; repair retaining wall; paint exterior; replace roof; repair exterior sewer line; replace windows; replace flooring; repair exterior rot; remove bamboo; upgrade electrical panels; repair retaining wall and trip hazards; replace intercom; install insulation; improve attic ventilation; replace common area flooring with rubber tiles; investigate crawl space structure; replace exterior flooring; repair and paint trim; and repair roof flashing.	\$1,204,000
Bell Tower	Install key card access system at office and key box system; improve garage security with lighting; install new network video recorder systems; relocate fire extinguishers to hallways; remodel; paint and replace floor in laundry room; hire consultant to analyze drains behind closets; and replace floor in office.	65,000
Cedarvale Village	Replace roofs in a two-phase project; target exterior envelope and unit rehabilitation to be completed as part of a comprehensive modernization plan; and upgrade playground equipment.	266,000
Denny Terrace	Install second entry door; install security key card access system; upgrade landscape; and upgrade LED lightbulbs in units.	155,000
Holly Court	Perform minor elevator upgrade in buildings 3 and 6; replace galvanized pipes to improve water quality and pressure; replace three handle shower valves; install network video recording system; and patch or repair parking lot.	245,000
Jackson Park Village	Replace roofs; target interior unit rehabilitation as part of a comprehensive modernization plan; start planning targeted exterior upgrades; and replace playground equipment.	530,000
Jefferson Terrace	Install shower inserts; prune or remove trees; install additional security cameras in laundry room; install network video recorder systems; and install security key card access system.	145,000
Olive Ridge	Start phase 2 of exterior insulation finishing system cladding; clean or remove dirt from siding; install new network video recording system; and prune or remove trees.	138,000
Tri-Court	Upgrade to Uniform Federal Accessibility Standards; install security key card access system to doors; and replace common area floor.	190,000

SHA 2018 Capital Projects – MTW Grant-Funded Activities

Westwood Heights	Install network video recording systems.	10,000
Unit Upgrade Allowance	Perform targeted interior unit rehabilitation as part of a comprehensive modernization plan in selected buildings.	300,000
MMRR Allowance	Perform minor maintenance repair and replacements.	375,000
HazMat Allowance	Perform hazardous abatement.	240,000
Public Housing Capital Projects Subtotal		\$3,863,000
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Special Portfolio Projects		
Beacon House	Replace common area flooring.	\$10,000
Delridge Triplexes	Start phase 2 to upgrade kitchen and bath cabinets, countertops, mirrors, and medicine cabinets.	30,000
Fir Street Townhomes	Replace roof.	35,000
Main Street Apartments	Replace west and north end windows.	4,000
Mary Avenue Townhomes	Perform targeted interior repairs and energy upgrades; repair or replace parking lot; and install 24/7 fans.	39,000
Montridge Arms	Upgrade elevator and replace wood siding between concrete with fiber cement siding.	162,000
MMRR Allowance	Perform minor maintenance repair and replacements.	100,000
Special Portfolio Subtotal		\$380,000
<hr/>		
Contingency		
LIPH and SSHP Portfolio wide	A contingency for Unforeseen Urgent and Unbudgeted (UUU) project requirements.	\$620,000
Contingency Subtotal		\$620,000
<hr/>		
Contingent Capital Projects		
Various Portfolios	Projects set aside if funds become available: roof repair, if necessary; security access badges at homeWorks and LIPH; fan replacements at Scattered Sites; and unit turnover for families over housed or under housed.	\$710,000
Contingency Subtotal		\$710,000
<hr/>		
Non-residential Facilities Projects		
Central Maintenance Facility	Replace back-up generator for emergency preparedness.	\$25,000
Lee Apartments	Repair exterior siding.	20,000
Fleet	Replace vehicles, trucks and vans.	554,000
Non-residential Facilities Subtotal		\$599,000

Financing and Administrative Costs		
Various	Asset Management administration.	\$764,000
Various	Construction administration.	255,000
Various	Yesler Terrace redevelopment administration	503,000
Finance and Administrative Subtotal		\$1,522,000
Central Services Operating Cost Allocation		\$843,000
Total 2018 MTW Block Grant Budget for LIPH and Local Programs		\$8,537,000

