



Adopted Budget 2020



Art work at Yesler.



SEATTLE HOUSING AUTHORITY

2020 ADOPTED BUDGET

Presented to
SEATTLE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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SHA Board of Commissioners
2020 Adopted Budget

Dear Commissioners:

I am pleased to present to you the Seattle Housing Authority's (SHA) 2020 Adopted Budget. The 2020 Adopted Budget maintains service improvements and program initiatives undertaken in the 2019 Budget, and will enhance services, and make investments for the future. The budget anticipates a modest increase in federal Move to Work (MTW) revenues for 2020 based on the Bipartisan Budget Act of 2019 (the Act). After a month of discussions, Congress and the White House reached agreement on a two-year budget deal and the Act was introduced in Congress July 23, 2019 and signed into law by the President on August 2, 2019. The Act amended the final two years of the ten year federal Budget Control Act of 2011 and set the discretionary spending caps for 2020 and 2021, thus averting the "fiscal cliff" that would have required a ten percent reduction in the defense and non-defense discretionary federal budgets.

Overview – Key Budget Numbers

The Total Expense budget Adopted for 2020 equals **\$322.9 million**, compared to \$292.5 million in 2019. The 2020 Adopted Budget total is a net **10.4 percent greater** than the 2019 Adopted Budget. The adopted 2020 budget consists of two major parts—Operations and Capital—as follows:

\$ 227.3 M for Housing Programs, Services, and Rental Assistance—+9.1 percent over 2019:

This Operating Budget represents 70 percent of the total SHA 2020 Budget and is adopted to increase by 9.1 percent in 2020. Rental assistance payments (HAPs) will increase by 13.0 percent in 2020 over 2019 and by nearly 20 percent over 2018 actuals. These HAP increases are due to many factors, but the significant improvement in leasing success for voucher holders that accelerated in the 4th quarter of 2018 following an increase in the Market Rate Voucher Payment Standard (MR-VPS) is probably the dominant contributor to an MTW voucher utilization level expected to reach 97 percent by the end of 2019.

\$ 95.6 M for Capital Preservation and Redevelopment— +13.7 percent over 2019:

SHA's ongoing **Capital and Non-Routine Expenses** at \$20.2 million for 2020 show an overall budget decrease of \$6.2 million from 2019, or (23.4) percent. Approximately \$5 million of the reduction is due to completions of bond-financed work in 2019, so it is not a real reduction in ongoing resources. With the final demolition of public housing units at Yesler in 2020 and the conclusion of replacement housing funds from HUD, we expect the MTW Capital Grant funds to be \$1.0 million less than the 2019 Adopted Budget.

In 2019 we included a new category in the Capital Program of **Opportunity Investments** and funded mostly large one-time capital projects in the amount of \$24.4 million in 2019. We are able to continue this program in 2020 but at a reduced funding level of \$15.1 million, (38.1) percent, all devoted to capital project funding.

Redevelopment adopted activities anticipate an increase from 2019 to 2020 of 80.8 percent, from \$33.4 to \$60.3 million. Since major capital projects are years in the planning and execution, the wide swings we have experienced over the past two years are to be expected – from year-to-year expenditures reflect project spending in various stages of development, from concept planning to predevelopment and design, to construction (average of 18-20 months), to beginning of lease-up. A later section of this letter discusses the major projects that will be underway in 2020.

If approved, the adopted SHA staff capacity, including capital and grant-funded positions, will total 609.9 full-time equivalents (FTEs) in 2020, **an increase of 15.74 FTEs** compared to **594.17 FTEs** in the 2019 Budget. Of the 15.74 new FTEs, 12.8 are ongoing positions.

2020 Budget Context, Outlook, and Strategy

2020 Federal Budget: SHA closely tracks the federal budget process and works with other organizations to educate our Congress people on resource and legislative issues of greatest concern to the low-income people we serve. As HUD provides approximately 70 percent of SHA operating budget funds through our MTW block grant, we have a keen interest in the President’s annual budget proposal and in Congressional appropriations. We have prepared the 2020 Adopted Budget, as we do annually, using the best available information to forecast our revenues and expenditures for the ensuing year. Accordingly, we base our forecasts on experience and current observations, on actions of Congress to date, and on current economic forecasts for the U.S., the State, and the Puget Sound region.

On August 2, 2019, the President signed into law the Bipartisan Budget Act of 2019. Passed by Congress, the Act stipulates the spending ceilings for non-discretionary defense and non-defense agencies for 2020 and 2021; extends the sequestration of certain mandatory spending programs, including Medicare, through 2029; and, suspends the federal debt limit until August 1, 2021. For discretionary budget spending, the Act amends the Budget Control Act of 2011 (BCA) and sets revised caps for 2020 and 2021 for defense at \$666.5 billion and \$671.5 billion and for non-defense agencies at \$621.5 billion and \$626.5 billion for 2020 and 2021, respectively.

All who rely on federal non-defense discretionary funds, sighed with relief when Congress passed and the President signed the Bipartisan Budget Act of 2019. We now know the macro spending cap for 2020 discretionary non-defense programs will be a 4.1 percent increase over the 2019 cap. Until Congress enacts appropriations bills, however, we will not know how that macro level increase across the government will be distributed among federal departments or their programs. While we expect Congress may require a Continuing Resolution to complete their work, we are optimistic that a federal budget will be passed and signed without a shutdown and before the end of 2019. At that point, we will know what the appropriations are for HUD programs, but we will still have to await HUD’s allocation process for 2020 distribution of funds to individual Housing Authorities.

Economic Outlook: Our assessment of forecasts for the regional and State economies is very similar to last year – namely, we continue to perform well with ongoing, but slower, growth in employment and personal income; with stable inflation, growing modestly; and, with unemployment rates hovering in the low 4.0 percent’s with expectation to trend to the historic average of 4.5 percent. The Puget Sound Economic Forecaster concluded:

“... So the data that go into our forecasting model have been holding up nicely ... surrounded by worrisome possibilities. The fact that the data have been holding up means our forecast remains relatively positive for the next few year.”

What worries economists are policy-driven consideration – what will happen with trade negotiations and tariff escalations between the U.S. and China; will there be a hard landing with a Brexit without any agreement that sows economic uncertainty in Britain and Europe; will international tensions between the U.S. and Iran and/or North Korea escalate; or, will the national economy slow faster than expected. The effects these unknowns on consumer confidence, business investment, and employment could dramatically shift a modest growth forecast. Similar to our conclusion last year, only time will tell, but based on the data economists can track and the performance of key indicators over time, for the near term there is a reasonable consensus among forecasters that a stable but slow growth economy in most sectors will continue.

Strategic Approach to SHA’s 2020 Budget: In preparing the annual budget we try to err on the side of being conservative, but moderately so. We have a large, ongoing set of obligations for our basic mission of providing housing to low-income people, and those obligations vary only at the margins from year-to-year. Accordingly, there are two important principles embedded in our approach: continuity and predictability. Continuity and predictability of service are important to our tenants, as well as to our employees. Moreover, reliability for our partners is a central mutual tenet. These principles mean massive or sudden major adverse changes in our service budget are best avoided. Consequently, we are continually balancing our immediate needs on behalf of those we serve with unexpected changes in costs or revenues; at the same time, we are working to protect against adverse shifts in the future. These thoughts are embedded in our strategic approach to the budget.

To help us guard against an adverse change in federal fiscal policy, we are relying on three intentional actions that continue to give us future flexibility should federal funding in 2021 be reduced:

- (1) We deploy a significant share of funds each year to one-time expenditures; this leads to more funds used for capital investments that are by nature one-time expenditures;
- (2) We are looking to undertake new initiatives with project positions wherever appropriate. These positions have a fixed duration of one to three years. While we continue to make cost-effective use of project positions, the current tight labor market affects our competitive position in hiring which has led to fewer opportunities to use term limited positions.
- (3) We are investing in actions where one-time spending now will lead to lower ongoing future costs and more cost-effective outcomes. The investments we have made in data driven decision-making – through technology, data sharing agreement, and evidence-based program and service choices are examples.

SHA has also embedded process improvement applications for continual review and focus on changes in work processes that reduce unnecessary steps and make our processes more effective and efficient. In the long term, we expect this type of activity to grow and both improve our services and conserve resources.

Major Initiatives SHA’s 2020 budget proposal continues the momentum of Yesler Redevelopment and SHA’s multi-year commitment to implement program initiatives which use the best data and practices to design offerings that can make a difference in the lives of SHA residents and participants. Featured below are a few of these initiatives, following an update on Yesler Redevelopment progress and other development initiatives expected in 2020.

Yesler 2020 -- Inviting Connections: Together with residents, surrounding neighbors and businesses, city officials, key partners, and Seattle citizens, SHA shaped a vision for Yesler that goes beyond a plan for new buildings. Yesler is transforming into a model, mixed-income community where people support each other, there is a focus on academic and social success of children and youth, economic advancement for working adults, programs to improve health for seniors and people of all ages, and the development of networks that cultivate social cohesion and community connections. More than halfway complete, the residential buildings, parks, pedestrian thoroughways, public art and other community spaces provide intentional settings for small and large gatherings. A host of partnerships bring Yesler to life with programs and activities where residents come together to learn, exercise, prepare meals, share parenting, celebrate and exchange a diversity of cultural traditions. Yesler is being reborn as a vibrant community where neighbor means residents and non-residents alike, and everyone is invited to make a Yesler connection.

In 2020, Yesler Redevelopment continues with resident relocation, education, health, and workforce development programs, as well as infrastructure, community facility, and rental housing construction. Here is what to expect in 2020 for housing and public infrastructure development:

- Initiate construction of Hinoki -- expected to begin in late 2019 and be completed in late 2021.
- Complete predevelopment and prepare for closing on the financing package for Sawara in late 2020; commence with construction of the 24-month project in early 2021.
- Perform abatement and demolish existing Yesler buildings in Blocks 7 and 8, adjacent to Alder Street and 9th Avenue. All Yesler demolition for SHA replacement residential buildings will be completed in 2020.
- Initiate predevelopment work on Juniper, Yesler's seventh new apartment building, in 2020.

