



**CALENDAR YEAR 2019**  
**SHA PROPOSED ANNUAL BUDGET:**  
**SUMMARY**

August 31, 2018

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## OVERVIEW OF THE 2019 SHA PROPOSED BUDGET

The 2019 SHA Proposed Budget recommends total expenses of **\$292.5 million**, with the Operating Budget at **\$95.7 million**; Housing Assistance Payments (HAPs) at **\$109.8 million**; grants at **\$2.9 million**; the Capital Budget at **\$26.4 million**; Opportunity Investments (new in 2019) at **\$24.4 million**; and the Redevelopment Budget at **\$33.3 million**. The total 2019 Proposed Budget is less than the total 2018 Adopted Budget by **\$12.2 million** or **(4.0) percent**.

The total **operating side** of the 2019 SHA Proposed Budget—operations, HAPs, and grant support—is **\$208.4 million**, represents **71 percent of the total proposed budget**, and reflects an **increase of 7.5 percent over the 2018** adopted operating budget.

The total proposed **capital program**—capital preservation, non-routine, opportunity investments, and redevelopment expenditures—is **\$84.1 million**, represents **29 percent of the total proposed budget**, and reflects a **decrease of 24.1 percent over the 2018** adopted capital program. Capital and Non-Routine budgets increased due to expectations that the HUD grant will be larger than prior years. The increase offsets the pooled refinancing restatement from 2018. A pooled refinancing for Othello, Desdemona, Escallonia, and Wedgewood Estates will finance \$6.3 million in projects in 2019.

**Opportunity Investments** are new in 2019 and represent \$24.4 million in projects. These investments fully fund Lam Bow’s financing gap; initiate a two-year fleet replacement program; infuse homeWorks I, II, and III with needed capital for interior and exterior repairs and safety improvements; buy-up units to create more larger bedrooms units in private affordable housing developments; kick-start a funding drive for Yesler Terrace’s service endowment; provide planning funds for potential future redevelopments; initiate a concerted 3-year right-sizing program in Scattered Sites and HOPE VI portfolios; incentivize landlords to join or expand participation in the Housing Choice Voucher program; and maintain a fund for future development leverage from 2019 net income as projects in planning and predevelopment advance to active candidates for funding. For more information on each of these investments, please see the following section.

The **redevelopment budget** decreases \$52.9 million or by (61.3) percent. Yesler Terrace construction activities decrease in 2019 as Red Cedar finishes construction early in 2019 and Hinoki will have only a partial year of construction. Infrastructure increases \$1.1 million with the private access road project expected to begin in late 2019 or early 2020. Rehabilitation of properties under the West Seattle Affordable Housing LLLP increase in 2019 by \$2.5 million, while the NewHolly Rehabilitation project will be completed in 2018, resulting in a spending decreased of \$14.6 million in 2019 compared to 2018.

If approved, the proposed SHA staff capacity, including capital and grant-funded positions, will total **594.17** full-time equivalents (FTEs) in 2019, **an increase of 31.64** FTEs compared to **562.53** FTEs in the 2018 Budget. Please see the Consolidated Budget section of this document for more detail.

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 individuals and families residing in SHA housing or receiving rental assistance through vouchers. While some efforts will be constrained by uncertainty around future federal appropriations, SHA expects to advance these priorities in 2019 as highlighted in the paragraphs below and described more fully in the next section of this Summary.

### Opportunity Investments

The 2018 federal congressional “budget deal” significantly boosts federal spending limits for discretionary non-defense programs for 2018 and 2019. This increase provides a two-year windfall of funds that affords SHA the opportunity to make new, short-term investments. These investments,

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outlined below, align with the following strategic directions and organizational cornerstones from the SHA Strategic Plan: create more affordable housing; diversify housing choice; preserve and promote high quality housing; strengthen community and service; and increase operational efficiency.

- Improve the financial feasibility of the **Lam Bow redevelopment** with the final contribution of \$7.0 million in 2019 to complete filling the funding gap of \$11.0 million. Soil conditions require additional infrastructure than originally planned, and existing bonds must be defeased as part of the project. A mixed finance transaction is planned for 2019.
- Initiate a long-term **Fleet Replacement Program** with a \$5.4 million capital infusion over a two-year period to right-size the fleet and improve fuel efficiencies with alternative fuel vehicles, when feasible. Expenditures are budgeted at \$2.7 million for 2019 and \$2.8 million for 2020.
- Make a special capital allocation of \$3 million to the **homeWorks Limited Partnerships replacement reserves** for needed security upgrades, interior and exterior painting, electrical improvements, plumbing issues, site upgrades, interior upgrades, heating and cooling repairs, planning for future needs, and modest building exterior repairs. Of the \$3 million allocation, approximately \$1.59 million is budgeted in 2019 and listed in detail under the Public Housing Portfolio section while funded under Opportunity Investments.
- Initiate in 2018 and continue in 2019 a **“Buy-Up Program”** with a budget of \$1.6 million. In this program, SHA partners with other developers of affordable housing to substitute larger bedroom sizes, especially units with 3 or more bedrooms, in lieu of 0-, 1-, and/or 2- bedroom units in part of their development, especially in upcoming projects in high opportunity neighborhoods. One project will have a signed Commitment Letter between SHA and Bellwether Housing by the 4th quarter this year for 15 larger bedroom units at approximately \$67,000 per unit. The project will close in late 2019.
- Increase funds for **Development Planning Projects** with \$1.0 million in 2019 to fund planning, feasibility studies, and concept work before projects are selected for predevelopment. Possibilities include the best opportunity among Holly Court, Jackson Park Village, or Blue Topaz redevelopments; all three of these projects are candidates for a second phase of additional studies, refined concepts, and financing assessments.
- Contribute \$1.0 million to the **Yesler Terrace Service Endowment fund** as a matching investment to incentivize other contributors. The endowment will support continued services in health, education, employment, or other services for residents.
- Initiate a **multi-year strategy to serve more people** by ‘right-sizing’ two- to three-bedroom units which could be housing families of four to six members but currently house only one or two adults. With a \$700,000 budget, this program relocates current residents to units better suited to their family size, with emphasis on placing families with children in larger units. To do so, the program aims to expand unit availability to 35 to 40 larger family units, housing approximately 76 more people per year. Substantial focus will be placed on working with the existing tenants to plan and incentivize moves to new units that will meet their needs.
- **Landlord Incentive Program:** Increase the number of private landlords in the HCV program and the participation of existing voucher landlords in order to expand choices for voucher participants. Program to include outreach/recruitment of landlords; a single point of contact within the HCV program for landlords; mitigation funds for damages; and expedited inspections. HCV will also explore actions undertaken by other MTW housing authorities that have been successful in attracting and keeping landlords in the program. Budget for these activities is up to \$475,000.

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- **Maintain Unassigned Funds for Future Development Leverage** of \$4.2 million from 2019 net income as projects in planning and predevelopment become active candidates for funding.

## Other Major Initiatives

SHA's 2019 budget proposal continues the momentum of Yesler Redevelopment and SHA's multi-year commitment to implement program initiatives that use the best data and practices to design offerings that can make a difference in the lives of our residents and participants. These initiatives are briefly featured below, following an update on Yesler Redevelopment progress expected in 2019.

### Yesler 2019

Yesler redevelopment is well underway with resident relocation, education, health and workforce development programs, and infrastructure, community facility, and rental housing construction. Here's what's coming up in 2019 for housing and public infrastructure development:

SHA's Housing development activities in 2019 will include:

- Lease up of 119 units at Red Cedar, the newest building in Yesler Terrace. Construction will be completed in the 1<sup>st</sup> quarter of 2019 with lease-up to start shortly thereafter. The building has 80 units of subsidized replacement housing for those with extremely low incomes; 38 new tax credit units serving households up to 60 percent of Area Median Income (AMI); and one common area unit.
- Finalize design and begin construction in late 2019 to extend the Main Street infrastructure project to a private access road west of South Main Street and connecting north to South Washington Street at Yesler Terrace Park.
- A mixed-finance closing for Hinoki, Yesler's fifth new apartment building with 130 units—76 replacement units and 54 affordable units, all at 60% AMI, with a mix of 1-, 2-, 3- and 4 bedrooms. Design will be completed in 2019 with construction to begin in late 2019 and lease up expected in 2021.
- Design activity will begin for SHA's sixth replacement building, the location of which is currently under review and expected to be coordinated with the schedules for other private development design and construction projects and land sales at Yesler. Construction would not begin before 2020.
- Design and permitting by the non-profit developer selected in 2018 to construct and manage affordable housing on the former King County Records site. This new building will include Yesler replacement housing units and will have 125 units—73 replacement units at 30 percent of AMI and 52 units at 60 percent of AMI. The units will have a mix of 1-, 2-, 3- and 4-bedrooms.
- Vulcan Real Estate will complete its second market rate apartment building in Yester Terrace—Cypress—that will include 47 units renting to low income people at 80 percent of AMI; these units are expected to be available in Fall 2019. While these units will not be owned or managed by SHA, the affordable units incorporated in Cypress, and previously constructed at Batik, are part of the total affordable units in the Yesler Redevelopment under the Cooperative Agreement between SHA and the City of Seattle. Mill Creek Residential will continue construction of Modera First Hill south of East Yesler Way and Boren Avenue. Lowe will begin construction in Summer 2019 at South Main Street and 10<sup>th</sup> Avenue South. Vulcan will be in planning and design of their third development north of East Yesler Way and Boren Avenue.

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## ***Resident Services***

### **Housing Stability**

SHA works with residents at all stages of their tenancy to ensure that they have the opportunity to live safely and securely in SHA housing. Over the years, the agency has successfully partnered with local service providers to provide residents a range of supportive services, such as case management, counseling, and other services (including mental/behavioral health) that will assist them in maintaining stable housing and avoiding behaviors that could lead to eviction.

In 2019, SHA will expand services that promote housing stability and strengthen SHA's eviction prevention efforts so that services reach more people throughout their tenancy. SHA and service providers will work with households to prepare them to move into stable housing and maintain that housing in a manner that promotes the family's self-sufficiency.

In addition, SHA intends to train staff who have regular, direct contact with residents to recognize when a person might be in crisis or in need of support and service. Staff will also be equipped with more knowledge of housing stability resources available in the community. The agency expects to work with some existing SHA service providers to augment their services and with expert behavioral consultants/trainers that can provide valuable assistance to SHA staff and providers.

### **JobLink**

2019 will be the second full year of operation for JobLink with its primary mission to support SHA residents and participants on their journey toward self-sufficiency while being sure to meet them "where they are" on the Economic Security Continuum. Close to half of JobLink enrollees in the first half of 2018 were already employed and looking for advancement; JobLink offers coaching or training for economic advancement for these enrollees. JobLink has modified and expanded the Family Self-Sufficiency incentives program to add financial incentives for post-secondary education quarters attended and for job retention that complement the updated asset building savings plan.

JobLink has had success in improving participation and results. In the first half of 2018, enrollment stood at 380, up from 357 for all of 2017, and JobLink completed 86 job placements vs. 107 for all of 2017. To enroll, JobLink requires all participants to attend an orientation and to sign a one-year contract to work toward goals set with the assistance of a career coach who stays with them throughout their participation the program.

In 2019, JobLink will work to serve more residents and develop more strategic internal and external partnerships. JobLink estimates it will serve 700-1,000 SHA residents and voucher participants in its second year. Ongoing new recruitment efforts include weekly orientations at four locations (including evening and weekend sessions), 400-500 letters per month, follow-up calls, door knocking, and career expo events. JobLink will work to refine their model with staff training, adjust job placement to match client reality and labor market opportunities, and better tailor services to meet diverse needs, including English as a second language.

### **Communications with Residents**

For many years, SHA contracted with an outside non-profit to produce and distribute *The Voice*, a newspaper for residents in SHA housing. In 2018, the organization producing *The Voice* could not renew the contract due to internal restructuring. As a result, the Communications division will bring production of *The Voice* in-house and transition it to an electronic newsletter, which will enable more efficient production; more timely communication with residents; better accessibility via any computer, phone, or other mobile device; and the ability for residents to easily link to more in-depth information and

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resources. The current e-newsletter for voucher participants, *Pathways*, will be combined with the new *The Voice*.

The department has added a new position—Communications Specialist—to work with staff, partners, residents, and others to produce content and send *The Voice* regularly as an e-news publication. In addition, the specialist will assist in efforts to meet SHA’s growing need for communications support for resident services and engagement, especially in programs such as JobLink, the education partnership with Seattle Public Schools, and health-related work. The specialist will also support new methods of resident communications such as messaging via monitors in common areas at properties.

A 2018 tenant communications survey of residents, HCV tenants, partner housing and service providers, and general members of the community will inform this effort in 2019.

#### **Wi-Fi Access and Training on Use of the Internet**

SHA’s 2019 digital communication efforts will be complemented with greater internet access infrastructure at SHA communities. While this work is still in the planning stages, the intent is to introduce common area Wi-Fi in community rooms in Low Income Public Housing high-rises and Seattle Senior Housing Program buildings. The agency hopes to be able to start one to three pilots before the end of the 2018, select an approach in early 2019, and set out a schedule for implementation. This aspect of the initiative is the responsibility of the Information Technology (IT) staff.