Seattle Senior Housing Program Projects		
Bitter Lake Manor	Repair Parking lot.	\$23,000
Blakeley Manor	Upgrade elevator.	350,000
Carroll Terrace	Install key card access system at doors.	120,000
Daybreak	Replace exterior siding on the chimney and damaged external trim; replace failed windows; repair rear yard fencing on three sides; paint interior rooms; replace interior flooring on all floors except kitchen areas; and replace hot water heater.	64,000
Fort Lawton Place	Install key card access system at doors.	120,000
Fremont Place	Install keycard access readers at doors and repair decks and exterior siding.	180,000
Island View	Install key card access system at doors and repair exhaust system in elevator machine room.	134,000
Michaelson Manor	Install key card access system at doors.	120,000
Olmsted Manor	Install key card access systems at doors.	120,000
Phinney Terrace	Upgrade elevator and install key card access systems at doors.	470,000
Pleasant Valley Plaza	Install key card access systems at doors.	120,000
Primeau Place	Upgrade elevator and replace fence with chain-link.	356,000
Ravenna School Apartments	Repair decks.	30,000
Schwabacher House	Upgrade elevator and install key card access systems at doors.	470,000
Sunrise Manor	Upgrade elevator.	350,000
Wildwood Glen	Install key card access systems at doors.	120,000
Allowance	Perform targeted exterior upgrade repairs.	200,000
MMRR Allowance	Perform minor maintenance repair and replacements.	120,000
Seattle Senior Housing Program Projects		\$3,467,000
Central Services Operating Cost Allocation		\$100,000
Total 2018 MTW Block Grant Budget for SSHP		\$3,567,000
Other MTW Funded Capital Projects	Information Technology capital projects for upgrading enterprise-level software and infrastructure, ongoing projects including mobile maintenance and inspection application roll-outs, security upgrades, acquisition of procurement contract management software, and the second years of two multi-year projects: document imaging and business intelligence.	\$814,000
Total 2018 MTW Capital Budget		\$ 12,918,000

SHA 2018 Capital Projects – Other Funds and Redevelopment Activities

Table 35: SHA 2018 Capital Projects – Other Funds and Redevelopment Activities

Special Portfolio and Other Projects		
Alder Crest Apartments	Fix gate at rear of parking lot.	\$30,000
Bayview Tower	Upgrade elevators.	550,000
Desdemona (NewHolly III)	Repair and replace heating system; targeted exterior repairs to include doors; building envelope; roofs and trim trees; and interior unit upgrades to include appliances; cabinets; and flooring.	835,000
Escallonia LP	Replace key card access security system; replace flooring; repair sidewalks; replace appliances and hot water tanks; repair gutters and downspouts on 2nd and 3rd floors.	119,000
Fir Street Townhomes	Replace two-piece bathtubs with one-piece surround in all seven units.	6,000
Greenwood Apartments	Paint exterior siding and repair parking lot.	25,000
Main Street Apartments	Replace windows on West and North ends and install fans to improve ventilation in laundry room.	19,000
Main Street Place	Improve exterior maintenance and replace North end windows.	40,000
Market Terrace	Replace floor at unit turnover in up to 8 units; replace bath fans with 24/7 fans; and replace community room floors.	53,000
Montridge Arms	Repave back parking lot; move and upgrade current mailboxes to improve security; replace main lobby floor; and replace wood siding between concrete with fiber cement siding.	61,000
Norman Street Townhomes	Paint exterior.	30,000
Othello (NewHolly II)	Repair and replace hydronic heating system; targeted repairs and replacements of roofs; repair parking lot and walkway; repair or replace exterior doors; trim trees; and replace appliances and interior flooring.	1,031,000
Stone Avenue Townhomes	Trim large trees around property and install 24/7 fans in all units.	5,000
Villa Park	Improve parking area lighting.	5,000
Wedgewood Estates	Replace roofs; install exterior and interior lighting; upgrade electrical; repair exterior walkways and parking lot; upgrade interiors to include appliances; flooring; windows; kitchen cabinets; and bathrooms.	3,010,000
Westwood Heights East	Replace cabinets; appliances; floor coverings; and upgrade lighting in four units; upgrade exterior lighting and garage area lighting; paint interior hallways in buildings A and B; paint common areas; and add new property signage.	88,000
Yesler Court	Repair ceiling in garage damaged by vehicles at entry and exit.	5,000
Other	Projects not yet identified for the remainder of the Pooled Refinance funds.	3,076,000
Special Portfolio and Other Projects Subtotal		\$8,988,000