Lam Bow Rebuilding and Expansion: Construction of the new, single 80-unit Lam Bow apartment building will begin in early 2020. The 4-story wood-framed building will be a mix of 1, 2, and 3 bedroom affordable housing units with a central courtyard and 80 off-street parking stalls. The 18-month construction project, scheduled for completion in the third quarter of 2021, will replace two buildings located on the property, a 21-unit building damaged by fire and demolished in 2016, and a second existing 30-unit occupied building. Due to code requirements, SHA elected to build a single new replacement building, as rehabilitation of the remaining existing building was not cost effective. This new, single building design will beneficially add 29 apartment units to the original property unit count.

For Sale Properties (non-Yesler): The majority of the development properties outside of Yesler are under contract with private or non-profit development partners. The final private sector buildings at Rainier Vista and High Point are under construction with completion expected in 2021. The four sites on the corner of Othello and Martin Luther King Jr Way South are under contract by three separate groups as part of the Othello Station development. Two sites are under contract with HomeSight, one site closes in late 2019 with plans to construct affordable for-sale units, and plans for the second site call for 195 market and affordable rental units and commercial space that is scheduled to close once funding is secured in late 2021. The third and fourth Othello sites are under contract with Spectrum Development Solutions and Washington Charter School Development. Spectrum will close in late 2019 and will construct a mixed-use building with the Odessa Brown Children's Clinic and 176 market and affordable rental units. Washington Charter School Development anticipates closing in early 2020 to construct a new charter high school.

New Acquisitions Program: In late 2018, the Board approved resolutions approving and implementing a new two-year Acquisitions Program to serve more people and help achieve SHA's strategic objectives to expand housing opportunities by creating more affordable housing, as well as diversifying housing choice, and to promote quality communities by preserving and promoting high quality housing.

The goals over the two years are to acquire approximately 500 units of which 50% will serve households at or below 30% AMI with the remaining units serving households above 30% Area Median Income (AMI). Thus far, SHA has purchased four properties which meet a combination of the below criteria, adding 329 units to its inventory, with 260 units serving extremely low-income households and 69 units serving low-income household at 60-80 percent of AMI.

Acquisition Criteria

- 1) Will the acquisition allow SHA to serve more low-income households?
- 2) Does the acquisition maintain the financial strength of the agency?
- 3) Will the acquisition preserve affordable units?
- 4) Does the acquisition increase SHA's inventory of units in opportunity neighborhoods?
- 5) Does the acquisition add large family units to SHA's inventory?
- 6) Does the acquisition add units to SHA's inventory at a lower cost than new development?

Currently, SHA is considering two additional properties with approximately 170 units, all of which would serve low-income households under 80 percent AMI.

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 collaborated with local service providers to deliver residents a range of supportive services, such as case management, counseling, and mental and behavioral health services, that will assist them in maintaining stable housing and avoiding behaviors that could lead to eviction. These partnerships will continue. SHA can already point to successes in eviction prevention; having reduced the number of evictions from less than one percent of households in SHA owned and managed properties in 2017 to less than one-half of one percent in 2018.

In 2020, SHA will continue to examine policies and procedures, and will implement changes that promote housing stability in order to build on SHA's success in eviction prevention efforts.

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 and trainers that can provide valuable assistance to SHA staff and providers.

JobLink: 2020 will be the third 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, including those already employed and looking for advancement.

In the first half of 2019, enrollment stood at 92 percent of JobLink’s total capacity (731 enrollments out of 760 available), and JobLink is on track to hit its target of 250 job placements in 2019. Its Section 3 Pathways trainee pilot, which hires JobLink resident enrollees into trainee SHA property maintenance and administration positions, has helped SHA develop a pipeline of candidates for its highest-turnover, entry-level Housing Operations positions. The program has already been successful for both participants and SHA, as several trainees who completed the program were subsequently employed by SHA or by outside employers.

In 2020, JobLink estimates the program will serve 700 to 1,000 SHA residents and voucher participants. JobLink will build from lessons learned managing large caseloads (80 clients per Career Coach) to refine services and support to residents. JobLink will focus on particular residents groups in need of extra attention, including foster youth, older adults (55+), and men. JobLink will utilize grant funding in order to provide a new tuition support option for its enrollees in community colleges in high demand occupational areas. And, the Section 3 Pathways trainee pilot will expand to include new trainees in Housing Choice Voucher Department (HCV) for positions in customer service and to provide more trainee positions in Housing Operations.

Health Services: Following successful processes and pilots in recent years, SHA will leverage on-going external funding for valuable health and housing stability services. In 2020, SHA will be using its health services pilot funding to leverage City and other investments to create dedicated staffing to respond to SHA referrals for seniors and adults with disabilities in HCV, Scattered Sites, and other SHA portfolios with limited services. Based on a successful pilot in 2019, the staffing would triage and connect residents to the right services, providing at least 80 participants access to critical health and stability services with a value of \$0.5 - \$1.0 million annually. The funding may also help to leverage other services, such as to help launch a second phase of intensive housing case management services ultimately funded through Medicaid’s Foundational Community Supports.

In addition, SHA plans to partner with King County Housing Authority (KCHA) as beneficiaries of a Housing Outreach Partners pilot sponsored by the King County Department of Community and Human Services (DCHS). The Housing Outreach Partners pilot intends to demonstrate a switch in the model of behavioral healthcare so that treatment can come to the person, instead of the person having to travel to the treatment. This initial test of a model of outreach to individuals will serve unstably housed individuals in SHA and KCHA buildings. DCHS will select behavioral health agency partners to launch behavioral health and medical outreach teams for the Housing Outreach Partner pilot.

These teams will engage SHA and KCHA’s residents to provide limited acute response to residents and assertive outreach, engagement, stabilization, and linkage to care for residents. The objective of the pilot is to decrease the number of residents who have need for behavioral health and/or healthcare, who are either not in treatment or enrolled but not in regular contact. Enrollment in these services may improve housing stability, functioning, and quality of life for individuals served; decrease disruptive building problems; and reduce lost occupancy that sometimes results from challenging behaviors.

Creating Moves to Opportunity: SHA -- in collaboration with KCHA and leading academics and researchers from Opportunity Insights at Harvard University, Massachusetts Institute of Technology's Abdul Latif Jameel Poverty Action Lab (JPAL), Johns Hopkins University, and MDRC -- continues implementation of the Creating Moves to Opportunity (CMTO) pilot during 2020. CMTO is a two-phase project to develop and test strategies to increase geographic choice and access to opportunity areas for low-income families with children participating in the Housing Choice Voucher program. Families assigned to the CMTO services group have access to a number of services including in-person opportunity neighborhood education, marketability coaching, housing search assistance, unit tours, and expedited leasing.

Early results from Phase I of CMTO, which enrolled 238 families, provided promising new evidence on how public housing authorities can support families' housing choice, and make a real impact on children's long-term educational and economic outcomes. Phase I results indicated that 54 percent of families who received a housing voucher coupled with CMTO services chose to move to high opportunity neighborhoods in Seattle and King County compared to 14 percent of families receiving a housing voucher and standard services. The Phase I CMTO results are generating national interest on how affordable housing policies and programs can best serve families' long-term success.

In the second half of 2019, SHA launched Phase II of CMTO, which will run through the end of 2020 with the goal of enrolling 300 additional families. Phase II will use Phase I results to refine the support interventions that have the greatest impact in helping families successfully move to areas of higher opportunity. Phase II will use multiple treatment groupings of enrolled families to understand which interventions are most essential, cost effective, and scalable. CMTO is designed to increase access while maintaining autonomy and choice for families. SHA and third party evaluators of CMTO are tracking and analyzing a variety of information to understand its equity impacts.

Youth Education and Development: Since 2010, SHA has been deepening its commitment to youth development and educational excellence, with the development, cultivation, and expansion of youth and education-focused partnerships. SHA's increased commitment is backed by investments in partnerships and internal positions that align our goals, programming, and interventions. In 2020, SHA is adding the Youth Engagement Specialist role to Yesler and High Point and scaling its work to focus on the social and emotional learning needs of adolescents, which in turn supports families, communities, and schools. There are nearly 800 adolescents living in SHA's garden communities; they act as role models for siblings and neighbors. By providing and promoting pro-social behaviors, youth become successful students and leaders. Young adults, up to age 24, will also benefit from supports to develop leadership experience and employment skills.

Agency-wide learning has benefitted SHA's education goals as well. The Education Engagement Specialist role is being expanded in 2020; the original pilot model at Yesler will remain but will evolve at Rainier Vista, NewHolly, High Point, and Jackson Park to deliver case management supports and specialized programming to high school students, recent graduates, and teens working towards their High School Equivalency Certificate or General Education Development (GED). This deeper focus on high school graduation as well as college and career readiness is supported by two AmeriCorps volunteers thereby allowing the Education Engagement Specialists to spread their support across wide geographic regions.

SHA's investment in Education and Youth Development staffing is complemented by a continued deep partnership with Seattle Public Schools and numerous contracted providers. These aligned resources echo the Seattle Public Schools' strategy of multi-tiered systems of support that hinge upon providing a spectrum of universal, high-quality supports, and targeted intensive interventions. Equipped with data, staffing,

programming, and partnerships that span the region, the Education and Youth Development Manager will lead the implementation of this strategy.

Conclusion

In important ways, the 2020 Budget reflects a maturity of choices backed by intentional learning, pilot efforts to test program effectiveness, and a culture that has embraced the use of data, research and evaluation to guide our actions to design and execute policies and programs to advance SHA's 2016–2020 Strategic Plan objectives and to underpin our commitment to actualizing SHA's mission and values:

Mission — To enhance the Seattle community by creating and sustaining decent, safe, and affordable living environments that foster stability and increase self-sufficiency for people with low incomes.