The Community Services staff will complement IT’s work by organizing digital access training for residents unfamiliar with basic internet usage. The access training may include how to connect to the internet; how to get a free e-mail account and use e-mail; password safety and other security best practices; setting up online banking; joining MyChart with their primary care provider for making medical appointments and communicating with their doctor; and the ABC’s of computer use that residents seek to learn.

#### **Environmental Stewardship**

SHA recently completed a pilot project around behavior interventions for water conservation. The findings of this pilot reinforced current research on this topic, namely that reductions in water consumption relied heavily on consistent engagement with the tenants, including door-to-door outreach, informational brochures, and upgraded water fixtures. SHA’s model for tenant engagement, based on this research, was effective in reducing water and sewer costs by more than 20 percent. In 2019, SHA will expand this program to improve communications and tenant engagement for water conservation to High Point, NewHolly, Rainier Vista, Lake City Court, and Yesler communities.

Please read more about plans for these and other SHA services and activities in “Responding in 2019 to Strategic Directions” in the section that follows.



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## RESPONDING IN 2019 TO STRATEGIC DIRECTIONS

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 these 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 2019 Proposed Budget responds to the Strategic Directions and Organizational Cornerstones. In the pages that follow, we present highlights of proposed 2019 work plans pertaining to the key objectives of the Plan’s Strategic Directions and Organizational Cornerstones.

### Strategic Directions

SHA’s three 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 2019 Action Agenda Items

SHA serves more people by cultivating additional resources and employing strategies that 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 2019 to **Expand Housing Opportunities**.

- 1) Support the **‘Buy-Up Program’** to create up to 20 new units of family housing annually in Seattle, especially in opportunity neighborhoods, for low income families with incomes at both 60 percent and 30 percent AMI.
- 2) Continue substantial upgrade and rehabilitation work on single-family (SF) homes in the Scattered Site Portfolio. In 2019, 18 units will be upgraded. If the current plans continue, SHA will complete substantial rehabilitation of 54 SF units by year-end 2019, finishing the final 17 units in 2020.
- 3) Continue conversions of units in selected Scattered Sites properties to add bedrooms, thereby creating more large-family units within the portfolio. Permitting delays have extended the program into 2020 when all 22 units will have one or more additional bedrooms.
- 4) Initiate new right-sizing efforts in the Scattered Sites and NewHolly portfolios. The right-sizing program transfers households who are currently over-housed in 2- and 3-bedroom units into appropriately sized units, thereby making larger bedroom units available to households with children. Pay special attention to working with the household to be “downsized” to ensure that the new home is positive for the moving household’s needs.

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- 5) Close financing for the redevelopment of the Lam Bow Apartments complex, necessitated by the fire that destroyed one building in 2016. Design options under review will involve rebuilding both Lam Bow buildings, as seismic conditions make a rehabilitation of the 2<sup>nd</sup> building infeasible. The design options also include adding additional units to the complex.
  - 6) Develop financing plans to fill gaps in redevelopment projects to replace existing units and add new low-income housing units at such SHA properties as Jackson Park Village, Holly Court/Red Brick, and/or Blue Topaz.
  - 7) Finalize construction of Red Cedar affordable apartments (119 units) in the Yesler community and complete lease-up in 2019. The property will have a mix of one to four bedrooms and will house the SHA Property Management and social service offices for Yesler Terrace.
  - 8) Close on mixed-financing for Hinoki, the fifth new replacement housing building, which will be located on East Yesler Way and 10th Avenue South. Construction will start in 2019, with 76 replacement units and 54 tax credit units, and a mix of 1-, 2-, 3- and 4- bedroom units.
  - 9) Select non-profit partner in 2018 to develop 125 affordable housing units on the former King County Records site located on East Yesler Way across from Bailey Gatzert Elementary School. Planning and design will be completed in 2019 with construction starting in 2020. The building will have a mix of 1-, 2-, 3-, and 4- bedrooms with 73 replacement units at 30 percent of AMI and 52 tax credit units.
  - 10) Increase the overall voucher utilization rate including special programs aimed at keeping families and veterans housed (e.g. Family Access Supplement, Veteran Affairs Supportive Housing vouchers), to 93 percent. An increase in the market-rate voucher payment standard, internal procedure improvements and efficiencies, lessons learned from investigations of leasing success and failure will all contribute to increased utilization rates in 2019.
  - 11) Increase the number of landlords participating in the Housing Choice Voucher program. Define program strategies and incentives to increase the number of landlords providing rental opportunities for voucher households and expand the opportunities with existing landlords.
  - 12) Implement the second phase of the Creating Moves to Opportunity (CMTO) pilot program launched in late 2017. CMTO is a grant-funded national research demonstration designed to test strategies and supportive services that will best encourage voucher participant families with children to locate in opportunity neighborhoods. The hiring of an additional CMTO-focused Housing Counselor in 2019 will help decrease application processing times and increase enrollment in the program and utilization of vouchers.
  - 13) Add new rental assistance vouchers: SHA anticipates up to 400+ new Special Purpose vouchers (300 Mainstream, 100 Family Unification Program, and 15 Veteran Affairs Supportive Housing) as early as the 4<sup>th</sup> quarter of 2018. This would be a substantial increase in Special Purpose vouchers. SHA will be working to lease them quickly in order to reach utilization goals for 2019. (Note: These potential additional vouchers are not reflected in the proposed budget; however, their inclusion would be expected to have minimal net impact as their additional expense is matched with additional subsidy.)

### **Promote Quality Communities -- Key 2019 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 that define our

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work on this strategic direction. Below are highlights of SHA’s work plans for 2019 to **Promote Quality Communities**.

- 1) Security and lighting improvements continue at Low Income Public Housing (LIPH), Seattle Senior Housing Program (SSHP), homeWorks, and Yesler Terrace communities (see the Capital Budget table for specific buildings). Work includes new entry systems, keycards, modern security cameras, and additional outdoor lighting where needed.
- 2) Modernize elevators, or begin design work for elevator replacement, in twelve buildings: three homeWorks buildings, six in SSHP, two in Special Portfolio, and one in Low Income Public Housing (See Capital Budget table for specific buildings).
- 3) Rehabilitate interiors and exteriors of communities involved in the West Seattle Affordable Housing LLLP (Longfellow Creek Apartments, Roxhill Court Apartments, and Wisteria Court Apartments). Additional repairs were identified due to rot and other moisture damage being discovered in unusual locations at Longfellow in 2018; additional financing will be secured and repairs made. The project will be completed on time in late 2019.
- 4) Continue development of a Comprehensive Modernization Plan for Jefferson Terrace; identify financing options and a project schedule required to implement the plan.
- 5) Move the High Point management office to new space at Upton Flats. Lease adjacent retail space at Upton Flats to a local coffee shop owner to increase community interactions at High Point.
- 6) Yesler Terrace Park opened in August 2018 to rave reviews and saw its first soccer clinic and competition, basketball tournament, and evening outdoor community movie. 2019 will be the park’s first full year of operation, and SHA looks forward to working with residents throughout Yesler, the Parks Department, the agency’s private development partners, and community organizations to ensure a highly successful inaugural year.
- 7) Develop capital-planning data that can project a five-year capital budget for the agency. A new 3-year, project-based Program Analyst position will be responsible for 1) advancing efforts to expand the functionality of the Capital Budget Database to include forecasting capital expenditures and 2) improving the quality of capital needs data through enhancement of the Capital Needs database and the needs assessments conducted internally and by third parties.
- 8) Seed an endowment fund for services at Yesler Terrace and begin planning for fundraising. Use storytelling to begin broadening awareness of and appreciation for the positive role SHA plays in the community and Yesler’s success as a model mixed-income community.

### **Improve Quality of Life – Key 2019 Action Agenda Items**

SHA partners with communities to use housing as a platform to improve quality of life by enhancing access to health services and healthy living; supporting education and skill development; and providing 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 2019 to **Improve Quality of Life**.

- 1) Move forward with the Health Initiative, a long-term vision for health that will help the agency support resident access to new and existing health opportunities and to better align and coordinate current services. It is anticipated that 2019 will be a year of funding opportunities

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for new services through Medicaid Transformation in King County that will mostly begin in 2020.

- 2) Leverage SHA resources with direct funding for health services programming identified as needed within SHA's portfolios, beginning with two main resident populations—seniors/people with disabilities and families with children.
- 3) Develop additional program design options in 2019 to analyze the potential impacts of a new subsidy program to support low-income college students in high-demand academic disciplines. Assess multiple aspects of this program for costs, impacts, advantages and disadvantages in preparation for the 2020 budget.
- 4) Introduce a Section 3 pilot program to hire residents or voucher holders for 6-month trainee positions that provide opportunities to explore entry-level roles at SHA while receiving JobLink coaching for possible permanent hiring. This simultaneously provides Housing Operations with a pool of possible applicants for high turnover positions.
- 5) Create common area Wi-Fi in community rooms to facilitate resident use of digital resources. Create digital access training for residents unfamiliar with basic internet usage and computer operations.
- 6) In mid-2017, SHA employed a Youth Engagement Specialist and AmeriCorps volunteers to support the Rainier Vista and NewHolly communities in constructive activities for youth, to great success. In 2019, SHA will apply for new AmeriCorps placements. The Youth Engagement Specialist and AmeriCorps volunteers will continue to:
  - a) Work directly with youth and families to re-engage middle school- to high school-aged youth who are not actively engaging in school, work, or other services;
  - b) Work directly with youth and their families when behaviors of youth result in lease-enforcement issues; and
  - c) Contract with youth-serving organizations that offer youth academic and enrichment programming including tutoring, afterschool enrichment, summer programming, arts, sports, and recreation.
- 7) Leverage results from the first two school years of the "Home from School" pilot at Bailey Gatzert Elementary School to secure outside funding for services that complement SHA's housing for homeless families with children within the school attendance area in order to contribute to stability of the school and its families. During the first two school years of the pilot, 21 families (64 individuals) successfully leased housing in the catchment area and five families are still searching for appropriate homes.
- 8) Expand services that promote housing stability and strengthen SHA's eviction prevention efforts in order to improve the quality of life of the individuals in need and to promote community harmony.
- 9) Continue work to improve attendance among the 5,500 students attending Seattle Public Schools and living in SHA-subsidized housing, as attendance is a central determinant of future academic success. Since the beginning of the partnership in 2015, chronic absenteeism among SHA students has decreased 24%. Goals in 2019 include:
  - a) Reduce SHA students' chronic absenteeism rates from school year 2017-2018 to school year 2018-2019;
  - b) Improve SHA families' sense of belonging in schools and communities, as measured by

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- annual education survey;
- c) Establish 10 or more leadership opportunities for parents and/or students around K-12 education throughout SHA communities;
  - d) Hold five or more events that celebrate the educational achievements and/or leadership of SHA families and students; and
  - e) Develop and begin implementation of a sustainability strategy for SPS partnership in anticipation of the expiration of Gates funding for this program at year-end.
- 10) Enhance employment opportunities and increase wage earnings potentials for residents via job placement and coaching/training. In the first half of 2018, JobLink made 83 job placements compared to 107 for all of 2017.
- 11) Increase college enrollment and incentivize continued attendance of young/other adults seeking educational attainment to increase their earning potential. As of June 2018, 82 JobLink participants are enrolled in some form of educational or training program: nearly 60 percent are enrolled in college full-time; 27 percent are part-time college students; and the remaining enrolled in training programs full- and part-time.

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## 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.

### Engaging Service and Respectful Relationships – Key 2019 Action Agenda Items

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. Below are highlights of SHA's work plans for 2019 to create and foster **Engaging Service and Respectful Relationships**:

- 1) Develop new approaches to Interim Reviews for both Housing Operations and Housing Choice Vouchers to improve the processes for both residents and staff. Re-evaluation will closely examine data, demographics, and potential disparate impacts of any changes to the Interim Review process.
- 2) Investigate why some waitlist participants called to apply for their voucher either are never issued a voucher or, if issued a voucher, do not ultimately lease a unit. Consider designing a study to track a cohort of households on the waitlist to determine causes.
- 3) Reach tenants in more timely and effective ways via electronic delivery of news and information. Work in partnership with the City's Digital Equity Initiative, which aims to increase the number of SHA tenants with internet skills and access.
- 4) Evaluate alternate methods for improving leasing success rates of SHA voucher holders such as search and deposit assistance programs, providing incentives to landlords, and the potential to share the cost of renting a unit.
- 5) Analyze SHA data on households exiting the agency's housing programs, reasons for that exit, and the charges they incur upon leaving. Depending on these findings, recommendations may be offered on improvements to the agency's vacate process.
- 6) Provide training to staff who directly serve residents and voucher holders to recognize behaviors and other indicators that may suggest the individual is in crisis and/or in need of services. Equip staff with knowledge of resources available in the community.

### Staff Excellence – Key 2019 Action Agenda Items

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. Below are highlights of SHA's work plans for 2019 to foster **Staff Excellence**:

- 1) Reintroduce a Tuition-Assistance Program. Human Resources will work with an interested employee team to review the prior tuition assistance program and recommend changes to the pilot in 2019, with the aim of making this a valuable new tool in SHA's Employee Career Development Program.
- 2) Finalize curriculum and manuals for the Specialized Maintenance and Repair Training (SMART) program at Impact Property Services (IPS). Skilled trade staff conduct training courses in plumbing and electrical work to provide fellow employees with new skills and knowledge for career development opportunities. The program fosters staff retention and continuity of

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knowledge. Expand program to include leadership and supervisory courses to provide field staff with a career path to supervisory roles.