SHA 2018 Capital Projects – Other Funds and Redevelopment Activities

CY 2018 Facilities Projects		
Campus of Learners	Replace playground equipment; replace commercial grade ovens; install wall and doors.	\$71,000
Center Park Community Building	Replace windows with double pane; replace five boilers; install heating ventilation air conditioning system; and install or improve exterior lighting and cameras.	150,000
Facility Projects Subtotal		\$221,000
CY 2018 Limited Partnership and HOPE VI Capital Projects		
NewHolly (Phase I)	Replace fence; replace cabinets, plumbing fixtures, heating units, appliances, flooring and repaint in twelve units; repair or replace playground equipment; demolish and reframe unit; trim trees; repair walkways; repair parking lots; and repair exterior structure.	\$479,000
Ritz Apartments LP	Replace cabinetry and carpet in five units; coat roof; and replace hot water tank.	32,000
High Point North LP	Replace flooring; replace carpet on upper floor; replace appliances; and repair sidewalks.	110,000
High Point South LP	Replace flooring and appliances.	70,000
LIPH LP (homeWorks I)	Upgrade elevator #1 at Capitol Park; replace roof at Ballard House; replace windowsills in common area with solid surface material at Capitol Park; replace all hallway lighting at Lictonwood; and upgrade security systems at seven buildings.	765,000
LIPH LP (homeWorks II)	Replace elevator lift gear at Center Park; install shower and surrounds at Cal-Mor Circle; repair exposed rebar at patios and exterior walls at Center Park; repair parking lots; seal exterior brick; upgrade security systems at seven buildings; and upgrade parking garage lighting to LED bulbs at Center Park.	660,000
LIPH LP (homeWorks III)	Replace roof at Jackson Park House; install second door and key card access system to alley entrance at Ross Manor; upgrade security at seven buildings; replace emergency lighting fixtures at West Town View; and install security camera at Ross Manor.	343,000
Total CY 2018 LP and HOPE VI Capital Projects Subtotal		\$2,459,000
Total CY 2018 Other Funds Capital Budget		\$11,668,000

SHA 2018 Capital Projects – Other Funds and Redevelopment Activities

CY 2018 Redevelopment Projects		
Red Cedar	Second year of construction to build a 119-unit development at Yesler Terrace.	\$48,448,000
NewHolly (Phase I)	Third and final year of exterior rehabilitation project; replace roofs, gutters and window.	12,860,000
West Seattle Affordable Housing LP	First year of construction and redevelopment at three communities, new building envelopes at two properties, and all three properties will receive full unit upgrades in most units.	10,000,000
King County Records Bldg.	Acquire site and prepare for non-profit low-income housing developer.	7,100,000
Yesler Terrace - Apartment Bldg.	Predevelopment activities: architectural, engineering, feasibility and environmental studies.	2,000,000
Lam Bow Predevelopment	Predevelopment activities include architectural, engineering, and permitting.	1,500,000
Scattered Sites	Third year of rehabilitation and repositioning projects focusing on single-family homes and increasing the number of four and five bedroom units.	1,784,000
High Point Management Office at Upton Flats	Build out tenant improvements for the High Point Management Office.	1,716,000
Infrastructure at Yesler	Improve pedestrian safety and school walking route and improve pedestrian walkway connecting amenities.	875,000
Total CY 2018 Redevelopment Capital Expenses		\$86,283,000
Total CY 2018 Non-MTW Capital Budget		\$97,951,000
Total Overall CY 2018 Capital Expenditures		\$110,869,000