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

I am extremely proud of our residents and voucher holders who everyday act to enhance the welfare of their families and opportunities for their futures. It is an honor to support the efforts of those we serve and to continually enhance our capacity, sensitivity, and effectiveness in meeting our residents where it matters to them. I am grateful for the excellent and dedicated staff of SHA who embrace new learning opportunities, who everyday come to work to serve the interest of residents and voucher households, and who are committed to continuous improvement in our capacity to most effectively address the needs and support the aspirations of those we serve. And, I am deeply indebted to the support, guidance, and dedication of the Board of Commissioners. Thank you all.

Finally, it continues to be critically important for all of us to publically affirm our commitment to the core values of our work and who we are. Specifically, we affirm that “respect” means that we welcome all people and treat all people as equally deserving of opportunities to live and grow in our communities and to enjoy the freedoms and democratic principles of the U.S. Constitution. We do not tolerate discrimination based on race, age, national origin, ethnicity, sexual orientation, gender identification, or religion. The creation of our annual budget is an opportunity to ensure we are acting on these values that are fundamental to the mission of the Seattle Housing Authority.

I look forward to our upcoming discussions with the Board of the 2020 Adopted Budget. Thank you for your thoughtful consideration.

Sincerely,



Andrew J. Lofton

Executive Director
Seattle Housing Authority

cc: Cabinet Members

SEATTLE HOUSING AUTHORITY
2020 ADOPTED BUDGET

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SEATTLE HOUSING AUTHORITY CY 2020 ADOPTED BUDGET

INTRODUCTION

The Calendar Year (CY) 2020 Adopted Budget contains all of Seattle Housing Authority's Operating and Capital Budget sources and uses, including federal as well as local housing programs and enterprise activities for CY 2020. The Budget was prepared under the provisions and authorizations contained in the Authority's contractual agreement with the U.S. Department of Housing and Urban Development (HUD) and the Moving to Work (MTW) Program, which has been extended through 2028. The MTW program provides two critical sources of flexibility:

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

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

OVERVIEW OF THE 2020 SHA ADOPTED BUDGET

The 2020 Seattle Housing Authority (SHA) Adopted Budget has total expenditures of \$322.9 million, with the Program Operations and Administrative Budget at \$101.3 million; Housing Assistance Payments (HAP) at \$124.0 million; grants at \$1.9 million; the Capital Budget at \$20.2 million; Opportunity Investments at \$15.1 million; and the Redevelopment Budget at \$60.3 million. The total 2020 Adopted Budget is greater than the total 2019 Adopted Budget by \$30.4 million or 10.4 percent.

The total **operating side** of the 2020 SHA Adopted Budget—operations, HAPs, and grant support—is **\$227.3 million**, which represents **70.4 percent of the total Budget**, and reflects an **increase of 9.1 percent over 2019**.

The total adopted **Capital Program**—Capital Preservation, Non-Routine, Opportunity Investments, and Redevelopment Expenditures—is **\$95.6 million or 29.6 percent of the total Budget** and reflects an **increase of 13.7 percent over 2019**. The highest priorities in the Capital Preservation program in 2020 are the rehabilitation of Jefferson Terrace; the replacement of elevators at single elevator buildings; roof replacement/ repair; and painting projects. Capital and Non-Routine budgets are set to decrease overall due to expectations that the U.S. Department of Housing and Urban Development (HUD) capital grant, as well as transfers from other Moving to Work (MTW) sources, will be smaller than prior years and a significant decrease in pooled refinancing activity.

Opportunity Investment projects total \$15.1 million in 2020. Opportunity Investments began in 2019 as a result of the incremental funding increase in the 2018 – 2019 Congressional Bipartisan Budget Act. SHA expects to be able to make additional investments in the 2020 Budget, though at a lower level than 2019. The 2020 investments include the following: \$8.0 million to improve the financial feasibility of the Jefferson Terrace rehabilitation project; \$4.1 million to the “Future Building Fund” to undertake planning, concept design, site studies, and financial feasibility assessments for future preservation and development projects; \$2.0 million to fund Yesler infrastructure construction of an access road and roadway improvements; \$1.0 million of transitional bridge funding for continuation of Yesler services until the Yesler Services Endowment is established and generating sufficient interest to maintain health, education, employment, and community services for SHA’s Yesler residents.

The **Redevelopment Budget** for 2020 totals \$60.3 million, an increase of \$26.9 million or 80.8 percent over 2019. Yesler construction activities increase in 2020 as Hinoki will begin construction early 2020 with Sawara and Juniper, SHA’s next two Yesler redevelopment projects, in design and predevelopment throughout 2020. Yesler infrastructure work in 2020 decreased \$2.0 million over 2019; other infrastructure expense budgets are in Opportunity Investments. In 2020, two other major projects will be underway: redevelopment of the Lam Bow Apartments and the rehabilitation of Jefferson Terrace. These two projects represent a combined increase of \$15.7 million in development in 2020.

	CY 2019 Budget	CY 2020 Adopted Budget	Percent Change
Program Operations and Administrative Expenses	\$95,655,000	\$101,345,000	5.9%
Housing Assistance Payments (HAP)	109,795,000	124,015,000	13.0%
Grant-Funded Expenses	2,930,000	1,947,000	(33.5)%
Capital & Non-Routine Expenses	26,380,000	20,210,000	(23.4)%
Opportunity Investments	24,380,000	15,100,000	(38.1)%
Redevelopment	33,350,000	60,290,000	80.8%
Total Expenses	\$292,490,000	\$322,907,000	10.4%

Table 1: Overview of 2020 SHA Budget

SHA’s staff capacity, including capital- and grant-funded positions, will increase by 15.7 FTEs from 2019, with SHA’s full-time equivalent (FTE¹) level in 2020 at **609.9** compared to **594.2** in the 2019 Budget. Please see the Department Budget section of this document for more detail on FTE changes.

Program Element	FTE’s CY 2019	Adopted FTE’s CY 2020	Change 2019 to 2020
Housing Operations	364.7	376.1	11.4
Housing Finance and Asset Management	37.3	39.3	2.0
Housing Choice Voucher Program	67.5	69.0	1.5
Administrative Departments ²	124.7	125.6	0.9
Total	594.2	609.9	15.7

Table 2: Overview of 2020 SHA FTEs

¹ FTEs include all SHA full-time employees and part-time employees who receive benefits. It does not include Intern positions, On-call Back-Up Resident Managers, and temporary part-time or partial year employees who do not receive benefits. Project employees who are hired for the duration of a specific activity or project are included in the FTE total.

² “Administrative Departments” are Human Resources, Finance and Administration, Information Technology, Development, Executive, and the Office of Policy and Strategic Initiatives (OPSI).

Sources of Funds

The chart below provides a breakdown of SHA's main funding sources. The HUD MTW Block Grant continues to be the largest single source of SHA funds; these sources total \$196.5 million or 46 percent of total sources while non-MTW operating subsidy and service grants equals \$14.1 million or 3 percent of total sources. Non-MTW capital and redevelopment sources total \$158.2 million, 37 percent of total sources. Rental Income at \$38.0 million generates 9 percent of sources while all other income for 2020 is \$20.6 million or 5 percent. Compared to the total uses that appear in the section that follows, sources exceed uses by \$104.5 million, which will be used mainly for budgeted multi-year mixed finance redevelopment costs.

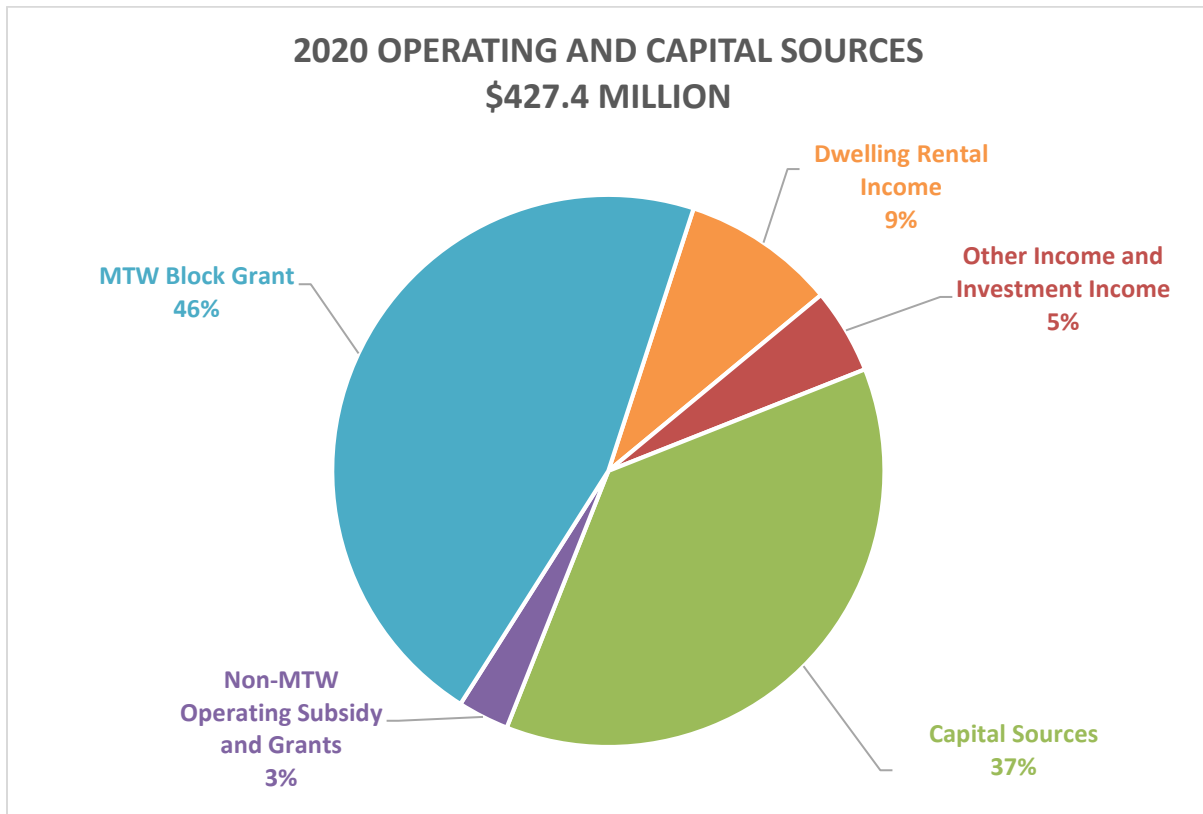


Figure 1: 2020 Operating and Capital Sources

Uses of Funds

The chart below displays SHA uses of funds by major category. At 38 percent of total uses and \$124.0 million, Housing Choice Vouchers and other Section 8 program payments continue to be SHA's largest program expenditure. Capital and redevelopment projects as well as Opportunity Investments total \$95.6 million or 30 percent. Program Operations and Administrative budget for Low Income Public Housing, the Seattle Senior Housing Program, Local Housing, and other operating and service grant programs totals \$103.3 million or 32 percent of uses.