- 3) Provide new training offerings for staff in three areas:
  - a) Recognizing and Addressing Harassment in the Workplace — A core training that is being expanded to all staff, including new best practices in addressing harassment;
  - b) Race and Social Justice — Continuation of foundational training and expansion of more advanced training for SHA leaders and supervisors; and
  - c) Data Visualization and Presentation training to introduce new technological advancements in data analysis.
- 4) Refine the internal Leadership Development Program/Training Offerings based on enrollments, completions, assessments, and defined strategies. Inclusive of this program is leveraging leadership strengths based on various behavioral assessment tools, project management leadership best practices, and other key tools that strengthen professional relationships, maximize productivity, and strategically align personal and agency goals.

### **Partnership and Coordinated Action – Key 2019 Action Agenda Items**

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. Below are highlights of SHA’s work plans for 2019 to maximize

#### ***Partnership and Coordinated Action:***

- 1) Work with Seattle Office of Housing to preserve affordable housing in Seattle, especially workforce housing in the City, through a partnership to acquire existing mixed income properties that align with key aims, e.g. properties that meet due diligence conditions; are strategically located; provide family-size units; have good access to services, transportation, and amenities; are mixed income, preferably with cross-subsidy opportunities; and are priced reasonably.
- 2) Work toward launching the grant-funded “Data Lab” in partnership with the University of Washington, King County Housing Authority (KCHA), and other partners. The Data Lab will provide access to integrated, up-to-date datasets with local, state and federal data which SHA and partners can use to inform resource allocation, policy, and programmatic decision-making.
- 3) Conclude timely collective bargaining agreements for 2019 union contract extensions. Demonstrate SHA’s commitment to strong, fluid, and respectful labor relationships for the benefit of employees and management to enhance open communications, reduce grievances, and commonly implement SHA’s mission and values and the agency’s Strategic Plan.
- 4) As the provisions of the Transformation of Medicaid take place in King County work with our partner service providers for SHA residents/voucher households to capitalize on changes in funding priorities that will best serve their interest and those of SHA residents. Continue data sharing with the King County Health Department that best informs health conditions and critical service needs of our residents.
- 5) As Yesler Terrace becomes an emerging new urban community, manage the Yesler Terrace Owner’s Association, working closely with other owners and community partners and residents, to develop a thriving, diverse and mixed income community and to connect with the neighboring communities; work together to foster a focus on social interaction and networking in the community, with special attention to the needs of seniors and children.

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## Financial Stability and Operational Efficiency – Key 2019 Action Agenda Items

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. Highlights below of SHA work plans for 2019 are sequentially presented for **Financial Stability** followed by **Operational Efficiency and Service**.

### **Financial Stability Action Agenda for 2019**

- 1) Continue to participate with Standard and Poor’s in their annual review of SHA’s Credit rating and maximize the opportunities to maintain or improve SHA’s AA rating.
- 2) Actively monitor the Debt Coverage Ratio requirements (DCRs) for all SHA and LP managed properties. Implement required actions to ensure that all properties, where applicable, are meeting DCRs and reserve requirements.
- 3) Develop a financial policy and procedures that define SHA’s non-federal funds and criteria for priority uses and review with Financial Policy Oversight (FPO) Committee to provide clarity and consistency in guidance for use decisions, including a process for those use decisions.
- 4) Conduct an annual review with the Financial Policy Oversight Committee (FPO) of S&P’s Rating Report and key liquidity and leverage financial ratios for Seattle vs industry standards.
- 5) Evaluate and adopt new Accounting Standards as required to conform to pronouncements of the Government Accounting Standards Board (GASB). In anticipation of required compliance with GASB 87 for reporting all leases, in 2019, compile an inventory of all SHA leases and key terms and assess the impact of the new reporting requirement on SHA’s financial statements.
- 6) Continue monitoring and evaluating the balance and use of Operating, Real Estate, and Taxable Lines of Credit (LOCs). If draws are needed for the 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.
- 7) 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.
- 8) Define accounting standards and/or create a legal entity to enable SHA to prudently plan for and commit resources for future development investments within the context of federal cash management rules.
- 9) Continuously monitor the 2019 HUD appropriation levels for operating, capital, and Housing Choice Vouchers subsidies and make appropriate adjustments to the budget when necessary.

### **Operational Efficiencies and Services Action Agenda for 2019**

- 1) Execute the comprehensive long-term plan for right sizing the fleet and mindfully replacing vehicles. The approved plan calls for a \$5.4 million investment over two-years to replace 126 vehicles. The replacement investment is intended to maximizing electric vehicles and alternative fuel efficiencies and technologies, and provide a program to lease trucks until technology advances sufficiently to make it a viable option.
- 2) Transition Special Portfolio and Yesler Project-Based units to the Streamlined Low-Income Housing Program (SLIHP). Train property management staff on income certification work and



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the use of HCV's software; communicate with residents about the program changes; and transition Special Portfolio subsidized units' admissions and waitlist management to the Admissions Department.

- 3) Plan and/or implement agency-wide Lean value-added efforts including the following:
  - a) Human Resources (HR): Examine current workflow for recruitment cycle timelines to identify areas for improvement; develop an electronic onboarding for new hires; digitize onboarding/recruitment materials and implement digital signatures to further decrease the need for print and minimize risk
  - b) Housing Operations Support Team (HOST): Consolidate Compliance workflow systems; streamline the annual and quarterly Web-Based Annual Reporting System (WBARS) process (required by the Washington State Housing Finance Commission); incorporate waiting list audits into the pre-lease audits (PLA) process; review tenant vacate electrical service management; create a Job Order Contracting (JOC) process for the Housing Operations department.
  - c) Document Imaging (DI): Streamline and/or automate the following workflows via document imaging software OnBase:
    - i) ADA request workflow: Eliminate the need for physical routing of forms for approval by scanning forms into OnBase and setting up electronic approval workflows thereby providing increased oversight, tracking and information security of sensitive medical information;
    - ii) Vacate move-out workflow: Implement a workflow to help with tracking unit turnaround time between Property Management & Impact Property Services in order to close Compliance loopholes and provide more internal consistency across Housing Operations;
    - iii) Interim review workflow: Create a workflow to automate routing and tracking of scanned interim review paperwork to eliminate challenges in efficiently routing paperwork containing personally identifiable information (PII) both securely and in a timely manner;
- 4) Convert Housing Choice Vouchers data from Elite into Yardi. This will consolidate all resident and voucher holder information into a single database, which will reduce operation inefficiencies and improve customer data and service, internal data analysis, and decision-making about internal policies and procedures.
- 5) Continue to streamline and improve processing using the Inspyrus Electronic Accounts Payable Work Flow System. Build on the suggested improvements that resulted from the 2018 assessment. The addition of a 2 year project position will provide the capacity to:
  - a) Fully implement other recommendations from the processing and system assessment;
  - b) Continue to identify areas for process improvement and needs for user training;
  - c) Define metrics for AP processing performance and develop benchmarks for continual assessment; and
  - d) Complete an upgrade to the Inspyrus system with IT to achieve additional electronic processing improvements.
- 6) Continue to develop and implement the budget software to improve the annual budget processes and forms, thereby eliminating time-consuming manual steps for both the Budget

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Office and Departments and allowing for greater electronic interaction between Departments and the Budget Office in preparing and reviewing budget proposals.

### **Race and Social Justice (RSJ or RSJI) – Key 2019 Action Agenda Items**

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. Below are highlights of SHA's work plans for 2019 to advance **Race and Social Justice**:

- 1) Expand HR Recruitment/Equity Practices to ensure best practices and identify current practices that may have a disparate impact in the following areas: recruitment, selection, onboarding, performance management and retention. Complementing these efforts will be staff-wide training in Harassment prevention and intervention, as well as expanding anti-Racism training to all managers.
- 2) Integrate information about race and social justice and poverty into SHA leadership, customer service, career development, safety, and other employee training.
- 3) Review existing Social Equity Goals with key department leaders toward formulating a proposal to review with the Section 3 Advisory Committee to determine if SHA has set appropriate percentages for participation.
- 4) Continue to collaborate with SHA's JobLink program and SHA contractors to establish a robust list of Section 3 businesses and employees to utilize, especially focused on Section 3 qualified residents.
- 5) Conduct all-staff sexual harassment training with the latest best-practices focusing on bystander intervention and expanded anti-racist training for more management staff.
- 6) Continue to improve compliance with Davis Bacon labor standards through enforcement: require prime contractor's review certified payroll submittals; sample test certified payrolls for compliance; and investigate labor standard violation complaints.

### **Environmental Stewardship – Key 2019 Action Agenda Items**

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. Below are highlights of SHA's work plans for 2019 to promote **Environmental Stewardship**:

- 1) Improve SHA's vehicle fleet compliance with state and local safety and environmental standards by focusing fleet replacements on fuel efficiency and reducing the number of vehicles driven.
- 2) Install Telematics and monitor the results: Telematics is a technology that monitors vehicle location, efficiency, safety, productivity and compliance. SHA is installing these devices in its vehicles to improve vehicle operations and assist in mindfully right sizing the fleet.
- 3) Expand use of the multi-modal transportation (bicycles, public transportation, shared car and ride services, etc.) program as an alternative to using SHA fleet cars. Focus education on alternate transportation modes and driving analysis and needs, and pool/assigned vehicle needs by division, or portfolio, to personalize transportation needs and maximize multi-modal activities to reduce vehicle use.

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- 4) Pursue energy and water rebates available through the City of Seattle’s HomeWise program. Previously, SHA has not had the staff available to pursue rebate-eligible Capital projects. A recent analysis identified over 400 hundred projects that could qualify. For example, High Point boiler systems are now five years old and replacement parts are difficult to find. New boilers are \$3K each; the rebate offered through the City covers 90% of the cost. A project-based Environmental Sustainability analyst position added for 2019 will focus on this body of work.
  - 5) Implement a bike sharing program that would allow employees to commute between properties via bike, reducing carbon foot print. SHA also plans to use Lean processes to take a deep-dive into the agency’s vanpool program in an effort to increase ridership while decreasing per-person per-van cost.

### Innovation – Key 2019 Action Agenda Items

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 analysis to plan and evaluate its actions. Below we recognize the important tools that have greatly expanded SHA’s capacity for innovation and follow that with a few highlights of SHA’s work plans for 2019 in pursuit of **Innovation**:

- 1) **Tools enabling innovation** are central for targeting change that makes an impact; it is important to recognize, learn, and develop such tools, as they are responsible for the explosion of SHA’s capacity to identify and try new services and program actions to positively affect SHA’s tenants lives and well-being:
  - Data sharing agreements (DSA) with other agencies provide invaluable information to help us and others better understand our tenants and the types of programs to support their quality living—just one example is our DSA with the Seattle Public Schools (SPS) that has enabled the agency to compare attendance patterns of SHA youth in Seattle schools with students not residing with SHA, which has led to a focus on reducing absenteeism.
  - Connections to academic research and evidence-based best practices is critical—continuing the school attendance example, SHA has focused attention on actions to improve attendance at key grade levels where chronic absenteeism erodes the opportunity for later success in school, with the earliest years of school the most important for later academic performance.
  - Tools which enhance SHA’s data capacity and analyses include SHA’s Data Warehouse that pulls live data from SHA electronic systems (like Yardi and Elite) and Power Business Intelligence (Power BI) software that is revolutionizing data display, presentation, and analysis.
  - Finally, the Office of Policy and Strategic Initiatives has brought expertise and discipline to test new ideas through pilot demonstrations and to evaluate outcomes in relation to theorized results.

These tools—plus the MTW mandate to pursue change to demonstrate new ways to be more effective and efficient and a growing SHA culture of taking prudent risks and learning from them—are the cornerstones of SHA’s capacity for innovation.

- 2) Using MTW authority, implement a new **eligibility plan for SHA’s Market Rate Voucher Payment Standard (MR-VPS)** that focusses on those most in need of added assistance to successfully lease or remain in their homes—new voucher households shopping in the private

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market and existing voucher tenants leasing in the private market who become rent burdened as a result of contract rent increases or an adverse change in income. This approach has allowed SHA to raise the VPS payment standard to a level that provides much expanded access to units in Seattle’s high-priced rental market by focusing eligibility for the new MR-VPS on those most in need of added rental assistance.

- 3) Test **incentives for Positive Departures and Housing Stability**. This proposal was developed as part of SHA’s collaboration with ideas42, a non-profit design and consulting firm that uses insights from the behavioral sciences to address complex social issues. We are currently piloting an incentive program to provide a \$300 financial incentive for public housing households who leave their unit in a clean and orderly fashion consistent with SHA standards. Positive tenancy behavior at departure would reduce SHA costs and time spent on unit remediation, as well as support households in transition to new housing without outstanding repair charges owed to SHA.
- 4) Undertake a two-year program to **reduce SHA’s carbon footprint through four strategies to replace SHA’s 126-vehicle fleet**:
  - a) Reduce the size of SHA’s fleet by converting as much close-in business travel as feasible to alternative modes of transportation—public transit; bicycle; ride-sharing services (such as Uber or Lyft); or car-sharing services (such as Car2Go or ReachNow);
  - b) Assess trip-making purposes and the extent to which electronic methods can allow remote meetings to substitute for in-person sessions requiring trips;
  - c) To the maximum extent convert SHA’s 126 fleet vehicles to electrically powered or alternative fuels vehicles; and
  - d) Where service vehicles (trucks and some vans) are not available at this time using electricity or an alternative fuel, lease instead of buy these vehicles, as the market is expected to catch-up to a broadening demand for alternative fuel vehicles of all kinds.