GRANT PROGRAMS

GRANT PROGRAM DESCRIPTIONS

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
Family Self- Sufficiency (FSS) Coordinator	\$414,000	\$414,000	1/2018 to 12/2018
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists voucher participants in their efforts to become self- sufficient. FSS staff will provide one-on-one case management support to assist HCV and LIPH participants in their efforts to: overcome barriers that prevent them from moving forward; identify services that are available to assist them; set goals and the steps to reach those goals; and obtain employment and training services offered by local providers. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home or for other approved self-sufficiency uses.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
Gates Foundation Mobility from Poverty Pilot	\$ 2,999,817	\$ 1,112,608	11/2016 to 12/2019
<p>This grant provides multi-year funding supporting the Creating Moves to Opportunity (CMTO) initiative, a pilot program in partnership with the King County Housing Authority (KCHA), which seeks to test the effectiveness of different interventions in encouraging voucher families with children to seek housing in neighborhoods with attributes that research has shown to have long-term positive impacts for kids (otherwise known as opportunity neighborhoods).</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
Gates Foundation Education Grant	\$650,000	\$ 325,000	6/2017 to 6/2019
<p>The Gates Foundation Education Grant will support Seattle Public Schools (SPS) and Seattle Housing Authority in the creation of a multi-year plan to improve education outcomes of low-income children and youth as a strategy to address and end the pervasive cycle of poverty. This requires accessing data; analysis; stakeholder feedback; establishing baseline metrics and goals; evaluating policies; and prioritizing action steps. The program will focus on school age (5- 19 year old) students who are served by both Seattle Housing Authority and Seattle Public Schools.</p> <p>SHA is working closely with Seattle Public Schools (SPS) to improve the educational outcomes for the over 6,000 school age youth who are served by both SHA and SPS. This builds on prior work funded with support from the Bill and Melinda Gates Foundation. Collaboratively, SPS and SHA will develop a clear picture of how these students are doing; provide recommendations on services, policies and systems that should be addressed and revise a longitudinal database.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
ROSS Project Soar Grant	\$452,000	\$ 225,100	4/2017 to 3/2019
<p>In late 2016, SHA was awarded funding through the Resident Opportunities and Self Sufficiency (ROSS) for Education program's Project SOAR (Students + Opportunities + Achievements = Results) to create new pathways of support for young people to increase high school completion and post-secondary achievement. Through the grant, the Community Services Division (CSD) has hired three ROSS Youth College Navigators to work as a team and individually to support youth in some of our low-income public housing communities.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
ROSS Service Coordinators Program Grant	\$738,000	\$ 246,000	08/2016 to 8/2019
<p>Seattle Housing Authority received a Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators grant of \$738,000 from the US Department of Housing and Urban Development (HUD). The ROSS Grant is to support public housing residents in their effort to obtain economic and housing self-sufficiency. The coordinators will serve families who reside at the following projects: High Point North (Phase 1), High Point South (Phase II), Lake City, NewHolly (Phases I, II, and III), Rainier Vista Phase I, Rainier Vista Phase II (Tamarack), Rainier Vista Phase III, and eight Scattered Sites properties totaling at least 150 units. Additionally, this grant includes funds for administrative and training costs.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
City of Seattle – Bailey Gatzert			
<p>SHA is in the process of seeking additional funding for families participating in the Bailey Gatzert Home from School initiative from the City of Seattle through their current Request for Proposal (RFP) for homeless services. In previous years, SHA has been awarded \$193,000 in City grants to support this program.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
Robert Wood Johnson Foundation	\$22,129	\$ 6,085	07/2017-08/2018
<p>The Seattle Housing Authority received a grant from Robert Wood Johnson Foundation through King County Public Health for participation in Data Across Sector for Health. The project will promote a culture of health through sharing data and information systems to plan, implement and evaluate multi-sector health improvements. Public Health, Seattle & King County, King County Housing Authority and the Seattle Housing Authority will partner to build an integrated data system in conjunction with the King County Accountable Community of Health shared measurement system. Lessons include the integration of health and housing, accountable care, shared measurement, electronic workflows and data training and dissemination.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
The Kresge Foundation	\$678,000	\$226,000	8/2015 to 7/2018
<p>The Kresge Foundation grant will support an art master plan as part of the redevelopment of Yesler Terrace. SHA will use the funding to retain artists to infuse the new, mixed-income community with multiple works of art, and to support collaborative artistic projects and programs, working with community members and teams involved with design of streets, pathways, parks and other public spaces. The grant will also enable SHA to work with artisans living in the Yesler Terrace community to enhance their skills and translate them into works for public display or available for sale locally. As a part of the three-year grant, SHA is partnering with Seattle University (SU) on two projects. An existing SU co-led program that trains youth in filmmaking will be enhanced to include a focus on youth at Yesler Terrace documenting the physical and social transformation of their historic community. In addition, a team of faculty and students from SU will evaluate the overall impact of the artistic efforts at Yesler Terrace, document them, and create ways to share the assessment with other housing authorities and with arts organizations.</p>			