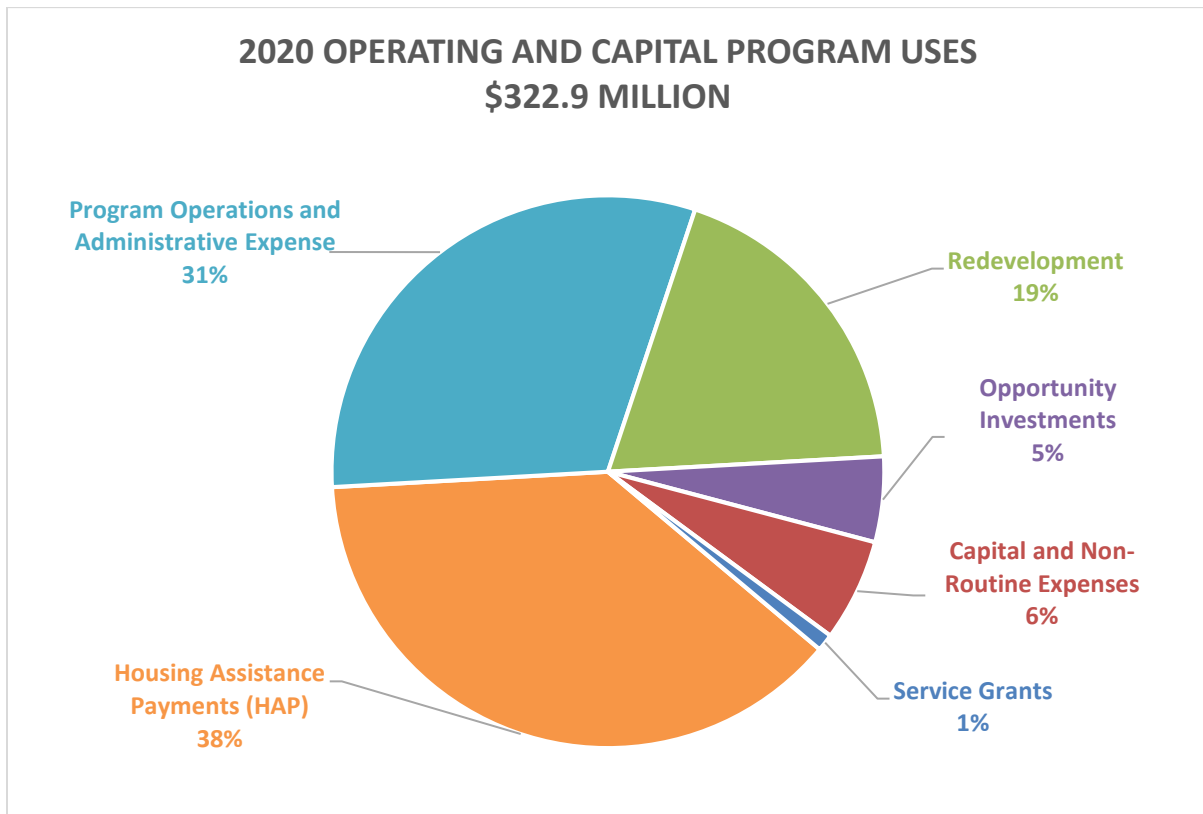


Figure 2: 2020 Operating and Capital Program Uses

HOW THE BUDGET IS PREPARED

The Budget Office begins developing the budget each year in early spring by preparing forecasts for revenues and expenses based on projections of federal funding actions; forecasts about the economy; and estimates of cost changes for major expense items.

At its annual Budget Retreat held in March, the Executive Director (ED) and Cabinet review the Budget Office's initial forecast of the coming year's revenues and the cost increases the agency is likely to face. This gives the Cabinet an initial look at how the cost of continuing to perform at current service levels for residents and participants compares to estimated revenues. This year, uncertainty over whether Congress would agree on changes to raise the spending caps for 2020 and 2021 above the sequestration levels in current law led the Budget Office to develop four funding scenarios for review by the ED and Cabinet during the March retreat: the first assumed a reversion to caps established by the Budget Control Act of 2011 (BCA) which would reduce total MTW funding by 10 percent from 2019; the second assumed a 5 percent reduction from the 2019 cap; the third, a flat funding scenario; and the fourth, an inflationary increase on 2019 caps.

The Chief Financial Officer and the Budget Office continuously monitor the forecast of federal revenues throughout the budget process to ensure that the Executive Director and Cabinet have the latest data to make their decisions about budget priorities for any particular year. No new information on a congressional budget deal to prevent a reversion to BCA caps was available when it became time for the Budget Office to prepare budget instructions and submission documents for the departments. As such, the Budget Office developed three different targets for each department to meet: the first was a 7 percent reduction from 2019 targets; the second was a status quo target, i.e. inflationary increases only; and the third, a target which included some room for supplemental add requests for proposed new activities or an extension expansion of existing programs.

The Bipartisan Budget Act of 2019 became law in August 2019. It simultaneously suspended the debt limit and increased the discretionary non-defense spending cap by 4.1 percent over 2019. As a result, the Budget Office included departments' supplemental add requests in its review of all submitted budgets.

Supplemental budget requests addressing one or more element of the following criteria received the strongest consideration:

- The proposal significantly furthers a strategic direction or strengthens one of SHA's seven organizational cornerstones from the Strategic Plan.
- The proposal demonstrates strong promise for serving more people.
- The proposal calls for a one-time purchase of a good, service, or product, which does not involve any added FTEs and is not subject to renewal. A project investment of up to two years with defined objectives that can be achieved in the proposed period (if FTE's are added, they are project positions that expire in one to two years).
- The proposal calls for a one-time temporary investment for completing a special project, eliminating backlog, assistance during peak workload, or other defined activity that entails the use of temporary or project positions with a time limit not to exceed two years. The proposal has defined objectives that can be achieved in the proposed time period of one to two years.
- The proposal includes an implementation timeline and milestones, clear measurable outcomes, and evaluation criteria.
- The proposal is part of planning and implementing strategic policy initiatives.

- The proposal responds to a new regulatory or legal requirement or is otherwise agreed to be mandatory.
- The proposal addresses a critical and urgent safety, security, welfare, and/or liability consideration.
- The proposal has commitments or strong prospects for leveraging grant or foundation matching sources, or other government funding.
- The proposal represents an innovative bold leap to further a long-term goal of SHA, especially where the investment is one-time and/or contingent on private matching funds.

Each year in the spring, the Budget Office creates an online survey for tenants, voucher holders, people on SHA waitlists, SHA employees, and the general public to gauge their thoughts on budget priorities for the coming year. The Budget Office and Cabinet incorporate some results of this survey in budget deliberations.

In 2020, 34 percent of the survey participants were either current SHA residents or Housing Choice Voucher holders. Fifteen percent were SHA employees, and through promotions by community blogs, 51 percent of survey responses were from the public. When asked to select their top three key objectives from among the nine which underpin SHA's Strategic Directions, "Create more affordable housing" was the top priority among all respondent groups. "Enhance senior and disabled living" was a second top priority for SHA residents and voucher holders, while "Preserve and promote high quality housing" was the second top priority among SHA employees and the general public, and ranked third for SHA residents and voucher holders. Lastly, "Connect people to opportunity" was the third top priority among SHA employees and the general public.

Survey participants were also asked to describe their sentiments regarding Seattle Housing Authority as an organization and their feelings about SHA properties in three to five words or phrases. The majority of respondents described SHA as helpful, a community, and provider of housing. However, they also found SHA to be bureaucratic and underfunded. When asked about SHA buildings and communities, many respondents noted that the properties were old, but they also thought SHA properties were safe, affordable, clean, and a community.

SHA published the Moving to Work (MTW) Proposed Annual Plan for 2020 and the CY 2020 SHA Proposed Budget Summary on August 30, 2019. The annual public hearing was held on September 16th. They are available online at www.seattlehousing.org for public review and were open for comment until September 30, 2019. The Executive Director presented the 2020 Proposed Budget Book to the Board of Commissioners for their review and action.

A resolution to adopt the 2020 Budget was presented to the Board of Commissioners at the September 16, 2019 Board meeting. Adoption of the CY 2020 Budget along with the 2020 MTW Annual Plan occurred at the Board meeting on October 14, 2019.

NAVIGATING THE BUDGET: WHAT'S IN THIS DOCUMENT?

The budget is presented in the following sections:

Responding to the Strategic Plan

In this section of the Budget Book, Seattle Housing Authority (SHA) presents the Strategic Directions and Organizational Cornerstones from the 2016–2020 Strategic Plan, which guides SHA's growth and development. This section highlights department work plans relevant to each of the Strategic Directions. For work plan highlights which pertain to the Organizational Cornerstones, please see the 2020 Budget Summary.

Department Budgets

This section contains departmental information on adopted CY 2020 expenditures and on changes in staffing levels from CY 2019 to CY 2020. Budgets for each department and major sub-divisions are presented, along with highlights of their 2020 work plans. Departments and groups which comprise SHA are Executive; the Office of Policy and Strategic Initiatives; Housing Finance and Asset Management; Development; Finance and Administrative Services; Information Technology; Housing Operations; Human Resources; and the Housing Choice Voucher Program. With the exception of the Leschi House Limited Partnership and homeWorks Phases I, II, and III Limited Partnerships, the department operating budgets exclude all limited partnership operating revenues and expenses, capital expenses, and unit count information. Preliminary budgets of all limited partnerships are presented in the last section of this Budget Book.