## CONSOLIDATED BUDGET

The following summary presents the proposed operating and capital budgets for Calendar Year (CY) 2019 in comparison to 2018 for all housing programs and business activities. It also describes changes in staffing levels from the CY 2018 budget to CY 2019.

### CY 2019 Proposed Budget

|  | CY 2018 Budget       | CY 2019 Proposed Budget | Percent Change |
|--|----------------------|-------------------------|----------------|
| Program Operations and Administrative Expenses | \$86,640,000         | \$95,655,000            | 10.4%          |
| Housing Assistance Payments (HAPS)             | 104,120,000          | 109,795,000             | 5.5%           |
| Grant-Funded Expenses                          | 3,063,000            | 2,930,000               | (4.3%)         |
| Capital & Non-Routine Expenses                 | 24,590,000           | 26,380,000              | 7.3%           |
| Opportunity Investments                        |                      | 24,380,000              |                |
| Redevelopment                                  | 86,280,000           | 33,350,000              | (61.3%)        |
| <b>Total Expenses</b>                          | <b>\$304,693,000</b> | <b>\$292,490,000</b>    | <b>(4.0%)</b>  |

Table 1: Proposed Budget

| Program Element                         | FTE's CY 2018 | Proposed FTE's CY 2019 | Change 2018 to 2019 |
|---|---------------|------------------------|---------------------|
| Housing Operations                      | 346.38        | 364.69                 | 18.31               |
| Housing Finance and Asset Management    | 31.90         | 37.30                  | 5.40                |
| Housing Choice Voucher Program          | 66.80         | 67.50                  | 0.70                |
| Administrative Departments <sup>1</sup> | 117.45        | 124.68                 | 7.23                |
| <b>Total</b>                            | <b>562.53</b> | <b>594.17</b>          | <b>31.64</b>        |

Table 2: Staffing Levels

### Overview

The proposed CY 2019 combined operating and capital budget totals **\$292.5 million** and is \$12.2 million less than the 2018 Adopted Budget. This year-to-year decrease is predominantly the result of fewer simultaneous major construction projects in 2019 at Yesler Terrace and the completion of exterior rehabilitation work at New Holly Phase I.

Program Operations and Administrative Expenses increased by \$9.0 million or by 10.4 percent over 2018. Housing Assistance Payments increased by \$5.7 million, a 5.5 percent increase over 2018. Grant-Funded expenses decreased by \$0.1 million over 2018. Capital and Non-Routine Expenses increased \$1.8 million or 7.3 percent; Opportunity Investments totaled \$24.4 million, this is a new funding category for 2019, and Redevelopment activities decreased \$52.9 million or 61.3 percent. For more detail on each of these Table 1 line items, please see the corresponding sections below.

<sup>1</sup> "Administrative Departments" are Human Resources, Finance and Administration, Information Technology, Development, Executive, and the Office of Policy and Strategic Initiatives (OPSI).

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2019 proposed full-time equivalent (FTE<sup>2</sup>) regular positions show an increase of 31.64 FTEs from 2018 to a proposed total of 594.17 FTEs. This staffing change consists of project positions intended to address capital backlog, 2019 capital projects, and ongoing positions to provide added services to the communities; maintenance staff for unit-turns; and preventative maintenance and administrative help on the maintenance training program. Some of the positions proposed to be added in 2019 will work for Limited Partnerships and they will be funded from the partnership budgets.

### Program Operations and Administrative Expenses

In 2019, SHA's Operating and Administrative expenses are proposed to increase by a net of 10.4 percent over the 2018 Adopted Budget. This increase partly results from an anticipation that SHA will finalize the conversion of High Point North and Ritz Apartments partnerships from limited partnerships to SHA tax credit properties. Negotiations with the Limited Partners of these partnerships are underway and SHA expects the buyback will be completed by the end of 2018. The anticipated addition of High Point North and the Ritz Apartments to the SHA budget results in an additional \$2.8 million in the operating and administrative expense budget. Excluding the impact of changes due to conversion of partnerships, the remaining core operations and administrative expenses are proposed to increase by 7.0 percent above the 2018 level. The major reasons for the increase are as described below.

**Administrative salaries and benefits** budget is about 10.6 percent higher than the 2018 Adopted Budget. The increase results from addition of new staff to advance SHA's 2019 priorities and the conversion of High Point North and Ritz to SHA properties. Of the total 31.64 FTEs added for 2019, 17.0 FTEs are administrative positions. The majority of these positions are added for direct onsite support at properties. The remaining 14.64 FTEs are added primarily for capital, maintenance and repair activities. The positions proposed are a mix of ongoing and project-based FTEs with term limits: 14.75 FTEs are proposed as ongoing with 16.89 term-limited FTEs. Limited partnership properties at Yesler Terrace and HOPE VI will fund their positions added for 2019. The administrative positions proposed for 2019 are described below.

- **Communications Specialist:** This position would bring a central focus to resident engagement including the creation of an in-house, digital newsletter version of *The Voice* – a longtime community-based newspaper for SHA residents. Additionally, the position allows for more open and robust communication with residents, providing them with important SHA information, linking them to resources and opportunities, and strengthening their communities through news that keeps them connected.
- **Strategic Advisor II for Health:** This position would look to overhaul and enhance health-related services, with a focus on identifying and assessing new opportunities for realigning SHA's health-related dollars and service-provider partnerships to take best advantage of funds to be available under the Medicaid transformation work and in developing changes in health-related services SHA provides to augment eviction prevention and housing stability aims.
- **Security Manager/Project Manager:** To manage Information Technology (IT) security policies, initiatives, compliance and evaluation and provide continual assessment of SHA's security risks and what the agency can do to mitigate them. In addition, the position will serve as a Project Manager for IT Infrastructure projects.

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<sup>2</sup> 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.

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- **Project Manager:** Limited duration position to address peak IT workload demands with upgrades and conversions of systems and ensure ongoing access for departments to IT assistance and support for their ongoing operations and programs.
  - **Network Admin:** A limited-duration position to help address some of SHA’s critical information technology needs. Position focus is on helpdesk tickets and support including improved response times for reported incidents and communicating with users about the status of their request.
  - **Accounting Clerk:** To support Accounts Payable division and serve as intake specialist for the Accounts Payable System (Inspyrus) for all incoming invoices including scanning, reviewing, and routing all incoming invoices daily. The position would also assist with filing, check matching, and vendor communications.
  - **Document Imaging (DI) Program Analyst:** Housing Operations proposes to transition this position from project-based to permanent in order to maintain the efficiencies attained by the DI Program. Without an analyst to maintain the system, train staff, and audit scans, SHA risks losing ground gained. In addition, there are several opportunities to improve processes via the use of the DI system, as listed in the Operational Efficiency section above.
  - **Environmental Stewardship & Sustainability (ESS) Analyst:** The addition of a third analyst to the ESS team will allow SHA to participate more robustly in various energy rebates offered by the City of Seattle in relation to the capital projects undertaken to improve SHA communities. Currently, ESS has identified over 400 capital projects which may be rebate-eligible. Prior to the addition of this position, the group had limited capacity to take advantage of these savings.
  - **Lead Property Manager:** This project-based position is based in Scattered Sites and Special Portfolio and will oversee the completion of the West Seattle Affordable Housing (WSAH) LLLP rehabilitation, the Streamlined Low-Income Housing Program (SLIHP) implementation, resident relocation during the reconstruction of Lam Bow, and related projects in these portfolios.
  - **Administrative Specialist II:** Position is split across two functions: (1) manages the use of community rooms throughout SHA’s Yesler buildings, to include reservations, billing, and administrative support; and, (2) support to the Yesler Relocation Team, including notices to residents, recordkeeping on tenant moves and relocation financial support, and the like.
  - **Assistant Property Manager:** Position will help manage the Project Based Voucher (PBV) waiting list at Yesler by processing applicants for approval and establishing an approval queue for property management. Other duties include tracking annual certifications in the Yardi system, processing interim reviews, and potentially handling PBV move-in and move out tasks.
  - **Project Manager/Analyst:** Position aids SHA’s fleet with the major task of vehicle replacement to fuel-efficient or alternative fuel vehicles, identifying opportunities to share vehicles by using multi-modal (Metro, car2Go, Uber) modes of transportation, and related project management areas including coordinating with agency staff and providing research and analysis.
  - **Property Management Coordinator:** Position assists in the coordination of operational activities in both the Yesler and HOPE VI Communities by providing analysis and projections as well as document imaging, upgrading Yardi, updating Impact Property Management’s Share Point site,

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supporting right sizing efforts, expanding the use of data visualization tools, and providing support on the monitoring of the Real Estate Assessment Center (REAC) inspections and reports.

- **Assistant Property Manager:** Proposed position would work at the new Yesler building, Red Cedar. This position is fully funded from the limited partnership budget.
- **Property Manager:** A second property manager is proposed for Yesler Terrace properties. This position support the community as Yesler is increasing the number of properties. The position will be fully funded from the limited partnerships' budget.

**General Administrative Expenses** are projected to be higher by about \$671,000 mainly due to addition of High Point North returning to SHA after being a Limited Partnership and the increase in property insurance. In 2019 Insurance premiums are budgeted to increase by about \$287,000 due to implementing higher insured values for properties that were under-insured by comparison to industry standards, and due to industry perceived risks in solid waste operations leading to a new separate higher cost policy.

**Tenant Services** are projected to increase by a net \$320,000, or 9.57 percent, over 2018. Highlights of new 2019 Tenant Services spending include a substantial increase for housing stability/eviction prevention for more households, new digital access training for residents to complement the digitalization of SHA's *The Voice* newspaper, and increased Internet access in SHA communities.

The proposed budget for **Building Repair and Maintenance** increases by over \$2 million, or 12 percent, compared to the 2018 budget. These increases result from the addition of High Point North and the Ritz Apartments to SHA's budget, funding replacement of approximately 5,500 smoke and carbon monoxide (CO) detectors at Low Income Public Housing properties, budget for common area maintenance, solid surfaces, and appliance replacements. Impact Property Services (IPS) has increased budget to support most of building maintenance and repair work. Additionally, IPS will complete the curriculum and training manuals for the SMART program in 2019.

**Utilities** are budgeted to increase by about \$890,000, or 9 percent, over 2018 levels. Most of the line item increases are from inflation and the addition of High Point North to SHA budget.

### **Housing Assistance Payments (HAP)**

In mid-2018, SHA adopted a Market Rate VPS (MR-VPS) increase for new shoppers and rent-burdened voucher holders in market rate units, which will begin to impact the budget beginning in late 2018 and continuing through 2020. The housing assistance payments (HAPs) for 2019 are anticipated to be \$109.8 million, which is \$5.7 million greater than the 2018 Adopted Budget and \$12.1 million more than the actual 2017 HAP expense. \$3.9 million of the \$5.7 million increase is attributable to the new MR-VPS increase. The remaining \$1.6 million increase is attributable to previous VPS increases applying to current vouchers, a small increase in voucher count, and rent inflation.

Projections for 2019 show that an overall average utilization rate – leased vouchers divided by authorized vouchers – of 93%, the agency goal, is achievable. However, utilization may be impacted by applications to HUD for additional special purpose vouchers that have been applied for in mid-2018. These applications, for 300 Mainstream vouchers, 100 Family Unification Program vouchers, and 15 additional Veteran Affairs Supportive Housing vouchers, if successful, will significantly increase SHA's special purpose voucher count and will affect utilization goals in the short run as the new vouchers will increase the authorized levels immediately, but will take time to be issued and leased up. Note that these applied for vouchers are not reflected in the proposed HAPs budget. However, they are not anticipated to have significant budgetary impacts, if they are awarded, as additional HUD subsidy should substantially offset increased HAP expense.



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SHA is planning to continue to provide families with children an additional VPS supplement. The access supplement will potentially come in two different forms, the **Home from School** pilot and the **Family Access Supplement (FAS)**. The Home from School supplement is designed specifically to assist unstably housed or homeless families in leasing housing in the Bailey Gatzert school catchment area. The program offers a voucher for rental assistance in leasing an apartment or home in the area and, in anticipation of external sources of funding, will provide services to support their housing search and help stabilize them in a new home. The second supplement, FAS, is designed to allow families to access areas designated as opportunity neighborhoods, by the Creating Moves to Opportunity (CMTO) initiative. FAS provides additional rental assistance to increase the ability of voucher families with children to lease units in designated opportunity neighborhoods by supplementing the voucher payment standard to better align with actual market rents in these neighborhoods.

### Grant-Funded Expenses

The proposed overall budget for agency grant expenditures in 2019 is \$2.93 million. The sources are a mix of new grants and 2018 underspend that will carry over into 2019. A summary of 2019 grants and their intended uses are as follows:

JobLink will utilize its remaining **Chase Bank Foundation Grant** funds to provide education supports to SHA residents and HCV holders. These quarterly cash supports pay up to eight quarters to JobLink participants progressing through full-time training programs for in-demand occupations.

JobLink has also applied for and anticipates receiving two renewed grants from HUD. The first is a new **Family Self-Sufficiency grant**. These funds will be used to offset salary and benefit costs of JobLink's service coordinators who assist voucher participants in their efforts to become self-sufficient. The second is a **ROSS Service Coordinators grant** to support public housing residents in their effort to obtain economic and housing self-sufficiency. This grant will be administered by JobLink to offset the salaries and benefits of its service coordinators who will serve families in portfolios across SHA. Together, these anticipated grants total a little over \$655,000.