Service Grant	Total Award	CY 2018 Budgeted Receipts	Grant Award Period
Choice Neighborhoods Initiative at Yesler Terrace	\$4,500,000	\$ 508,513	4/2011 to 9/2019
<p>SHA entered a contractual agreement with HUD for the Choice Neighborhood (CNI) grant. The grant includes funds for supportive services and “people” programs. The fund will be used to support families and students through a partnership with Seattle University and other educational partners. The support includes youth tutoring, parent/child home visits, college preparation and academic services for middle school and high school students, summer academic enrichment programs and for helping families and students to develop educational plans for their future goals. Through the grant, SHA will continue our cradle-to-college education initiative in the Yesler neighborhood until at least the summer of 2019. Note: the total award number listed above includes the CNI I grant which was fully expended in 2017. The total award amount for the CNI II grant is listed in the table on the next page.</p>			

Seattle Housing Authority Grant Program CY 2018

Name	Date	Amount ⁷	Prior Years	CY 2018	Remaining
Family Self Sufficiency	2018	\$ 414,000	\$ -	\$ 414,000	\$ -
Gates Foundation CMTO Grant	2017	2,999,817	959,950	1,112,608	927,259
Gates Foundation Education Grant	2017	650,000	162,500	325,000	162,500
ROSS Project SOAR Grant	2017	452,000	169,500	225,100	57,400
ROSS Service Coordinators Grant	2016	738,000	320,568	246,000	171,432
City of Seattle -- Bailey Gatzert ⁸	2016	193,000	193,000		-
Robert Wood Johnson	2016	22,129	16,044	6,085	-
The Kresge Foundation	2016	678,000	452,000	226,000	-
CNI II (Community Services)	2013	2,959,500	1,517,290	508,513	933,697
TOTAL		\$ 9,306,446	\$ 3,990,852	\$ 3,063,306	\$ 2,252,288

Table 36: Grant Program Funding

⁷ Some of the amounts listed above are estimates; some grant awards have not yet been announced for 2017.

⁸ SHA has applied for a renewal of this funding for 2018 via the City's Homeless Investments RFP.

LIMITED PARTNERSHIP OPERATIONS

LIMITED PARTNERSHIP OPERATIONS

SHA expects to begin 2018 with eighteen tax credit partnerships that are component units, as defined by GAAP. "Component units" are legally separate organizations for which the governing officials of the primary government (SHA) are financially accountable. This includes the addition of the West Seattle Affordable Housing (WSAH) partnership that is scheduled to close in October of 2017. In prior years, the West Seattle Affordable Housing Limited Partnership was included in SHA's Housing Operations budget and is now included with the limited partnerships. SHA anticipates that by the end of 2017 two existing limited partnerships, Escallonia and Desdemona, will become 100% owned by SHA. The proposed budgets for these properties have been included in SHA's budget.

SHA will be exploring early exit opportunities for multiple limited partnerships in 2018. If SHA is successful, these properties will be returned to SHA.

SHA is the general partner, developer, and managing agent for each of the tax credit limited partnerships; while each partnership has a common structure, the specific provisions of each partnership are represented in several documents unique to each partnership. An auditor agreeable to the limited partners performs audits of, and tax returns for, each component unit annually.

When applicable, intercompany allocated costs will be incorporated into the final recommended budgets that will be sent to the various limited partners in the 4th quarter of 2017. In approving the 2018 SHA Budget resolution, the Board of Commissioners will approve the draft LP budgets and recognize that final budget approval rests with the limited partners. Below are the 2018 draft budgets that will be finalized in October and November of 2017 and submitted to the general partner (SHA) and the limited partners for final approval.