Capital Improvement Program

This section describes SHA's plans for redevelopment, rehabilitation, and asset preservation for SHA's housing portfolios and facilities. In 2020, redevelopment and rehabilitation activities continue in the Yesler neighborhood and Scattered Sites communities while expanding to Jefferson Terrace and Lam Bow Apartments. This section also includes more details about the Opportunity Investments SHA will make in 2020.

Grant Programs

SHA has consistently and successfully competed for grant funding from HUD, other public agencies, and private foundations to support resident services and programs. This section summarizes grants that are currently active and presents a table of grant-funded expenditures expected in CY 2020.

Limited Partnerships

The Low-Income Housing Tax Credit program is the principal source of funds for development of new low-income housing units and for major rehabilitation of existing units. Tax credit benefits to investors are exchanged for equity investment by private firms or syndications in partnership agreements with housing authorities. Limited Partnerships are formed to take advantage of federal law and Internal Revenue Service (IRS) regulations allowing the private parties to invest in affordable housing through the purchase of low-income housing in exchange for tax benefits. In all SHA's cases, SHA has been the developer, general partner, and managing agent for the limited partnership.

In 2020, SHA will serve as the General Partner and Managing Agent for seventeen Limited Partnerships (LPs) formed to invest in, own, and manage rental housing in mixed-income communities.

The partnerships have separate budgets that are approved by SHA as the General Partner and presented for final approval to the private investors who are the Limited Partners. The Limited Partnership section of the budget includes preliminary 2020 budgets for each of the sixteen tax credit partnerships that will be operational in 2020. The Hinoki Limited Liability Limited Partnership (LLLP) will close early 2020; this building will be under development in 2020 and as a result does not have an operating budget for 2020. Additional information about Hinoki is in the Capital Improvement Program section.

For accounting purposes, the Limited Partnerships are treated as “Component Units.” In total, the 2020 Operating Budget for the limited partnerships is \$30.2 million. Because the component units are separate legal entities, the majority of LP budgets are not included in SHA’s 2020 Adopted Budget figures, but they are presented in the Budget Book for informational purposes. The homeWorks Phase I, II, III Limited Partnerships and Leschi House LLLP are included in SHA’s Operating Budget due to their unique relationship with SHA.

Limited Partnerships in CY 2020

Alder Crest Apartments	Leschi House*
High Point South	NewHolly Phase I
Hinoki	Rainer Vista North East
Hoa Mai Gardens	Raven Terrace
homeWorks I*	Red Cedar
homeWorks II*	South Shore Apartments
homeWorks III*	Tamarack Place
Kebero Court	West Seattle Affordable Housing LLLP
Lake City Court	

* Operating Budgets for these partnerships are included in SHA’s Operating Budget due to their unique nature of operations.

RESPONDING IN 2020 TO THE STRATEGIC PLAN

In 2016, SHA adopted a new five-year Strategic Plan for 2016 – 2020, which defines SHA’s Strategic Directions and key Organizational Cornerstones. The plan affirms SHA’s mission and values, maintains core commitments, and maps the agency’s course to make a positive difference in the lives of families and individuals with low income, neighborhoods where SHA participants live, and the larger Seattle community. The plan outlines 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 2020 Adopted Budget responds to the Strategic Directions and Organizational Cornerstones embedded within the Strategic Plan. In the section that follows are highlights from the 2020 department work plans that correlate to the goals of these directions and a brief overview of cornerstones. In the cases where these highlights duplicate work plan items discussed in the relevant department section, they are edited for brevity with bookmarks provided for ease of navigation.

STRATEGIC DIRECTIONS

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

Expand Housing Opportunities – Key 2020 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 2020 to **Expand Housing Opportunities**.

- Continue the search to acquire additional units and convert multi-family voucher contracts to [tenant protection vouchers](#) at three newly acquired properties.
- Implement [right-sizing efforts](#) to rehouse 35 – 45 households into size appropriate units to create more vacancies in multi-bedroom units for larger families.
- Begin construction of the new 80-unit [Lam Bow apartment building](#) that will replace the existing 30-unit building and the 21-unit building demolished due to fire damage.
- Begin construction of [Hinoki](#) in early 2020 with anticipated completion of 139 affordable housing units in late 2021.
- Design and acquire permitting for [Sawara](#), a 110 affordable housing unit building, with a projected construction start of early 2021.

- Proceed with design for the [Jackson Park Village redevelopment](#) with a larger building to replace the existing aging housing with an increased number of units.
- Apply for new rental assistance vouchers: Mainstream and Veteran Affairs Supportive Housing (VASH) to increase [special purpose voucher](#) utilization in 2020
- Construct the final [private sector buildings](#) at Rainier Vista and High Point with completion expected in 2021.
- Expand existing housing search assistance for new and current Housing Choice Voucher (HCV) participants by collaborating with the Chamber of Commerce's [Housing Connector](#).
- Partner with City of Seattle's [Multifamily Property Tax Exemption \(MFTE\)](#) program to form early connections with property management and refer voucher shoppers to available units.
- Participate in collective activities to [shape federal low income and affordable housing policy](#) through partnerships with various nonprofits.
- Streamline [housing assistance for homeless](#) in partnership with City of Seattle, King County, King County Housing Authority (KCHA), non-profit housing providers, and local service providers.

Promote Quality Communities – Key 2020 Action Agenda Items

SHA invests in safe, quality housing and connects participants to communities, resources, and services 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 work on this strategic direction. Below are highlights of SHA's work plans for 2020 to **Promote Quality Communities**.

- Install and maintain [water and energy conservation](#) improvements for improved air quality, health, and cost effectiveness.
- Perform [unit upgrades](#) in older units with new appliances, cabinetry, flooring, bathroom fixtures, and painting.
- [Extend the life of housing assets](#) through roof replacements, elevator modernization, and fire panel replacements.
- Reposition approximately 250 units of Scattered Sites, pending approval of a [Section 18 Conversation](#) application, to convert to project-based vouchers.
- Close financing of [Jefferson Terrace](#) and commence work on a major rehabilitation of SHA's largest building with 299 units.
- Develop [Real Estate Assessment Center \(REAC\)](#) strategies to ensure properties receive passing REAC scores that determine the units are healthy and safe.
- Support the conversion of Mod Rehab vouchers to [Rental Assistance Demonstrate \(RAD\)](#) vouchers for 492 units across six properties through early 2020.
- Execute [Yesler Infrastructure projects](#), which includes new street improvements, hill stabilization, and an access drive.
- Centralize property [transfer waiting lists](#), which is currently under site-based management.
- Collaborate with [King County Department of Community and Health Services \(DCHS\)](#) in a pilot program to bring behavioral and medical staff teams to residents.

- Apply a consistent [commercial lease structure](#), guidelines, and leasing procedures for management of SHA’s commercial space in its housing communities.
- Identify challenges and develop alternative strategies to [support residents](#) who struggle to be successful in housing.

Improve Quality of Life – Key 2020 Action Agenda Items

SHA collaborates with communities to use housing as a platform to improve quality of life by enhancing health, supporting education and skill development, and other services to help people reach their full potential. Specific objectives under this strategic direction include enhancing senior and disabled living, economically empowering people through education and employment, and supporting youth achievement and academic success. Below are highlights of SHA’s work plans for 2020 to **Improve Quality of Life**.

- Implement recommendations from the [Community Builder Refresh study](#) and support resident councils in holding training for residents and improving council offices.
- Continue the [Volunteer Initiative](#) with additional AmeriCorps volunteers to engage Seattle Senior Housing Program residents in crafts and wellness activities.
- Explore resources from the [Medicaid Waiver](#) and implement services to address the physical, behavioral, and mental health needs of residents in Low Income Public Housing buildings.
- Create [sustainable social networks](#) in mixed income communities through engagement, programming, and leadership development.
- Expand JobLink’s [Section 3 Pathways trainee pilot](#), which hires JobLink participants into temporary trainee-level property management positions.
- Assess the [JobLink program](#) to determine best practices, areas that need improvement, and program recommendations; improve Housing Choice Voucher participant access to JobLink.
- Introduce a new, grant-funded [tuition assistance pilot](#) for low-income residents attending community college in majors leading to high demand jobs.
- Support SHA [communication efforts](#) regarding resident services and engagement, such as JobLink, the Seattle Public Schools partnership, and health-related work.
- Support [Creating Moves to Opportunity](#) through its second phase with additional vouchers and waitlist management for eligible families.
- Connect youth to [education services](#) such as preschool, kindergarten readiness programming, individual tutoring, career and college exploration, mentorship, and academic coaching.
- Provide voucher assistance to homeless families with children attending Bailey Gatzert Elementary School through the [Home from School](#) pilot.
- Collaborate with local service providers to deliver a range of [supportive services](#) to residents (e.g. case management, counseling, and mental and behavioral health services) that will help them maintain stable housing.

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. Actions to strengthen the cornerstones are reflected in the work plans of the lead or involved department and can be found in the Departments section of the Budget Book. The seven Organizational Cornerstones are listed and defined below.

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

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

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

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

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

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

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

DEPARTMENT BUDGETS

The table below shows total operating expenditures for departments as well as projected housing assistance payments. The CY 2020 operating expenditures (excluding service grants) of \$253.7 million represent an overall increase of 9.3 percent from 2019. Direct Operating expenses, before backing out internal service fees, increase by 6.0 percent; and Housing Assistance Payments (HAPs) are expected to increase 13.0 percent over the 2019 level.