The Policy office will be utilizing \$1.58 million in remaining funds from two **Gates Foundation** grants that carry over from 2018. The first of these supports SHA's Education Initiative in partnership with Seattle Public Schools (SPS). Improving attendance remains the focus for the 2018-2019 school year, as a substantial gap exists between SHA students and overall SPS student attendance and chronic absenteeism. Research and evidence demonstrate that focusing intervention efforts on student attendance is a proven strategy to improve educational outcomes, especially in low-income student populations.

Policy's second Gates Foundation 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 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).

SHA has applied for a two-year, \$300,000 grant from **The Kresge Foundation**, of which \$150,000 would be available in 2019 to continue supporting arts and culture programming at Yesler Terrace. The grant will focus on community engagement and social cohesion; corridor and public space activation; and the evaluation of race and social justice impacts of arts and culture at Yesler Terrace. The goals include: establishing a sense of belonging and ownership along with showcasing cultural and heritage pride as positive drivers of community development as the neighborhood evolves; using creative strategies to activate newly developed pathways and public spaces to shape the spirit and daily life of Yesler Terrace; and the assessment of resident participation and engagement with cross-sector partners to nurture

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existing and forge new relationships in defining the role of arts and culture for successful redevelopment of mixed income communities.

The Community Services Division (CSD) will utilize remaining funds from HUD's **Resident Opportunities and Self Sufficiency (ROSS) for Education grant** to fund Project SOAR (Students + Opportunities + Achievements = Results), whose aim is to create new pathways of support for young people to increase high school completion, complete applications for college aid (FAFSA applications), and post-secondary achievement. The grant funds three College Navigators to work as a team and individually to support youth in HUD-selected low-income public housing communities. This work will continue into early 2019; CSD is interested in continuing the work if HUD continues the program and funding.

For some years, CSD has received a small annual grant from the **Robert Wood Johnson Foundation** supporting a portion of the salary and benefits of SHA's Supportive Services Coordinator. This grant is anticipated again in 2019.

In addition to the new, remaining, and anticipated grants above, SHA has expiring grants and has applied for or is seeking funding from the following grant sources whose award outcome is uncertain. These sources are not included in the \$2.93 million grant figure above. These sources include:

In the fall of 2016, SHA began a pilot for the "Home from School" program at Bailey Gatzert Elementary School to secure housing within the school's catchment area and provide supportive services for homeless families with children enrolled there. SHA has provided vouchers for the pilot; the **City of Seattle** has, in prior years, provided grants totaling \$200,000 to provide complementary services for enrollees in the program. 2019 will potentially be the third year of this pilot. SHA is in the process of seeking services funding from the City through their current Request for Proposal (RFP) for homeless services.

2019 will mark the eighth and final year of HUD's **Choice Neighborhood Initiative (CNI)** grant, which SHA received for Yesler Terrace's redevelopment. In addition to being eligible for use in construction activities, the funds from this grant pay for resident supportive services and programs such as youth tutoring; parent-child home visit; college preparation and academic services for middle school and high school students; summer academic enrichment programs; and help for families and students in development of 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 spring of 2019, after which a portion of Yesler land sale proceeds will fund services through 2019. SHA is currently seeking alternative, self-sustaining funding which will continue the services previously supported by the CNI grants.

### Capital and Non-Routine Expenses

SHA's annual capital and non-routine expenditures will increase 7.3 percent due in principle part to the increased capital grant funds projected for 2019. Most housing portfolio budgets increased in 2019 compared to 2018, with the exception of Low-Income Public Housing, Special Portfolio budgets and Information Technology. Low-Income Public Housing is flat year after year and Special Portfolio's prior year Pooled Refinancing transaction is restated here with project proceeds being less than reported in the 2018 budget. Although the Information Technology budget is lower on the capital side, its 2019 budget requests were fully funded.

The **Public Housing Portfolio** capital projects budget of \$3.8 million is flat compared to 2018. Although the project descriptions for all three homeWorks is here, the funding is not included here but in the Opportunity Investments below. Work included in this budget is as follows:

- (1) Exterior upgrades of \$952,000 at Cedarvale Village, Center West, Denise Hunt Townhomes, and several Scattered Sites properties;

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- (2) Security upgrades of \$810,000 for Stewart Manor and each phase of HomeWorks;
  - (3) Interior upgrades of \$555,000 for Scattered Sites, University House, and University West;
  - (4) Roofing contracts of \$469,000 are planned for Scattered Sites;
  - (5) Elevator upgrade is budgeted for Holly Court;
  - (6) Painting projects, both interior and exterior, of \$441,000 are planned for Barton Place, Cedarvale House, Center West, Harvard Court, Scattered Sites, and University House;
  - (7) Plumbing projects of \$255,000 are scheduled for Barton Place, Cedarvale House, Cedarvale Village, Jackson Park House, Ross Manor, Scattered Sites, and Westwood Heights;
  - (8) Site work projects total \$305,000 to upgrade fencing, repair and repave sidewalks, repair decks, improve garbage areas, improve driveways, and replace playground equipment for Barton Place, Cedarvale Village, International Terrace, Jackson Park Village, Ross Manor, Roxbury Townhomes, Scattered Sites, and West Town View;
  - (9) Electrical activity of \$220,000 will be done at Cal-Mor Circle, Cedarvale Village, International Terrace, Queen Anne Heights, Ross Manor, Tri-Court, and University House;
  - (10) Window repairs and replacements projects of \$271,000 are budgeted for Cedarvale Village and Scattered Sites;
  - (11) Initial planning of \$84,000 for targeted interior repairs and energy upgrades are planned for Beacon Tower, Center Park, Denny Terrace, and Olive Ridge;
  - (12) Floor replacements total \$45,000 for two buildings, a Scattered Site and Tri-Court; and
  - (13) Lighting improvements totaling \$27,000 at Cedarvale Village and Tri-Court; and
  - (14) Replacement of Jefferson Terrace's smoke alarms for \$15,000.

A new section called **Contingency and MTW Eligible Community Allowances** represents funds for contingencies of unforeseen, urgent, and unbudgeted project requirements similar to the 2018 Contingency section. The addition in 2019 is agency-wide allowances for MTW Eligible Communities for: ground fault circuit interrupter outlets; 24/7 ventilation fans, which is a continuation of prior years' efforts that successfully reduced mold in units; a water intrusion specialist who investigates properties for needed repairs especially resulting from water intrusion; and Minor Maintenance Repair and Replacement (MMRR) allowances. Overall, the MMRR allowance budgets are double prior years' amounts, thereby more accurately reflecting actual expenditure expectations. SHA hopes that by creating six categories to which all MMRR are charged it will be clearer what costs are eligible and easier to track budget against actuals and better control costs.

In 2019, MMRR is more specifically identified with the help of data-driven figures. Prior year MMRR expenses have covered appliances, solid surface replacements for bath and kitchen counters, flooring, hazmat, and boilers. Very little has been spent on common area improvements; common area improvements were the original principle purpose for MMRR. In 2019, MMRR costs that are capital in nature (such as flooring, hazardous abatement, and boilers) will be transferred from operating subsidy, or operating budgets, to capital sources. Operating budgets were similarly increased for appliances, solid surface, and common area improvements in 2019 and these uses will be charged to one of these three pots in the operating budget.

The **Seattle Senior Housing Program (SSHP)** 2019 budget of \$5.4 million is an increase of \$1.8 million over the 2018 budget. SHA is committed to a 10-Year Capital Rehabilitation Plan for SSHP in 2011. SSHP had significant capital needs and few capital sources. Thanks to the cooperation of the SSHP Rent Advisory Committee, the Seattle City Council, and HUD, SSHP transitioned into the Public Housing program in the fall of 2011 and received its first federal funds in 2013. The original plan authorized SHA's

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MTW authority to maintain the SSHP program and buildings at an annual average capital requirement of \$3.0 million in known major capital work. The planned 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.

This budget includes the following:

- (1) \$1.8 million in elevator replacements or repairs at Fort Lawton Place, Gideon-Mathews Gardens, Olmsted Manor, Ravenna School Apartments, South Park Manor, and Willis House;
- (2) Building Exterior projects total \$1.5 million in 2019 for Columbia Place, Fort Lawton Place for exterior cladding and stucco repairs, Island View, and Primeau Place;
- (3) Roofing repairs and replacements are budgeted at \$710,000 for Bitter Lake Manor, Olmsted Manor, Primeau Place, Reunion House, and Wildwood Glen;
- (4) Planning is budgeted at \$480,000 to study building needs at Fort Lawton Place, Primeau Place, and South Park Manor;
- (5) Heating and cooling is targeted for Pinehurst Court Apartments plus an allowance of \$200,000 for other roof top unit repairs;
- (6) Site improvements total \$157,000 for fencing at Bitter Lake Manor, Columbia Place, Fort Lawton Place, and Fremont Place as well as parking lot striping allowance of \$40,000, mailboxes of \$29,000 at Gideon-Mathews Gardens, Nelson Manor, and Ravenna School Apartments, and garbage area improvements of \$22,000 are planned for Reunion House and South Park Manor; and
- (7) Signage and exterior building repairs of \$20,000; and sidewalk repairs and tree removal or trimming for Blakeley Manor.

Major exterior rehabilitations take up to three years for planning, design, and construction. Major rehabilitation underway for **SSHP** are Sunrise Manor (funded in 2017 with planned completion in 2019) and Fort Lawton Place (funded in 2019). Rehabilitation projects typically include exterior siding, window replacement, intercom replacement, mailbox replacement, and patio repairs.

The total **Special Portfolio** capital budget from all sources decreased from \$9.1 million in 2018 to \$7.8 million in 2019. The Pooled Refinancing is included in both 2018 and 2019, \$7.8 million for 2018 and \$6.3 million for 2019; this transaction was delayed and changed. The Pooled Refinance projects in 2018 have been revised, updated, and restated in 2019.

The **Pooled Refinancing** originally budgeted in 2018, as mentioned above, is restated here. The project list includes:

- (1) Building exteriors at \$2.1 million for Wedgewood Estates and NewHolly Phase III.
- (2) Interior upgrades are budgeted at \$1.76 million for Rainier Vista Phase I, NewHolly Phase III, and Wedgewood Estates.
- (3) NewHolly Phase II is budgeted for \$600,000 for roofing.
- (4) Wedgewood Estates is budgeted for new electrical panels for \$500,000.
- (5) Water tanks, boilers and bathroom improvements are budgeted for \$230,000 for Rainier Vista Phase I, NewHolly Phase II and Wedgewood Estates.
- (6) NewHolly Phase II has a budget for site improvements to expand the garbage statement, install bollards, trim trees, repair sidewalks and replacement fences.
- (7) NewHolly Phase II and Rainier Vista Phase I have flooring replacement budgets totaling \$50,000.

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- (8) NewHolly Phase II and Rainier Vista Phase I have a total appliance allowance of \$40,000.
  - (9) NewHolly Phase II and NewHolly Phase III have a smoke and carbon monoxide detector replacement budget totaling \$40,000.

If funds are available after the above projects then Montridge Arms is in line for exterior upgrades not to exceed \$600,000 and Market Terrace is in line for new decks on the north side not to exceed \$200,000.

In 2019, SHA proposes \$2.7 million for a long-term **Fleet** replacement plan; this is year-one of a two-year program to replace 126 vehicles with fuel-efficient or alternative fuel vehicles, as appropriate. Staff will also concentrate on right sizing the fleet and educating driving staff on multi-modal options in order to reduce the Agency's fleet needs further.

**Information Technology (IT)** capital projects are proposed at \$580,000 for 2019, a 29 percent decrease from 2018 and a slight increase from the average annual project funding of \$550,000 from 2010–2015. Please note that all of the IT Capital projects proposed in the 2019 budget process have been funded. The decrease above does not represent any programmatic cuts. SHA continues to invest in technological upgrades to improve process efficiency and promote cost savings. Ongoing projects include the completion of the Yardi upgrade; Phase II of the SSHP ACAM project updating data circuits and network equipment to support the security software update; and the fourth 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 for 2019 include configuration of Yardi's e-Learning tool for SHA in training staff on the upgraded Yardi system; creation of online Housing Choice Voucher forms; upgrade SHA's e-payment system to help resolve technical issues that have hampered efficient operation of the Inspyrus system; expand the Shoretel telephone system to all SHA sites; infrastructure upgrades and maintenance; equipment upgrades; and enhancement of digital communications data collection. As security is an ongoing and critical part of day-to-day operations, funds for information security are now a part of IT's operating budget.

### Opportunity Investments

As described previously in this document, these investments take advantage of the increases in federal spending limits for discretionary non-defense programs recently approved by Congress and allows SHA to make new, short-term investments that align with objectives in the agency's Strategic Plan. For more information about these investments, see the [Overview](#) section near the beginning of the Summary.

### Redevelopment Projects

The redevelopment projects decrease \$52.9 million from 2018 to 2019.

**Yesler Terrace projects** are \$42.7 million less than 2018. Red Cedar spending will stop in 2018 and Hinoki will replace it but at only \$10 million in 2019 compared to Red Cedar's expenditures of \$48.4 million in 2018. SHA will close the mixed finances on Hinoki in 2019 and construction will start shortly thereafter. Other infrastructure expenses include design of the private access road will join South Main Street, providing access to buildable lots in the southwest portion of Yesler Terrace. Additional infrastructure work is planned at Alder Street and 9<sup>th</sup> Avenue.