Table 37: Limited Partnerships -- Operations Budgets

Operations of Limited Partnerships where SHA is the General Partner

Name	High Point North	Ritz Aps	Alder Crest	homeWorks Phase I	homeWorks Phase II	High Point South	homeWorks Phase III	South Shore	Lake City Court
First year of operations	2003	2004	2005	2007	2008	2008	2009	2009	2011
Number of units	344	30	36	704	691	256	586	44	86
Rental Income	2,140,190	187,774	162,355	1,995,542	1,965,424	1,505,922	1,636,695	132,526	519,812
Operating Subsidy	507,743	0	0	2,387,107	2,501,878	77,743	2,212,902	0	204,763
HCV Subsidy	1,242,592	57,896	187,151	0	0	2,064,945	0	279,326	126,972
Other Income	71,745	(1,152)	(1,220)	286,227	307,641	70,349	195,080	8,526	15,169
Transferred Funds									
TOTAL REVENUE	3,962,270	244,518	348,286	4,668,875	4,774,943	3,718,959	4,044,676	420,378	866,716
Administrative Expenses									
Salaries	205,710	8,206	30,906	486,920	510,329	154,340	431,462	44,514	74,938
Other Admin Costs	431,158	34,407	55,123	857,296	843,807	327,654	727,328	42,523	118,251
Utilities	704,303	24,041	48,525	941,329	947,439	581,936	782,703	52,592	166,453
Tenant Services	3,221	0	10,336	5,962	11,824	55,620	3,723	175	788
Maintenance & Repair									
Salaries	441,550	12,982	0	0	0	258,095	0	0	82,451
Supplies	149,659	2,000	0	14,537	14,238	109,522	10,101	0	18,448
Contracts	204,456	13,713	84,762	1,527,929	1,598,709	189,991	1,383,390	78,378	90,263
General Administrative Exp									
Property Insurance	128,248	10,319	15,810	208,283	247,290	118,307	202,086	15,810	53,736
Benefits, other	346,020	10,551	17,997	251,527	265,951	216,950	226,821	24,333	82,797
Financial Expenses	473,797	49,681	1,889	39,999	36,540	880,429	31,159	84,863	4,690
TOTAL OPERATING EXPENSES	3,088,123	165,899	265,348	4,333,782	4,476,128	2,892,844	3,798,773	343,188	692,816
NET INCOME (LOSS)	874,147	78,619	82,938	335,093	298,815	826,115	245,903	77,190	173,900

Operations of Limited Partnerships where SHA is the General Partner

Name	Tamarack Place	Rainier Vista Northeast	Leschi House	Kebero Court	Raven Terrace	Hoa Mai Gardens	NewHolly Phase I	West Seattle	TOTAL 2018 LP BUDGET
First year of operations	2010	2011	2015	2015	2015	2016	2016	2017	
Number of units	83	118	69	103	83	111	305	204	3,853
Rental Income	333,142	591,188	211,351	348,811	387,428	414,605	1,894,683	648,631	15,076,079
Operating Subsidy	213,845	199,545	0	0	0	0	0	0	8,305,525
HCV Subsidy	277,843	546,442	493,160	938,351	525,623	1,000,404	836,984	1,012,727	9,590,416
Other Income	20,334	21,893	3,401	7,460	5,000	(3,000)	62,025	25,788	1,095,266
Transferred Funds									0
TOTAL REVENUE	845,164	1,359,068	707,912	1,294,622	918,051	1,412,009	2,793,692	1,687,146	34,067,285
Administrative Expenses									
Salaries	60,865	86,780	61,251	72,645	48,244	75,973	150,379	216,908	2,720,371
Other Admin Costs	257,802	174,372	72,840	118,977	106,150	138,628	345,123	199,649	4,851,087
Utilities	132,935	250,577	99,156	133,391	72,608	90,618	609,183	353,692	5,991,481
Tenant Services	537	474	1,576	1,800	2,000	2,155	3,500	0	103,691
Maintenance & Repair									
Salaries	68,242	96,790	17,253	62,371	72,987	58,937	185,872		1,357,530
Supplies	14,506	22,156	6,200	21,257	19,198	10,000	93,222	476	505,520
Contracts	42,338	136,583	59,555	74,575	86,760	67,193	214,772	436,535	6,289,901
General Administrative Exp									
Property Insurance	0	63,025	33,527	58,379	48,090	87,000	47,925		1,337,835
Benefits, other	64,676	92,172	40,237	69,102	64,441	70,904	166,317	120,082	2,130,879
Financial Expenses	58,320	126,327	173,238	391,586	205,767	517,556	254,925		3,330,766
TOTAL OPERATING EXPENSES	700,221	1,049,257	564,833	1,004,082	726,244	1,118,965	2,071,217	1,327,342	28,619,062
NET INCOME (LOSS)	144,943	309,811	143,079	290,540	191,806	293,044	722,475	359,804	5,448,223