SHA DEPARTMENT BUDGETS COMPARISON OF 2018 – 2020 OPERATIONS

Departments and/or Divisions Expenditures	CY 2018 Actual (000)	CY 2019 Adopted (000)	CY 2020 Adopted (000)	CY 2019 to CY 2020 % Change
Executive	\$2,947	\$3,383	\$3,533	4.4%
Policy and Strategic Initiatives	1,175	1,695	1,791	5.7%
Development	1,459	1,510	1,778	17.7%
Housing Finance and Asset Management				
Asset Management (AM)	1,429	1,393	1,130	(18.9)%
AM Commercial Facilities	669	710	760	7.0%
190 Queen Anne	1,917	2,123	1,985	(6.5)%
Finance and Administrative	13,148	14,333	14,438	0.7%
Information Technology	4,358	5,233	5,517	5.4%
Housing Operations				
Housing Operations Admin, Admissions & Inspections	3,069	3,584	4,037	12.6%
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	24,707	27,253	28,550	4.8%
Yesler, Baldwin, Ritz, and EOC	1,454	1,241	830	(33.1)%
Seattle Senior Housing Program	6,092	6,285	6,528	3.9%
Special Portfolio	3,969	4,213	6,262	48.6%
Impact Property Services Operations	15,003	16,092	16,352	1.6%
Impact Property Services Facilities	301	317	356	12.3%
Solid Waste and Fleet	3,575	3,804	4,141	8.9%
Community Services	3,947	4,799	5,528	15.2%
JobLink	1,601	2,173	2,301	5.9%
IPM, NH II & III, RV I, HPN, Parks & Campus of Learners	5,721	8,423	8,781	4.3%
Human Resources	2,378	2,843	3,074	8.1%
Housing Choice Vouchers	10,115	10,920	11,979	9.7%
DIRECT OPERATING	\$109,209	\$122,326	\$129,650	6.0%
Plus Housing Assistance Payments	\$102,182	\$109,794	\$124,015	13.0%
Less Internal Agency Fees	(25,178)	(26,670)	(28,304)	6.1%
TOTAL OPERATIONS	\$186,213	\$205,450	\$225,361	9.7%

Table 3: 2020 Department Budgets

As noted previously, the total adopted full-time equivalent staff positions (FTEs) for 2020 is 609.9, a 15.7 FTE increase from 2019. The comparison of FTEs in 2019 and 2020 by Department is presented in the table below. The change in the right hand column represents position additions, reductions, and/or

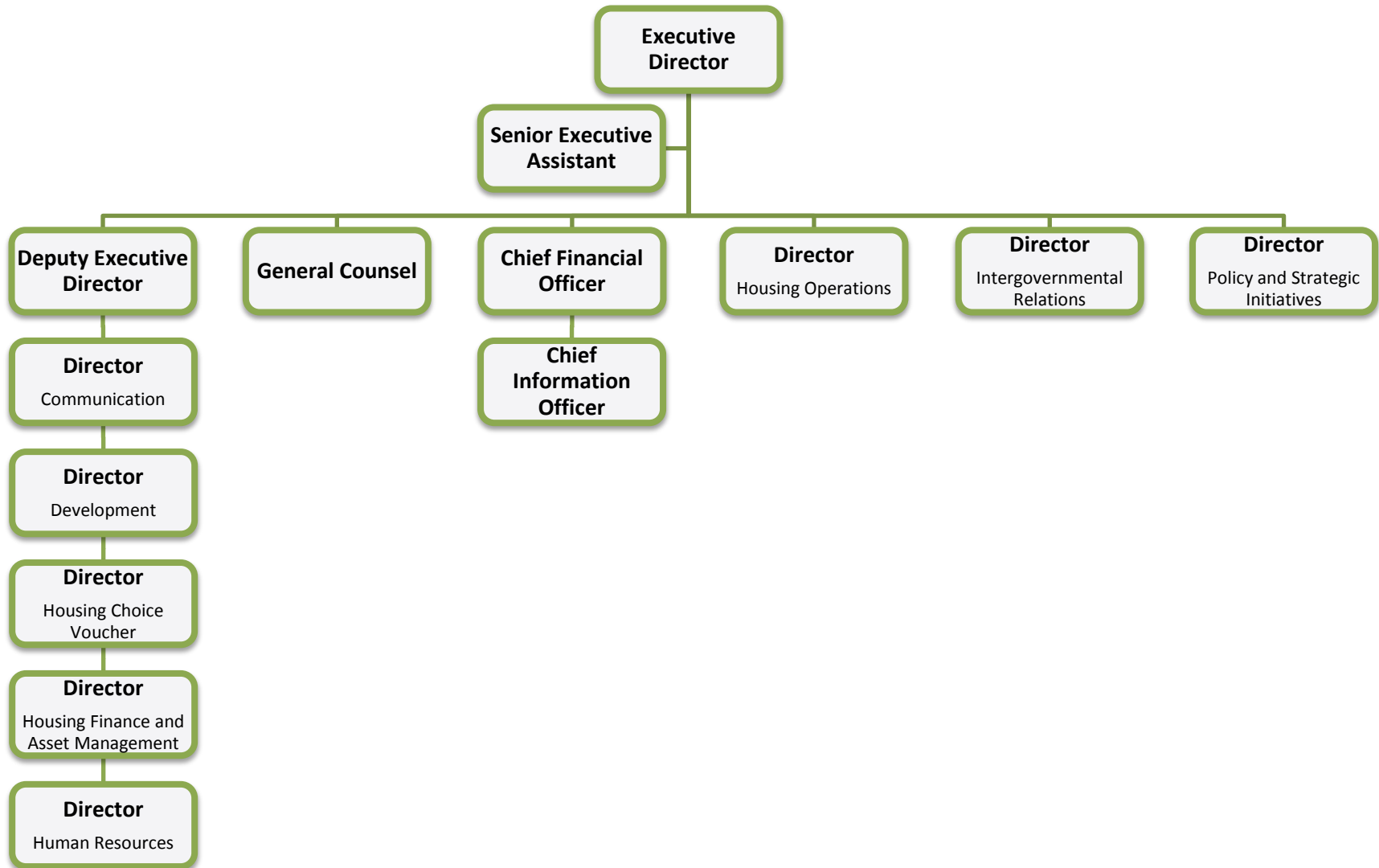
transfers from one Department to another. Please see Department write-ups that follow for more specific information on staffing changes.

Full-time Equivalent Positions	2019 Adopted	2020 Adopted	2019 to 2020 Change
Executive	17.9	17.9	-
Policy and Strategic Initiatives	12.5	11.0	(1.5)
Asset Management	20.8	21.8	1.0
Construction	16.5	17.5	1.0
Development	13.9	14.3	0.4
Finance and Administration	46.4	46.9	0.5
Housing Operations	364.7	376.1	11.4
Human Resources	11.0	12.0	1.0
Information Technology	23.0	23.5	0.5
Housing Choice Vouchers	67.5	69.0	1.5
TOTAL	594.2	609.9	15.7

Table 4: 2020 Department FTEs

EXECUTIVE

EXECUTIVE DEPARTMENT



Executive Budget

Executive Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$2,450,200	\$2,682,800	\$2,805,300	4.6 %
General and Administrative Expense	364,900	415,900	454,700	9.3 %
Tenant Services	900	2,200	2,300	4.5 %
Maintenance & Contracts	131,200	282,200	270,800	(4.0)%
Utilities	-	-	-	-
TOTAL OPERATING	\$2,947,200	\$3,383,100	\$3,533,000	4.4 %
Less Internal Agency Fees	(131,300)	(152,900)	(184,600)	20.7 %
Salaries & Benefits in Grants, Capital, and Limited Partnerships	-	-	-	-
TOTAL	\$2,815,800	\$3,230,200	\$3,348,400	3.7 %

Table 5: Executive Department Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	17.9	17.9

In CY 2020, the adopted operating budget for the Executive Department is \$3.53 million, an increase of 4.43 percent from 2019. Executive's FTE count did not materially change.

The Executive Department's adopted budget is substantially status quo with inflation increases, with the exception of General and Administrative Expenses, which increased above inflation due to internal IT fees. The reduction in Maintenance & Contracts is due to reductions in Legal and Professional Services contract accounts in order to budget closer to historical actuals.

Department Purpose and Function

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

Work Plan Highlights

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

The Executive Department's 2020 work plan highlights include:

Director's Office

- Provide leadership on and strategic guidance for the agency's priorities such as housing stability and mobility, rent policy, economic self-sufficiency, education initiatives, and asset repositioning.
- Actively participate in collective activities to shape federal low income and affordable housing policy through the MTW Collaborative; the Council of Large Public Housing Authorities (CLPHA); and the National Association of Housing and Redevelopment Officials (NAHRO). These efforts focus on federal resources available for developing and operating affordable housing; regulations affecting operations of low-income housing and eligibility for housing and rental programs; and promotion of innovative programs to expand housing opportunity and economic self-sufficiency.
- Work with other Moving to Work (MTW) agencies nationwide to preserve the authority and flexibility of the MTW demonstration as reflected in our renewed 2028 contracts with HUD. Demonstrate to HUD and Congress the effectiveness of MTW agencies in meeting statutory objectives and serving more low-income people.
- Provide overall direction and leadership to the agency to ensure accomplishment of strategic goals to serve low-income people. Ensure that commitments to advance the Strategic Plan are regularly monitored and that progress against performance indicators is reviewed with the Board at least annually.
- Seed an endowment fund for services at Yesler Terrace and begin planning for fundraising. Use storytelling to broaden awareness of and appreciation for the positive role SHA plays in the community and in individual lives, and Yesler's success as a model mixed-income community.

Communications Department

- Further the Digital Communications Initiative in four key areas:
 - Data collection of email addresses and mobile phone number to enable electronic and text exchange of information;
 - Digital equity to assist tenants without internet access in getting the skills, equipment and service they need;
 - Developing an effective and affordable capacity for electronic translation of survey instruments in the principal languages of residents; and
 - Communications protocols to communicate quickly and effectively with tenants in a disaster.
- Assist with 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.

- Support the Executive Director by providing communications leadership and strategic direction, coordinating across issues, programs, departments, stakeholders, customers, and the public.
- Maintain and update content and functionality of the website to ensure it continues to meet the emerging needs of the agency and those we serve. Improve internal engagement and workflows on the Our House intranet site to better connect SHA staff with news, activities, and events.
- Work with staff, partners, tenants, and others to produce content and increase readership for the twice-monthly e-newsletter, *The Voice*. Deepen content and stakeholder engagement for the Building Community e-newsletter.
- Proactively develop opportunities to increase the use of participant stories to tell SHA's story.
- Provide oversight and branding guidance to ensure that reports, signage, fact sheets, and other external-facing materials represent SHA well.