Further, SHA will provide the former King County Records building, with realigned power and utilities to all buildings on the site, to the non-profit developer who will build 125 units of low-income housing. Lastly, predevelopment planning such as architectural and engineering services, along with feasibility and environmental studies will start in 2019 for the sixth apartment building at Yesler Terrace. The project will create a building similar to Red Cedar and Hinoki, with approximately 125 units.

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**NewHolly I LP rehabilitation** will be completed in 2018. This represents a spending reduction of \$12.9 million.

**West Seattle Affordable Housing LP** will increase spending in 2019, partly due to an infusion of added capital to repair roof rot found at Longfellow Creek Apartments.

**Lam Bow Apartments** suffered from fire damage in late 2016; management will close a mixed finance transaction in 2019 after deciding on the preferred options for redevelopment that include replacing the fire-damaged units and adding new units, and rebuilding the 2<sup>nd</sup> Lam Bow building, which is not suitable for rehabilitation due to seismic retrofit requirements. A mixed finance transaction is planned for 2019 and will increase the net spending on Lam Bow in the Redevelopment section by \$2.5 million from 2018.

The **High Point Management Office at Upton Flats** will be completed and become the new location for the management offices in 2019. SHA intends to lease the adjacent retail space to a locally owned coffee shop to help anchor the new community as a gathering place. This is a spending reduction of \$600,000 for this project for 2019.

**Scattered Sites** rehabilitation and repositioning work will continue through 2020. The project is a mix of rehabilitating single-family houses and converting twenty-two properties to larger family units by increasing the number of bedrooms. The project has been delayed due to permitting setbacks and the availability of vacant units. This is a spending reduction from 2018 to 2019 of \$600,000.

For a full list of 2019 proposed Capital Budget and Redevelopment allocations, please see Attachment 1 to this Budget summary.

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## Estimated Revenues and Expenditures – Routine Operations and Services

The following programs make up the bulk of SHA’s operating budget: Moving To new Ways (MTW) Program operations (Public Housing, Housing Choice Vouchers, and Seattle Senior Housing Program), Community Services, JobLink, the Special Portfolio Program, and SHA Owned Tax Credit properties. Revenue and expenses for these programs are summarized below. The expenditure budgets for these programs total about 86 percent of SHA’s overall operating budget. The remaining operating budgets cover expenses in a number of smaller programs.

### Moving To new Ways (MTW) – General Fund

|  | <b>Proposed CY 2019<br/>Budget</b> |
|--|------------------------------------|
| <b>MTW Revenues</b>                                | \$215,405,000                      |
| <b>MTW Program Expenditures</b>                    |                                    |
| Low Income Public Housing                          | 29,260,000                         |
| Seattle Senior Housing Program                     | 5,845,000                          |
| MTW Direct Services to Communities                 | 9,635,000                          |
| Housing Choice Vouchers                            | 109,175,000                        |
| <b>Total Operating Expenditures</b>                | <b>\$153,915,000</b>               |
| Public Housing Capital/MTW Non-Routine Expense     | 13,775,000                         |
| Opportunity Investments                            | 24,380,000                         |
| <b>Total Operating and Capital</b>                 | <b>\$192,070,000</b>               |
| <b>MTW Block Grant Transfers to Other Programs</b> | <b>14,520,000</b>                  |
| <b>MTW Total Expenditures</b>                      | <b>\$206,590,000</b>               |
| <b>Net Contribution to Reserves</b>                | <b>\$8,815,000</b>                 |

Table 3: MTW General Fund

The MTW projected 2019 revenues of \$215.4 million shown in the table above includes SHA’s best estimates of the amount of federal MTW funds due in CY 2019 at a total of \$196.3 million for Housing Choice Vouchers (HCV), Low Income Public Housing (LIPH) and Seattle Senior Housing Program (SSHP) Operations, and Public Housing Capital programs. These three sources comprise the MTW Block Grant. Dwelling rental income at \$17.7 million represents 8 percent of MTW General Fund resources. In total, MTW General Fund revenues for existing programs are projected to grow by \$40.1 million or 27 percent compared to the initial CY 2018 budget. This significant increase is the result of an anticipated 50 percent increase of funding for the capital grant, applying a combined 2018/2019 renewal inflation factor of over 20 percent to the HCV MTW Block Grant funding amount, and a higher funding allocation for the LIPH Operating grant.

### Low Income Public Housing and Seattle Senior Housing Program

The Low Income Public Housing (LIPH) program accounts for the operations of over 5,000 units, excluding Seattle Senior Housing Program (SSHP) housing units. The two largest revenue sources for this program come from the MTW Block Grant and tenant rent. The homeWorks tax credit partnerships serve public housing residents almost exclusively, and these three partnerships are included as part of the LIPH program.

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SSHP is a part of the LIPH program and accounts for the operation of nearly 900 public housing units for the elderly and people with disabilities. The portfolio, developed in the early to mid-1980s using City of Seattle Housing Levy funds, was intended to be self-supporting, with all on-going operating and capital costs paid for by rent revenues. While SSHP remains largely self-supporting for annual operations, Public Housing Operating subsidy and Public Housing Capital Grant funds now support the portfolio's capital requirements.

### ***MTW Direct Services to Communities***

Direct Services to Communities refers to a category of costs and services in Seattle's Local Asset Management Plan (LAMP) that are direct-property services shared among communities and programs. The direct services are accounted for in the MTW General Fund and not allocated to individual properties. This category includes, but is not limited to, portions of the Housing Operations Director's Office, the LIPH Program Administrator's Office, the Office of Policy and Strategic Initiatives, Impact Property Management services for certain housing related costs, and IT direct and project costs for SHA's tenant information systems.

### ***Housing Choice Voucher Program***

For 2019, the MTW HCV program anticipates having authorization to provide Housing Choice Vouchers to 9,776 households. It is anticipated that average MTW Voucher utilization, which is calculated by dividing leased vouchers by authorized vouchers, will increase to 93% in 2019. This increase should be achievable through efforts to improve efficiencies in internal policies and procedures, ongoing internal and partnered research into leasing success and failure for voucher recipients, the effects of the market rate VPS increase, and more.

### ***Public Housing Capital / MTW Non-Routine Expense***

This category of spending increased in 2019 over 2018 by \$3.3 million or 27.5 percent, except for IT Capital, which decreased \$234,000 or 29 percent. The MTW Capital Grant award increased over \$6 million more in 2019 over 2018; representing the increase. The MTW Capital presentation has included Housing Choice vouchers funds in prior years, no contributions were made in 2019 because the 2019 grant was so large, and the Housing Choice voucher reduction makes the net increase at \$3.3 million. Portfolio expenditures, such as Low-Income Public Housing and Seattle Senior Housing, increased \$4.1 million.

Not shown in the 2019 Budget is the capital backlog from 2014 to 2018; it is not shown because those grants have been budgeted in previous years and to show those projects and sources again could be misunderstood as new current year, 2019, funds. Staff from Construction Operations and IPS will be working to eliminate the backlog in 2019 and 2020. IPS added 2.5 project staff for the two-year period to complete backlog projects and 4.0 project staff to support new 2019 capital projects. Construction Operations had a net increase of 1.0 FTE through a department reorganization.

### ***Opportunity Investments***

This line item is new for 2019. It represents major investments in both MTW and local housing programs using the increase in MTW block grant funding and SHA's single fund flexibility. For more detail on these investments, see the [Opportunity Investments](#) section of the Summary.

### ***Transfers to Other Programs***

Under SHA's MTW Agreement, the MTW Block Grant funds are treated as a single fund, giving the agency the flexibility to address pressing local housing needs and funding gaps in housing programs and



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opportunities serving low-income people. For SHA, use of single fund flexibility augments community services and supportive services to tenants; development of new low-income housing; capital preservation to extend the life and use of existing low-income housing; support of locally developed housing programs and portfolios; debt retirement to free funds for operating and capital needs to support low income housing programs and capital needs; alternative rent assistance programs designed to meet local needs; and partnership with other affordable housing developers and providers and non-profit agencies providing supportive services to low-income residents and voucher participants.

For 2019, SHA will transfer MTW Block Grant funds of \$14.5 million to address local community needs, representing close to 7.4 percent of the projected MTW block grant resources. The vast majority of transfers to other funds and uses are for services to public housing residents or voucher participants, such as, community and economic advancement supportive services (see description of activities provided below) to extremely low-income residents and participants, public housing subsidy for public housing units in tax credit partnerships, and planning and predevelopment for repositioning existing or developing new low-income housing. Block Grant funds help support the operations or capital needs of SHA's local housing programs or housing community amenities and such MTW activities as creating new ways to house the homeless population and providing economic advancement opportunities for residents and voucher participants.

### *Community Services*

The Community Service division plans, develops, seeks partnerships for, and oversees the provision of referrals, service coordination, and direct service to SHA's low-income residents and voucher participants. Services focus on health and mental health case management, advocacy services, and on youth tutoring, recreation, and educational opportunities. Community Services also operates SHA's Community Builder Program to involve residents in the life and betterment of their community, including resident involvement in development activities that affect them. Interpretation services are integral to the effectiveness of these programs. Community Services is largely funded from a planned 2019 transfer of \$4.6 million of MTW funds and augments its resources with public, private, and foundation grants.

### *JobLink*

The Economic Advancement program became formalized as JobLink within the Housing Operations department. JobLink integrates adult education and employment services into a unified program offering seamless support to residents and participants on their journey toward economic self-sufficiency. The group uses a career-coaching model as well as in-house employer brokers to ensure that participants have a single point of contact on whom they can rely during their time in the program. This program is supported by MTW funds as well as public, private, and foundation grants and has a budget of \$2.2 million for 2019.

JobLink administers the **Family Self-Sufficiency (FSS) Incentives** program. Research has shown that education, employment, and savings are the three primary pillars to helping households become more economically secure and stable. The updated FSS Incentives program aligns around these pillars as follows: Education Supports – Quarterly cash support payments for up to eight quarters of schooling for participants progressing through full-time training programs for in-demand occupations; Employment Supports – Cash support payments to participants who retain full-time employment for a predetermined period of time; and Asset Building Supports – Monthly escrow deposits for participants who retain new, full-time employment for at least five months (capped at \$5,000 or 25 months).

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### Contributions to Reserves

Contributions to reserves are for capital replacement reserves for homeWorks I, II and III and redevelopment activities.

### Other Major Programs

#### Special Portfolio

The Special Portfolio group manages about 670 units of local housing facilities and Section 8 project-based buildings. This program serves households with a range of incomes from 30 percent of area median income to market rate, with the vast majority of the units serving households under 50 percent of the area median income. Most of these units were acquired using debt financing; the properties need to generate sufficient income to cover debt payments, meet debt coverage ratios, and contribute to replacement reserves, in addition to meeting all other operating and capital expenses. Many of these properties were intended as replacement housing for redeveloped garden communities during the HOPE VI program and have land covenants that dedicate them to low-income housing use for 40 years. SHA refinanced many of the properties in the portfolio in late 2013 and early 2014 to fund capital improvements and to decrease debt payments.

|   | <b>Proposed CY 2019</b> |
|---|-------------------------|
| Revenue                                   | \$9,546,000             |
| Expenditures                              | 4,723,000               |
| <b>Net Operating Income</b>               | <b>\$4,823,000</b>      |
| Interest and Principal                    | 2,861,000               |
| Required and Other Reserves               | 224,000                 |
| <b>Total Other Expenses</b>               | <b>\$3,085,000</b>      |
| <b>Projected Surplus before Transfers</b> | <b>\$1,738,000</b>      |

Table 4: Special Portfolio

Close attention is paid to ensuring that properties in the Special Portfolio are funded to meet their debt obligations, to make their reserve requirement contributions, and to address critical non-routine capital needs that arise in the course of the year.

#### Low Income Housing – SHA Tax Credits

The SHA Tax Credit properties represented in the following table were formerly Limited Partnership and consist of 912 units of which 548 or 60% are Public Housing units serving residents with income at 30% or below of Area Median Income. The remaining 364 units or 40% are affordable tax credit units serving residents with a maximum of 60% Area Median Income. Over the past three years, a net six communities have exited Tax Credit Limited Partnerships and returned to SHA. Many of these properties are grouped together for financing purposes in order to fund capital improvements and generate sufficient income to cover debt payments and meet debt coverage ratio requirements and contribute to replacement reserves. The most recent property to join this group is High Point North.

|                   | <b>Proposed CY 2019</b> |
|-------------------|-------------------------|
| Revenue           | \$8,376,000             |
| Expenditures      | 8,079,000               |
| <b>Net Income</b> | <b>\$297,000</b>        |

*Table 5: Low Income Housing SHA Tax Credit*

***Low Income Housing Tax Credit Limited Partnerships***

By the end of 2018, SHA plans to have exited two limited partnerships and close on a new tax credit limited partnership. SHA anticipates that High Point North and the Ritz Apartments will be 100% SHA owned by the end of 2018 or early 2019. SHA is in negotiations with the limited partners for these partnerships. SHA is optimistic that the negotiations and the transfer of ownership will be completed in the fall of 2018. A new partnership, Hinoki, is scheduled to close mid-2019. In total, SHA will manage sixteen tax-credit partnership properties in 2019. There will be 3,598 units in the tax credit partnerships, 61 percent of which are public housing units affordable to households with incomes below 30 percent of area median income. Residents of tax credit units live in units not supported by subsidy and typically have incomes between 50 and 60 percent of the area median income.

|  | <b>Proposed CY 2019</b> |
|--|-------------------------|
| Revenue  | \$32,238,000            |
| Expenditures   | 27,432,000              |
| <b>Funds for Principal Payments, Reserves, and Other Obligations</b> | <b>\$4,806,000</b>      |

*Table 6: Low Income Housing Tax Credit Partnerships*

The MTW Block Grant subsidy for the public housing units in tax credit partnerships is \$7.8 million for the three homeWorks high-rise partnerships and \$696,000 for the HOPE VI Limited Partnerships. Total limited partnership activity is shown in the table above. The above table includes the new Red Cedar LLLP and excludes both the High Point North and the Ritz Apartments. The Hinoki limited partnership will be under construction in 2019 and is not included in the above table.