Economic Security Continuum

Created by the Office of Policy and Strategic Initiatives, January 2016*

Though each step below is presented as a discrete phase, there is also likely a continuum within each step. The amount of time people spend in any step depends on the personal, institutional, and systemic barriers present and what policies, resources, and strategies are in place to address those challenges.

Outcomes of workforce programs typically place people here

Most workforce investments are for those who are near work/college ready



Crisis

- Cannot meet basic needs
- May have serious health or mental health problems
- Limited access to support services
- Zero savings
- Education or employment unlikely
- Severe impact on children's education, safety, well-being

Initial Stabilization

- Basic needs are not met, at risk of falling into crisis
- Initial connection to public resources
- High barriers to education and employment, becoming aware of supports
- Limited periods of employment and education
- Children are in school and safe, academics and well-being may be poor

Ongoing Stabilization & Planning

- Basic needs are met by income and public assistance
- Information and support with goals in education and employment
- Some education or employment
- Barriers to work and education, supports are increasing
- Children's well-being, academics stabilize

Committed Education & Employment Engagement

- Some combination of work, education, and skill building
- Pathways vary based on needs and goals
- Employment may be minimum wage, temp, or part-time
- May need to build basic language or technical skills
- Barriers mostly addressed
- Continued stabilization for children

Initial Economic Security

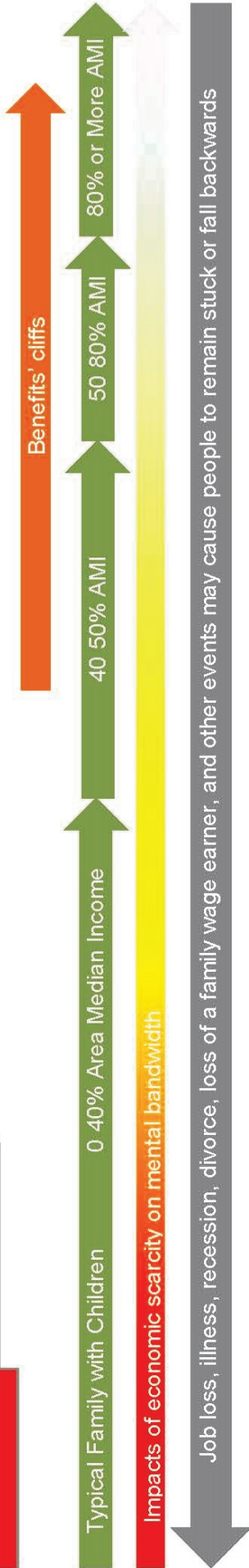
- Basic needs met, saving small amounts, income exceeds expenses
- May use housing subsidy & public supports
- Can obtain, retain a job paying above minimum wage
- Work & family needs may cause barriers to pursuing additional education
- Economic situation is not a threat to children's safety, academics & well-being

Sustained Economic Advancement

- Job retention & advancement, growth of professional networks
- Earnings, asset & savings growth
- Limited receipt of public assistance
- Can navigate career opportunities with minimal support
- Able to support children's education goals and activities

Economic Self-Sufficiency

- Able to obtain a middle to high-wage job with quality benefits
- Enough income from wages to meet basic needs
- Assets and savings for emergency expenses and retirement
- No longer receiving subsidies for low-income populations



Typical Family with Children 0 40% Area Median Income

Impacts of economic scarcity on mental bandwidth

Benefits' cliffs

40 50% AMI

50 80% AMI

80% or More AMI

Job loss, illness, recession, divorce, loss of a family wage earner, and other events may cause people to remain stuck or fall backwards

*adapted for this publication from OPSI's original, more detailed Economic Security Continuum