Legal Department

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

Intergovernmental Relations

- Participate in local activities with the City of Seattle, King County, King County Housing Authority (KCHA), non-profit housing providers, and service providers in ongoing efforts to streamline housing assistance for homeless individuals and families; to adopt evidence-based priorities for policies and services to effectively address the housing and support needs of homeless people; and to ensure a cohesive, collaborative, and complementary approach to serving the homeless throughout the county.
- Identify and monitor legislative issues important to SHA priorities. Provide analysis of proposed state and federal legislation that affects SHA. Lead SHA advocacy efforts on priority policy issues that affect SHA. Educate, inform, and engage elected leaders and their staff on housing issues.
- Assist Executive Director in providing leadership and strategic direction to create advocacy and strategic partnership opportunities, (e.g. healthcare) related linkages among programs, departments, stakeholders, customers, and the public to establish and meet goals necessary to achieve SHA's mission.
- Maintain and advance relationships with partners at the federal, state, and local levels. Educate, inform, and engage elected leaders and their staff on housing issues.

OFFICE OF POLICY AND STRATEGIC INITIATIVES

A Division of the Executive Office

OFFICE OF POLICY AND STRATEGIC INITIATIVES



Office of Policy and Strategic Initiatives Budget

Policy and Strategic Initiatives Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$948,900	\$1,362,700	\$1,377,700	1.1 %
General and Administrative Expense	143,200	189,600	198,900	4.9 %
Tenant Services	800	39,800	24,000	(39.7)%
Maintenance & Contracts	82,300	102,500	190,000	85.3 %
Utilities	-	-	-	-
TOTAL OPERATING	\$1,175,200	\$1,694,600	\$1,790,600	5.7 %
Less Internal Agency Fees	(101,300)	(103,800)	(99,000)	(4.6)%
Salaries & Benefits in Grants, Capital, and Limited Partnerships	229,800	282,000	109,200	(61.2)%
TOTAL	\$1,303,700	\$1,872,300	\$1,800,800	(3.8)%

Table 6: OPSI Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	12.5	11.0

In CY 2020, the adopted operating budget for the Office of Policy and Strategic Initiatives (OPSI) is \$1.79 million, an increase of 5.67 percent from 2019. OPSI's FTE count dropped by 1.5 due to the transfer of a Strategic Advisor for Education FTE to the Community Services Division of the Housing Operations Department and the reduction of a 0.5 FTE.

OPSI's adopted budget is substantially status quo with inflation increases, with the exception of an \$83,000 add in Maintenance & Contracts to leverage outside health services. The reduction in Tenant Services is due to dynamic work plans and focus areas that do not foresee a need for the same level of resident engagement as last year.

Department Purpose and Function

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

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

Work Plan Highlights

Strategic Planning

2020 will be the fifth and final year of SHA's 2016 – 2020 Strategic Plan, "A Place to Live, A Place to Grow." Over the first three years of this plan, agency leadership has put it to the test—using it as the framework for complex resource and policy decisions (as, for example, reflected in this budget) and staff have increasingly come to identify with the Organizational Cornerstones and Strategic Directions.

Building on this foundation and under the direction of the Executive Director, OPSI will lead the planning process for SHA's next strategic plan, to be adopted by yearend 2020.

- OPSI will work with the Board to: assess progress on the current plan and increase understanding of SHA's existing context and anticipated opportunities and challenges; determine the scale and scope of the planning process for the next strategic plan; and consider key performance indicators and targets.
- OPSI will engage key stakeholders to inform the plan and the Board's decisions by implementing engagement strategies such as surveys, interviews, meetings, focus groups and/or workgroups and including a variety of stakeholders such as residents, applicants, staff, and partners, with special attention to voices that are typically under-represented.

Housing and Health

In 2020, SHA's Health Initiative aims to improve the quality of life of residents across a wider range of housing types, particularly those vulnerable to housing instability due to physical or behavioral health challenges, through better access to quality health care that is sustainably funded primarily through health systems. Highlights of the anticipated activities to promote health and housing in 2020 include:

- Continued partnership with the City's Aging and Disability Services to increase access for SHA residents across all portfolios to a variety of resources, particularly those that help with in-home care so they can remain healthy and safe in their homes.
- Maintain or expand access to intensive case management to increase housing stability for residents with high medical and behavioral health needs through Foundational Community Supports (a Medicaid Transformation resource).
- Partner with the King County Department of Community and Health Services (DCHS) in a pilot program to bring behavioral and medical staff teams to provide limited acute response to residents and assertive outreach, engagement, stabilization, and linkage to ongoing care for residents. Staff training in recognizing behavioral health issues and in services and providers available in the community will strengthen the benefits of this pilot.
- Continue to be an active participant in the HealthierHere (a Medicaid Transformation resource) process; take advantage of opportunities as they come.
- Collaborate with health care providers and researchers to build and utilize shared knowledge to inform service planning and attract quality partners and resources, including the Seattle-King County Public Health (SKCPH) Data Across Sectors Housing & Health (DASHH) Project, which will continue to deepen understanding of SHA resident health utilization.

Housing Mobility

In 2020, OPSI will continue to add to SHA's housing choice toolbox by implementing and evaluating Creating Moves to Opportunity (CMTO). Primarily funded with private foundation grants, CMTO is both a housing mobility program and a research project, with dual goals:

- Support families who receive a Housing Choice Voucher and have children under age 15 to access high opportunity areas in order to support long-term life outcomes.
- Test multiple strategies and services to identify which are most effective and efficient to support opportunity moves.

In collaboration with the Housing Choice Voucher program, King County Housing Authority, leading academic researchers, and third-party evaluators, OPSI will:

- Complete the successful implementation of CMTO Phase II, which includes four distinct sets of services.
- Support a smooth transition throughout the phasing out of CMTO for participants, landlords, partners, and SHA staff, including continuation of successful strategies where feasible.
- Facilitate SHA's participation in robust evaluation and ensure SHA benefits from the new knowledge being generated.
- Seek opportunities to leverage CMTO to expand mobility efforts and for systems-level changes (such as federal funding).

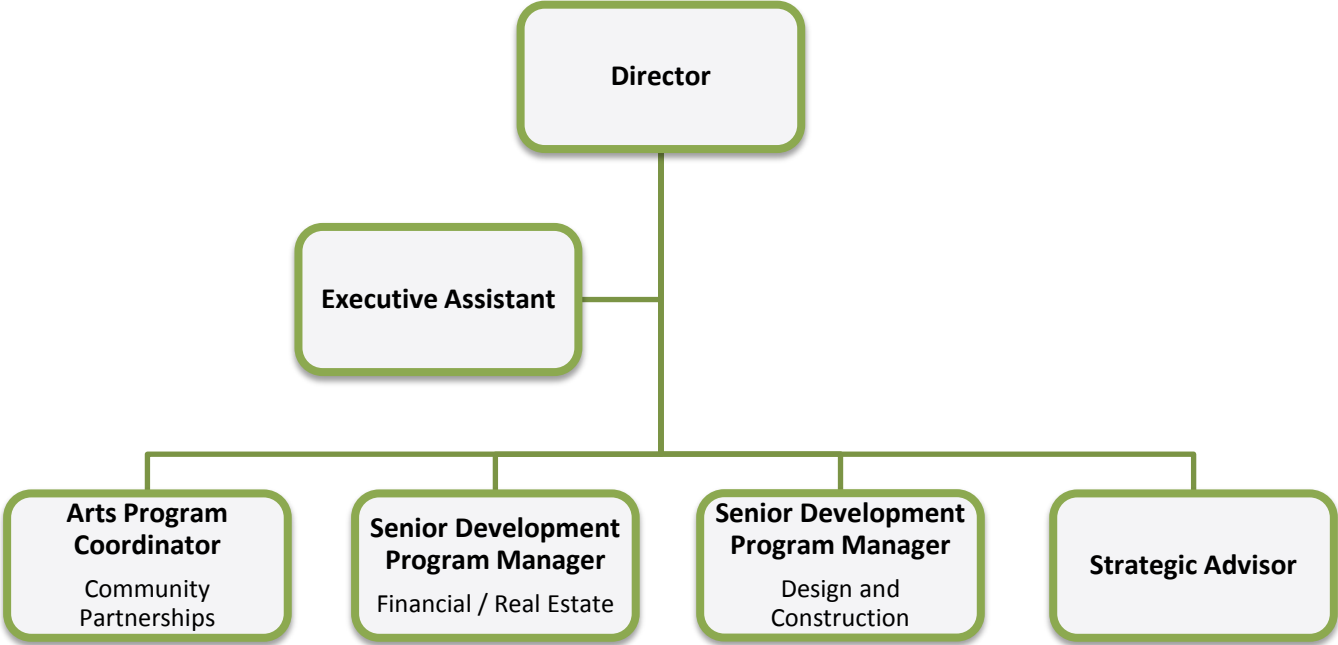
Advancing Housing Policy (Moving to Work and Public Policy)

As a Moving to Work (MTW) agency, SHA is mandated to advance housing policy. In 2020, OPSI will:

- Enhance SHA's ability to advance affordable housing policy, and preserve and improve policies that affect the people SHA serves. Work will focus on protecting and promoting SHA's MTW status and flexibilities; tracking and analyzing policy changes; engaging in national industry groups; collaborating with Intergovernmental Relations to influence and understand state and local legislation; and collaborating with the City of Seattle to complete the Consolidated Annual Plan Evaluation Report.
- Elevate SHA's capacity to innovate and maximize policy and program effectiveness by strengthening the foundations of data and analytics and by providing analysis of specific policies and programs, such as SHA's utilization of its MTW authority, to address administrative efficiency, decision making, cross-departmental policy discussions, and information sharing.