The homeWorks high-rise partnership budgets are included above and are shown in the MTW General Fund Budget. The budgets for the partnerships reflected in Table 6 are preliminary and subject to approval by each limited partnership.

## CY 2019 Capital and Non-Routine Budget

The table below presents the proposed sources and uses of funds for the 2019 Capital and Non-Routine Budget.

| Sources  | Proposed CY 2019     | Uses   | Proposed CY 2019    |
|--|----------------------|--|---------------------|
| MTW Capital and RHF Block Grant  | \$15,695,000         | Low Income Public Housing Asset Preservation                                     | \$8,751,000         |
|  |                      | Seattle Senior Housing Program Asset Preservation                                | 5,366,000           |
| Other MTW  | 580,000              | IT Capital Projects  | 580,000             |
| Special Portfolio Reserves and Other Sources   | 276,000              | Special Portfolio Asset Preservation   | 1,550,000           |
| Opportunity Investments  | 24,375,000           | Opportunity Investments  | 24,375,000          |
| Limited Partnership Replacement Reserves   | 3,245,000            | Limited Partnership Asset Preservation   | 3,245,000           |
| Bond Proceeds for Pooled Refinance: Wedgewood Estates, Othello, Desdemona and other properties | 6,303,000            | Asset Preservation at Wedgewood Estates, Othello, Desdemona and other properties | 6,303,000           |
| Mixed Finance Sources for Hinoki   | 88,441,000           | Hinoki Development   | 10,000,000          |
| Mixed Finance Sources for Lam Bow  | 58,807,000           | Lam Bow Development  | 4,000,000           |
| Prior Year Mixed Financing Projects  | 14,029,000           | Prior Year Mixed Finance transactions  | 14,029,000          |
| Internal financing for Predevelopment  | 2,000,000            | Predevelopment projects  | 2,000,000           |
| Other MTW  | 1,172,000            | Scattered Sites rehabilitation and reposition                                    | 1,172,000           |
| For Sale Proceeds from Yesler Neighborhood   | 2,150,000            | King County Records site acquisition   | 150,000             |
|  |                      | Infrastructure at Yesler   | 2,000,000           |
| Other Reserves   | 276,000              | Misc. Non-routine  | 581,000             |
| <b>Total Sources</b>   | <b>\$217,349,000</b> | <b>Total Uses</b>  | <b>\$84,102,000</b> |

Table 7: Capital and Non-Routine Sources and Uses

### NOTES:

Capital sources include MTW funds, bond proceeds, tax credit equity, pooled refinancing proceeds, for sale proceeds, SHA replacement reserves, and local and state grant funds. The most significant sources in 2019 relate to the proposed mixed-finance transaction for Hinoki at Yesler Terrace.

SHA's MTW Block Grant funds the following properties or activities: Public Housing, Seattle Senior Housing, Management Improvements for IT, certain Special Portfolio properties and Long-Term Investments to Serve More People. Capital activities include major repair, refurbishment, and critical needs to preserve SHA's low-income public housing portfolios and properties. Low-Income Asset Preservation of \$10.3 million includes capital budgets for Low Income Public Housing of \$5.4 million; cost contingency and allowances for all MTW eligible communities of \$1.4 million; and administrative staff, benefits and associated costs of \$2.1 million.

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## Redevelopment Grants and Mixed-Financing

Yesler Terrace has many activities planned for 2019. Red Cedar's construction will be completed in the first quarter of 2019; it will have 119 apartment units in a mix of 1, 2, 3, and 4-bedrooms. Hinoki is the fifth new Yesler Terrace apartment building with a mixed finance close scheduled for late 2019; it is expected to have a similar size and financing package as Red Cedar. King County has negotiated the sale of the King County Records site that is within Yesler's Choice Neighborhood; Seattle Housing is negotiating with non-profit housing developers to construct low-income housing units on that site.

Infrastructure improvements planned at Yesler Terrace for 2019 include a private access road off South Main Street around to Washington Street to create buildable lots on Block 6, bordered by South Washington Street and 10<sup>th</sup> Avenue South and the streets roadway improvements along 9<sup>th</sup> Avenue and Alder Street. Construction of the private access road is expected to start in late 2019.

Predevelopment planning will continue in 2019 for Lam Bow Apartments.

## 2019 Capital Projects Listing

Attachment 1 following this page presents a list and brief descriptions of capital projects and development activities proposed for 2019.

## Attachment 1 – 2019 Capital Activities

### SHA 2019 Capital Projects - MTW Grant-Funded Activities

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#### Low Income Public Housing Projects

|                       |  |             |
|-----------------------|--|-------------|
| LIPH Scattered Sites  | Upgrade aging units; upgrade interiors of four agency units; upgrade building exteriors for siding; clean and paint; repair marblecrete stucco, including caulking and exterior wood trim; repair trip hazards; repair decks; repair front porches; and repair gutters and downspouts. Replace flooring. Upgrade building interiors to repair flood damage. Upgrade painting for interior common areas and building exteriors. Examine water intrusion to garage. Replace roofs. Update community sites with new wooden fences; improve gate and security; remove a walkway; repair decks; reposition the garbage pad and install gravel in driveway near building. Replace windows and a garage door. | \$1,938,000 |
| Cedarvale Village     | Replace exterior siding, clean and paint; replace windows and patio doors; replace galvanized pipes with new water lines; replace entry doors; upgrade fencing to perimeter; and replace lighting.   | 755,000     |
| Denise Hunt Townhomes | Upgrade exteriors.   | 80,000      |
| Denny Terrace         | Initiate planning for targeted upgrades to interiors and energy conservation systems.  | 60,000      |
| Holly Court           | Modernize elevator.  | 400,000     |
| Jackson Park Village  | Upgrade fencing and repair pavement throughout the property.   | 50,000      |
| Jefferson Terrace     | Replace smoke and carbon monoxide detectors.   | 15,000      |
| Olive Ridge           | Evaluate report from architect/engineering firm on building envelope and masonry condition.  | 7,000       |
| Tri-Court             | Replace flooring in entry way and upgrade interior and exterior lighting.  | 40,000      |
| Westwood Heights      | Replace water valves to units.   | 10,000      |
| HomeWorks I           | Initiate key card access system upgrades; paint common areas at Harvard Court; and replace ground fault circuit interrupter (GFCI) receptacles and remove and trim trees at International Terrace; and evaluate engineering report to repair environment and remediate mold at Beacon Tower. HomeWorks I expenditures of \$305,000 are included in the Opportunity Investments section below under HomeWorks Reserves of \$3 million.  |             |
| HomeWorks II          | Initiate key card access system upgrades; install shower and shower surrounds and seal both stairwell walls at Cedarvale House; update exterior lighting to LED at Cal-Mor Circle; upgrade exterior lighting at Queen Anne Heights; and replace ceiling ties at University West. HomeWorks II expenditures of \$341,000 are included in the Opportunity Investments section below under HomeWorks Reserves of \$3 million.   |             |

|   |   |                    |
|---|---|--------------------|
| HomeWorks III                                   | Initiate key card access system upgrades; replace generator at Ross Manor and University House; paint interior common areas at University House; replace shower walls, doors and pans at twenty units at Barton Place; coat exterior community room walls to remove efflorescence at Barton Place; install gate with key card access to parking lot at Ross Manor; paint common areas at Barton Place and University Place; replace ceiling tiles at University House; address deck condition at West Town View; seal stairwells at Center West; repair or replace corridor heating thermostats and heaters; replace shower pans at Jackson Park House; install new digital video recorder system at Stewart Manor; replace water shut-off valves at Ross Manor; install gravel on right-of-way along street at Barton Place; and close off boiler in laundry room and improve ventilation at Center West. HomeWorks III expenditures of \$846,000 are included in the Opportunity Investments section below under HomeWorks Reserves of \$3 million. |                    |
| HomeWorks                                       | Allowance for hazardous material abatement for all three phases. HomeWorks Allowance of \$100,000 is included in the Opportunity Investments section below under HomeWorks Reserves of \$3 million.   |                    |
| Key card upgrades Allowance                     | Initiate design and engineering for key card access system upgrades.  | 485,000            |
| <b>Public Housing Capital Projects Subtotal</b> |   | <b>\$3,840,000</b> |
| <b>Special Portfolio Projects</b>               |   |                    |
| 104th Street Townhomes                          | Upgrade kitchen and bath cabinets, mirrors and medicine cabinets in three units; repair siding and paint exterior; repair drainage; and repair asphalt paving in parking lots.  | \$70,000           |
| Bayview Tower                                   | Modernize elevator #2.  | 520,000            |
| Beacon House                                    | Reconfigure garbage pad, replace patio concrete on southwest side; seal and stripe parking lot; and replace common area furniture.  | 31,000             |
| Lake City Commons                               | Upgrade elevator.   | 200,000            |
| Main Street Apartments                          | Replace kitchen and bath cabinets, countertops and mirrors in two units; repair or replace hydronic systems in two units; replace flooring; and replace two two-piece bathtubs with one-piece surrounds.  | 17,000             |
| Main Street Place                               | Install security cameras at entry, in stairwell, outside and at the elevator landing; replace hallway flooring with vinyl and rubber surface; replace unit flooring with vinyl; and replace mailboxes; replace entry intercom system.   | 25,000             |
| Market Terrace                                  | Pressure wash and paint exterior; paint all hallways; replace appliances; replace south deck; replace bathtub and surrounds; upgrade interior and exterior lighting to LED bulbs; and repair trip hazards, resurface and restripe parking lot.  | 60,000             |

**2019 Capital Projects: MTW Grant-funded Activities**

|  |   |                    |
|--|---|--------------------|
| Mary Avenue Townhomes                                    | Upgrade or replace kitchen and bath cabinets, countertops and mirrors; repair or replace hydronic system in two units; replace flooring; and replace two two-piece bathtub units with one-piece surround. | 56,000             |
| Norman Street Townhomes                                  | Update interior space of one unit and evaluate engineering report on structural and superstructure issues.  | 35,000             |
| Rainier Avenue Apartment                                 | Evaluate engineering report on site and storm drainage issues.  | 7,000              |
| Spruce Street Townhomes                                  | Paint exterior of building.   | 45,000             |
| Telemark   | Replace wood fence on west side of building.  | 6,000              |
| Westwood Heights East                                    | Install cameras to doors lighting common area; improve lighting in common area; and replace hot water tanks in buildings A and B.   | 10,000             |
| Yesler Court   | Replace appliances; upgrade current mailboxes; replace flooring in two units; and upgrade interior and exterior lighting to LED bulbs.  | 12,000             |
| Interior Unit Upgrades Allowance                         | Upgrade unit interiors in certain Special Portfolio properties.   | \$180,000          |
| <b>Special Portfolio Subtotal</b>                        |   | <b>\$1,274,000</b> |
| <b>Contingency and MTW Eligible Community Allowances</b> |   |                    |
| MTW eligible communities                                 | Contingency funds for Unforeseen Urgent and Unbudgeted (UUU) project requirements.  | \$537,000          |
| Electrical Outlet Allowance                              | Replace electrical outlets with GFCI receptacles.   | 100,000            |
| 24/7 Ventilation Fans Allowance                          | Continue to replace unit ventilation fans with 24/7 fans to reduce moisture in units.   | 100,000            |
| Water Intrusion Specialist Allowance                     | Continue to investigate communities for water intrusion and other signs of wear and tear.   | 40,000             |
| MMRR: Flooring   | Allowance for flooring replacements performed by IPS for any eligible MTW community.  | 350,000            |
| MMRR: Hazardous Abatement                                | Allowance for hazardous materials abatement performed by IPS for any eligible MTW community.  | 240,000            |
| MMRR: Boilers  | Allowance for boiler replacements performed by IPS for any eligible MTW community.  | 25,000             |
| <b>Contingency Subtotal</b>                              |   | <b>\$1,392,000</b> |
| <b>Non-residential Facilities Projects</b>               |   |                    |
| Campus of Learners                                       | Repair parking lot.   | \$20,000           |
| Center Park Community Room                               | Install Heating, ventilation and air conditioning unit on roof, replace furnaces; replace kitchen cabinet; and repair wooden divider.   | 70,000             |
| Central Maintenance Facility                             | Build a cover for the garbage area.   | 10,000             |



**2019 Capital Projects: MTW Grant-funded Activities**

|  |  |                     |
|--|--|---------------------|
| Epstein Opportunity Center   | Paint interior common area.  | 5,000               |
| Parks  | Replace playground equipment at Shaffer Park at NewHolly and upgrade Central Park at Rainier Vista.  | 50,000              |
| Operations Support Center  | Improve access to second floor of building for future third party rental.  | 100,000             |
| South Operations Facility  | Build a conference room and repair roof.   | 50,000              |
| Fleet  | Start the first of a two-year fleet replacement program including right sizing the fleet and multi-modal education for staff. First year expenditure of \$2.7 million is including in Opportunity Investments below. |                     |
| <b>Non-residential Facilities Subtotal</b>                           |  | <b>\$305,000</b>    |
| <b>Administrative Costs</b>  |  |                     |
| Various  | Asset Management administration  | \$1,058,000         |
| Various  | Construction Operations administration   | \$280,000           |
| Various  | Finance & Administration   | 521,000             |
| Various  | Yesler Terrace redevelopment administration  | 208,000             |
| <b>Administrative Subtotal</b>                                       |  | <b>\$2,067,000</b>  |
| <b>Central Services Operating Cost Allocation</b>                    |  | <b>\$1,452,000</b>  |
| <b>Total 2019 MTW Block Grant Budget for LIPH and Local Programs</b> |  | <b>\$10,330,000</b> |
| <b>Seattle Senior Housing Program Projects</b>                       |  |                     |
| Bitter Lake Manor  | Repair roof and fence patio.   | \$38,000            |
| Blakeley Manor   | Repair sidewalk and remove or trim trees.  | 18,000              |
| Columbia Place   | Replace floor; paint interior common areas; repair fence; and repair decks.  | 107,000             |
| Daybreak   | Repairs allowance.   | 20,000              |
| Fort Lawton Place  | Prepare plans and permits for building exterior rehabilitate; upgrade elevator; and repair fences.   | 1,840,000           |
| Fremont Place  | Paint interior common areas; replace fence; and replace flooring.  | 45,000              |
| Gideon-Mathews Gardens   | Upgrade elevator; paint interior common areas; and replace mailboxes.  | 334,000             |
| Island View  | Repair or replace deck rails.  | 15,000              |
| Michaelson Manor   | Replace flooring.  | 30,000              |
| Nelson Manor   | Replace mailboxes.   | 10,000              |
| Olmsted Manor  | Upgrade elevator and replace roof.   | 485,000             |
| Phinney Terrace  | Replace flooring.  | 20,000              |
| Pinehurst Court Apartments   | Replace rooftop heating, ventilation and air conditioning unit.  | 40,000              |
| Primeau Place  | Replace roof; prepare plans and permits for rehabilitation of exterior building; repair siding as necessary; and replace gutters and downspouts.   | 460,000             |
| Ravenna School Apartments  | Upgrade elevator; replace window screens; replace mailboxes and replace common area lighting.  | 347,000             |

**2019 Capital Projects: MTW Grant-funded Activities**

|  |  |                     |
|--|--|---------------------|
| Reunion House  | Replace roof, revise, and enlarge garbage station.   | 132,000             |
| South Park Manor   | Upgrade elevator; study, design, draw and permit for exterior upgrade; paint interior common area; and reconfigure garbage station.  | 475,000             |
| Wildwood Glen  | Replace roof.  | 180,000             |
| Willis House   | Upgrade elevator and replace flooring.   | 310,000             |
| Air Handling Unit Allowance                                    | Phase I - replace roof top air handling units.   | 200,000             |
| Lighting Allowance   | Upgrade exterior security lighting.  | 100,000             |
| Parking Lot Allowance  | Repair and restripe parking lots.  | 40,000              |
| Signage Allowance  | Upgrade building signage and addresses   | 20,000              |
| <b>Seattle Senior Housing Program Projects</b>                 |  | <b>\$5,266,000</b>  |
| <b>Central Services Operating Cost Allocation</b>              |  | <b>\$100,000</b>    |
| <b>Total 2019 MTW Block Grant Budget for SSHP</b>              |  | <b>\$5,366,000</b>  |
| <b>Other MTW Funded Capital Projects</b>                       | Information Technology Capital Projects for 2019 include configuration of Yardi's e-Learning tool for SHA use; creation of online Housing Choice Voucher forms; upgrade SHA's e-payment system to resolve issues; expand the telephone system to all sites; infrastructure upgrades and maintenance; equipment upgrades; and enhancement of digital communications data collection | <b>\$580,000</b>    |
| <b>Total 2019 MTW Capital Budget before Major Investments</b>  |  | <b>\$16,276,000</b> |
| <b>Opportunity Investments</b>                                 |  |                     |
| Lam Bow Redevelopment  | Final gap financing contribution to fund redevelopment.  | 7,000,000           |
| Fleet  | Full funding for a two-year expenditure plan to upgrade 126 vehicles for fuel efficiency and effectiveness. The first year of expenditure is estimated at \$2.7 million.   | 5,400,000           |
| homeWorks Reserve  | Contribution to cover two years of planned expenditures. The 2019 expenditures listed above are budgeted at \$1.59 million.  | 3,000,000           |
| Buy-Up Program   | Buy-Up/High Opportunity Neighborhood investments.  | 1,600,000           |
| Planning   | Future development planning funds available when a project is ready to proceed to architectural, design and permitting.  | 1,000,000           |
| Yesler Terrace Services  | Kick-start Yesler Service Endowment with a matching funds contribution.  | 1,000,000           |
| Expand Right Sizing  | Expand the right-sizing program at Scattered Sites and NewHolly to increase the number of large families housed in these portfolios.   | 700,000             |
| Incentivize Landlords  | Incentivize landlords to participate in the Housing Choice Voucher program.  | 475,000             |
| Future Development Leverage                                    | Maintain unassigned funds for future development leverage from 2019 net income as projects in planning and predevelopment become active candidates for funding.  | 4,200,000           |
| <b>Major investments to Serve More People Program Projects</b> |  | <b>\$24,375,000</b> |
| <b>Total 2019 MTW Capital Budget</b>                           |  | <b>\$40,651,000</b> |

*Table 8: MTW Capital Expenses*

## SHA 2019 Capital Projects – Other Funds and Redevelopment Activities

| <b>Special Portfolio and Other Projects</b>          |  |                  |
|--|--|------------------|
| Alder Crest Apartments                               | Replace or repair cabinets and countertops, flooring and appliances.   | \$35,000         |
| Beacon House   | Prepare building and paint exterior.   | 35,000           |
| Fir Street Townhomes                                 | Replace siding and paint exterior.   | 45,000           |
| Lake City Commons                                    | Design and prepare for elevator upgrade.   | 40,000           |
| Ritz Apartments                                      | Replace flooring in three units; upgrade lighting near exits and in common areas.  | 12,000           |
| South Shore Court                                    | Replace cabinets; replace flooring; and replace appliances.  | 25,000           |
| Telemark Apartments                                  | Increase lighting in halls to a brighter, more energy efficient lighting system; and replace interior mailboxes.   | 30,000           |
| Villa Park   | Repair and replace playground pads; repair and replace fencing; and repair pedestrian gate.  | 42,000           |
| Westwood Heights East                                | Replace lighting in common area; install cameras at doors; and replace hot water tanks.  | 12,000           |
| <b>Special Portfolio and Other Projects Subtotal</b> |  | <b>\$276,000</b> |
| <b>Non-Federal Funds</b>                             |  |                  |
| Campus of Learners                                   | Upgrade building to Americans with Disabilities Act requirements.  | \$80,000         |
| Main Street Apartments                               | Replace cabinets in kitchens and baths in eleven units; replace bathtub and surround in eleven units; replace fire activated sprinkler heads; replace appliances; and replace mailboxes.   | 92,000           |
| Main Street Place                                    | Install security cameras at entry, stairwells, elevator landing and outside; replace hallway carpet with vinyl; replace unit flooring with vinyl; replace entry intercom system; replace appliances; upgrade interior and exterior lighting to LED bulbs; and replace elevator flooring.                   | 57,000           |
| Telemark Apartments                                  | Remove juniper tams and ground cover and replace building-access entry system.   | 20,000           |
| Yesler Court   | Upgrade interior and exterior lighting to LED bulbs; replace appliances; repair or replace mailboxes; and replace flooring in two units.   | 27,000           |
| <b>Total Non-Federal Funds Projects Subtotal</b>     |  | <b>\$276,000</b> |
| <b>CY 2019 Pooled Refinance Projects</b>             |  |                  |
| NewHolly II (Othello)                                | Reconfigure roofs, redirect down spouts and repair flashing for sixty units; replace fence; replace boilers and re-pipe; replace appliances; replace smoke and carbon monoxide detectors; repair sidewalks; install bollards and seal parking lot; replace flooring; and expand garbage station and fence. | \$858,000        |
| NewHolly III (Desdemona)                             | Upgrade unit interiors; clean siding, prepare siding for paint and paint; replace boilers and hydronic system tanks; and replace smoke and carbon monoxide detectors.  | 780,000          |

**2019 Capital Projects: Other Funds and Redevelopment Activity**

|   |   |                    |
|---|---|--------------------|
| Rainier Vista I (Escallonia)                            | Upgrade unit interiors; replace tubs; replace hot water tanks; replace stair flooring in Snoqualmie Building; and replace appliances. | 365,000            |
| Market Terrace  | If funds are available, replace decks on north side.  | 200,000            |
| Montridge Arms  | If funds are available, upgrade exterior.   | 600,000            |
| Wedgewood Estates                                       | Replace exterior envelope; repair and replace drainage and downspouts; upgrade electrical panels; and install bathroom fans.          | 3,500,000          |
| <b>Total CY 2019 Pooled Refinance Projects Subtotal</b> |   | <b>\$6,303,000</b> |

**CY 2019 Limited Partnership and HOPE VI Capital Projects**

|   |   |                     |
|---|---|---------------------|
| NewHolly I  | Upgrade interiors in 12 units, including paint, casework, heaters, and plumbing fixtures; replace fencing; replace appliances; replace smoke detectors; replace playing surface; replace boilers and hot water tanks; demolish and reframe unit; and repair and repave sidewalk and parking lots. | 617,000             |
| NewHolly III (Desdemona)                                      | Replace appliances and maintain trees.  | 60,000              |
| Rainier Vista I (Escallonia)                                  | Clean roof and vents.   | 25,000              |
| Rainier Vista II (Tamarack)                                   | Install key card access system at doors.  | \$30,000            |
| Lake City Court LP  | Resurface the playground area; upgrade the key card access system; and replace flooring.  | 65,000              |
| High Point North  | Replace heating system; replace flooring, appliances, fences and repair sidewalks.  | 329,000             |
| High Point South LP   | Replace heating systems; replace flooring; replace appliances; repair sidewalk; and replace shower surrounds.   | 209,000             |
| LIPH LP (homeWorks I)   | Upgrade elevator #2 at Beacon Tower and Capitol Park; paint common areas on each floor of Capitol Park; replace flooring at Ballard House; seal stairwell walls at Harvard Court; and install new digital or network video recorder systems at Beacon Tower and Capitol Park.                     | 730,000             |
| LIPH LP (homeWorks II)  | Replace roof at Lake City House; coat roof at Olympic West; reconfigure and renovate restroom at University West; paint interiors of common areas at Olympic West; continue upgrades to elevator and repave parking lot at Cal-Mor Circle.  | 580,000             |
| LIPH LP (homeWorks III)                                       | Upgrade two elevators at Ross Manor.  | 600,000             |
| <b>Total CY 2019 LP and HOPE VI Capital Projects Subtotal</b> |   | <b>\$3,245,000</b>  |
| <b>Total CY 2019 Other Funds Capital Budget</b>               |   | <b>\$10,100,000</b> |

**CY 2019 Redevelopment Projects**

|                                  |   |              |
|----------------------------------|---|--------------|
| Hinoki                           | First year of construction at Yesler Terrace's fifth new apartment building.  | \$10,000,000 |
| Red Cedar                        | Last year of construction at Yesler Terrace's fourth new apartments building. | 1,562,000    |
| Yesler Terrace – Apartment Bldg. | Predevelopment activities include architectural, engineering, and permitting. | 2,000,000    |

**2019 Capital Projects: Other Funds and Redevelopment Activity**

|   |  |                     |
|---|--|---------------------|
| Infrastructure at Yesler                            | Build a private access road west of South Main Street and connecting north to South Washington Street at Yesler Terrace Park.  | 2,000,000           |
| King County Records Bldg.                           | Modest costs associated with non-profit developer's development of the King County Records building into affordable housing units.   | 150,000             |
| West Seattle Affordable Housing LP                  | Second year of construction and redevelopment at three communities called the West Seattle Affordable Housing LP. New building envelopes at two properties and unit upgrades for most units in all three properties. | 12,467,000          |
| Scattered Sites                                     | Fourth year of rehabilitation and repositioning projects focusing on increasing the number of three, four and five bedroom units and rehabilitation of certain single-family units.                                  | 1,172,000           |
| Lam Bow Redevelopment                               | First year of construction at Lam Bow.   | 4,000,000           |
| <b>Total CY 2019 Redevelopment Capital Expenses</b> |  | <b>\$33,351,000</b> |
| <b>Total CY 2019 Non-MTW Capital Budget</b>         |  | <b>\$43,451,000</b> |
| <b>Total Overall CY 2019 Capital Expenditures</b>   |  | <b>\$84,102,000</b> |

*Table 9: Non-MTW Capital Expenses*