DEVELOPMENT

DEVELOPMENT DEPARTMENT



Development Budget

Development Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$1,301,900	\$1,343,300	\$1,580,300	17.6 %
General and Administrative Expense	133,300	148,200	169,400	14.3 %
Tenant Services	-	-	-	-
Maintenance & Contracts	21,200	15,000	20,100	34.2 %
Utilities	2,400	3,500	8,000	128.6 %
TOTAL OPERATING	\$1,458,700	\$1,510,000	\$1,777,800	17.7 %
Less Internal Agency Fees	(110,400)	(115,800)	(133,000)	14.9 %
Salaries & Benefits in Grants, Capital, and Limited Partnerships	501,675	464,100	451,600	(2.7)%
TOTAL	\$1,849,975	\$1,858,300	\$2,096,400	12.8 %

Table 7: Development Department Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	13.9	14.3

Total operating expenditures for Development Department will increase by 17.7 percent in CY 2020 and when both operating and capital sources are considered, the overall increase is 12.8 percent. The capital and grant staff funding costs will decrease by 2.7 percent due to status quo inflation, expiration of The Kresge Foundation grant, and the reduction of hours from capital staff.

The transformation of Yesler continues with several projects in progress in varied phases of planning, design, and construction. The implementation and construction of three new apartment buildings and infrastructure at Yesler along with the redevelopment of fire-damaged Lam Bow Apartments requires considerable staffing in the areas of project financing, partnership development, planning, and project and construction management.

Development funding sources include planning funds from the MTW Block Grant, Developer fee, and For Sale program revenue.

The Development Department adopts an increase of 0.4 FTE from 2019 to 2020 with staff changes that include: expiration of project and grant funded positions of Policy and Program Manager and Coordinator III positions; reduction of 0.3 FTE for Senior Development Program Manager position due to retirement; 0.2 FTE increase to full time of Development Director position; addition of 1.0 FTE Senior Development Program Manager to replace retiring staff; and the addition of a 0.6 FTE Strategic Advisor for Yesler.

Non-labor expenses increased 18.5 percent from construction software acquisition and vacant land maintenance and utility costs associated with the Othello Station property. The Capital and Grant labor expenses represent continued activities associated with redevelopment activities at Yesler and Lam Bow Apartments.

Department Purpose and Function

The Development Department reports to the Deputy Executive Director. The Development Department is responsible for redevelopment that includes:

- ✓ Planning new affordable housing and redevelopment;
- ✓ Managing community processes surrounding development visions;
- ✓ Implementing development projects;
- ✓ Overseeing the sale of land to private developers and the subsequent development of market-rate or workforce housing;
- ✓ Managing and supporting neighborhood associations until property owners in the communities assume management and financial responsibility; and
- ✓ Participating in local and regional planning meetings that may involve potential new low-income and affordable housing development opportunities.

Development is accountable for advancing the Strategic Plan goal of increasing SHA's low-income, work force, and affordable housing. It serves the Seattle Housing Authority's Mission by developing safe and affordable housing in thriving communities. The Department also seeks to increase the number of affordable housing units, both rental units and home ownership, through a variety of programs and partnerships. For example, revitalizing the 78-year-old low-income housing in the Yesler community with new vibrant mixed in communities connected to nearby neighborhoods and providing a variety of rental and home ownership housing choices, plus community facilities and other amenities. Another important responsibility of the Development staff is marketing properties successfully to private developers for homeownership opportunities, including affordable ownership opportunities.

Looking toward the future to identify new housing development opportunities primarily to serve people earning less than 80 percent of Area Median Income (AMI) is another responsibility of the Development department. In this role, the Department evaluates opportunities for future developments with both public and private partners, looking especially for opportunities that have minimal financial risk to SHA and hold good promise for desirable affordable housing.

Work Plan Highlights

In 2020, the Development Department will focus on the strategic goals of expanding housing opportunities and promoting quality communities through development of housing, partnerships, and the physical and social infrastructure of Yesler; affordable housing design and construction of Lam Bow and other SHA locations; development partnerships to expand affordable housing with a focus on opportunity neighborhoods; continuing the private and non-profit development at Rainier Vista, Othello Station and other sites; as well as participation in SHA and regional planning efforts.

SHA's Organizational Cornerstones are foundational to the department including:

- Engaging residents and stakeholders in planning, community activities, and providing feedback on Development's work.
- Undoing patterns of systemic racism by providing diverse housing opportunities in opportunity neighborhoods.
- Continually seeking out and sustaining partnerships to support all elements of the work.

- Building environmentally positive, durable assets for SHA that serve the needs of residents, staff and community within available financial resources.
- Designing the community with social equity as a primary goal and continually challenging ourselves to understand and accomplish that goal.
- Supporting a culture of innovation with the understanding that the department is committed to the highest goals of social equity; environmental stewardship; providing transformational connections; and opportunities for low-income people, achievable through partnerships and innovation.

Major Project Activities in 2020

For Sale Program (non-Yesler Terrace)

The majority of the development properties outside of Yesler are under contract with private or non-profit development partners. The final private sector buildings at Rainier Vista and High Point are under construction with completion expected in 2021. The four sites on the corner of Othello and Martin Luther King Jr. Way South are under contract by three separate groups as part of the Othello Station development. Two sites are under contract with HomeSight, one site closes in late 2019 with plans to construct affordable for sale units, and plans for the second site call for 195 market and affordable rental units and commercial space that is scheduled to close once funding is secured in late 2021. The third and fourth Othello sites are under contract with Spectrum Development Solutions and Washington Charter School Development. Spectrum will close in late 2019 and will construct a mixed-use building with the Odessa Brown Children's Clinic and 176 market and affordable rental units. Washington Charter School Development anticipates closing in early 2020 to construct a new charter high school.

Housing Development Projects

Construction of the new, single 80-unit Lam Bow apartment building will begin in early 2020. The 4-story wood-framed building will be a mix of 1-, 2-, and 3-bedroom affordable housing units with a central courtyard and 80 off-street parking stalls. The 18-month construction project, scheduled for completion in the third quarter of 2021, will replace two buildings located on the property, a 21-unit building damaged by fire and demolished in 2016, and a second existing 30-unit occupied building. Due to code requirements, SHA elected to build a single new replacement building, as rehabilitation of the remaining existing building was not cost effective. This new, single building design will beneficially add 29 apartment units to the original property unit count.

Jackson Park Village Redevelopment will proceed with design to the riparian corridor, an environmentally sensitive area, upon U.S. Army Corps of Engineers restriction approval, and permitting of a larger building to replace existing aging housing with an increased number of units to serve more people.

Development Partnerships

The Buy-Up program incentivizes developers to create more family sized (≥ 3 bedrooms) affordable units within upcoming affordable developments in high opportunity neighborhoods by offering capital to help offset the incremental cost of building family housing. The first project in the program—Roosevelt Station—will break ground at the end of 2019, and will include 35 affordable family units.

Yesler Redevelopment/Choice Neighborhood

- Yesler redevelopment continues with resident relocation, education, health and workforce development programs and infrastructure, community facility and rental housing construction. In 2020 key activities will include:
 - Master Developer—Maintain and develop strategic partnerships with city, county, private sector partners, non-profits, labor, philanthropy and stakeholders to implement the Yesler Terrace / Choice Neighborhood Initiative vision; manage overall budget, schedule, planning and communication; manage vacant land to promote active uses and neighborhood safety; manage the Yesler Terrace Owner’s Association; working closely with Community Services, Housing Operations and external partners to develop a thriving mixed income community, connected with the broader neighborhood with special attention to the needs of seniors and of children.
 - Infrastructure—Completion of these planned infrastructure activities will conclude SHA’s infrastructure construction for Yesler Redevelopment.
 - Complete 9th Avenue and Alder Street infrastructure project.
 - Complete hill stabilization and construct a private drive between 10th Avenue South and South Washington Street.
 - Abate and demolish remaining old Yesler units near 9th Avenue and Alder Street.
 - Construct private drive between Alder Street and Yesler Way.
 - Public Realm Activation
 - Continue to nurture partnerships that activate Yesler Terrace Park and the Hillclimb.
 - Support Urban Farm, P-Patch, and off-leash dog area partners activating WSDOT land.
 - Support Artist in Residence program.
- Replacement Housing—The completion of Red Cedar in 2019 represented a significant redevelopment milestone for SHA, which has delivered more than half of the Yesler replacement housing units. SHA continues the replacement housing effort with the planning and construction of the final three new Yesler buildings: Hinoki, Sawara, and Juniper.

Inviting Connections

Together with residents, surrounding neighbors and businesses, city officials, key partners, and Seattle citizens, SHA shaped a vision for Yesler that goes beyond a plan for new buildings. Yesler is transforming into a model, mixed-income community where people support each other, the academic and social success of children and youth, economic advancement for working adults, improved health for seniors and people of all ages, and the development of networks that cultivate social cohesion and community connections. More than halfway complete, the residential buildings, parks, pedestrian throughways, public art, and other community spaces provide intentional settings for small and large gatherings. A host of partnerships bring Yesler to life with programs and activities where residents come together to learn, exercise, prepare meals, share parenting, celebrate, and exchange a diversity of cultural traditions. Yesler is being reborn as a vibrant community where neighbor means residents and non-residents alike, and everyone is invited to make a Yesler connection.

Affordable Housing Production

- Hinoki, SHA’s fifth new Yesler affordable housing building, located on East Yesler Way and 10th Avenue South, will be under construction and scheduled for completion in late 2021. This mixed

use community will consist of a U-shaped building ranging between 6 and 7 stories with 139 of replacement and 60 – 80 percent AMI housing units, commercial space, and courtyard.

- Design and permitting of Sawara, the sixth new 110 affordable housing unit Yesler building, will continue in 2020 with a projected construction start of early 2021.
- Preplanning and design phase of Juniper, SHA’s seventh new Yesler building will start in mid-2020.
- Seattle Chinatown International District Preservation and Development Authority (SCIDpda) and Capitol Hill Housing (CHH) will develop, own and manage 192 units of affordable housing on the King County Records site. Design and permitting will continue into mid-2020, with construction starting by the end of 2020.

Market/Workforce Housing Production

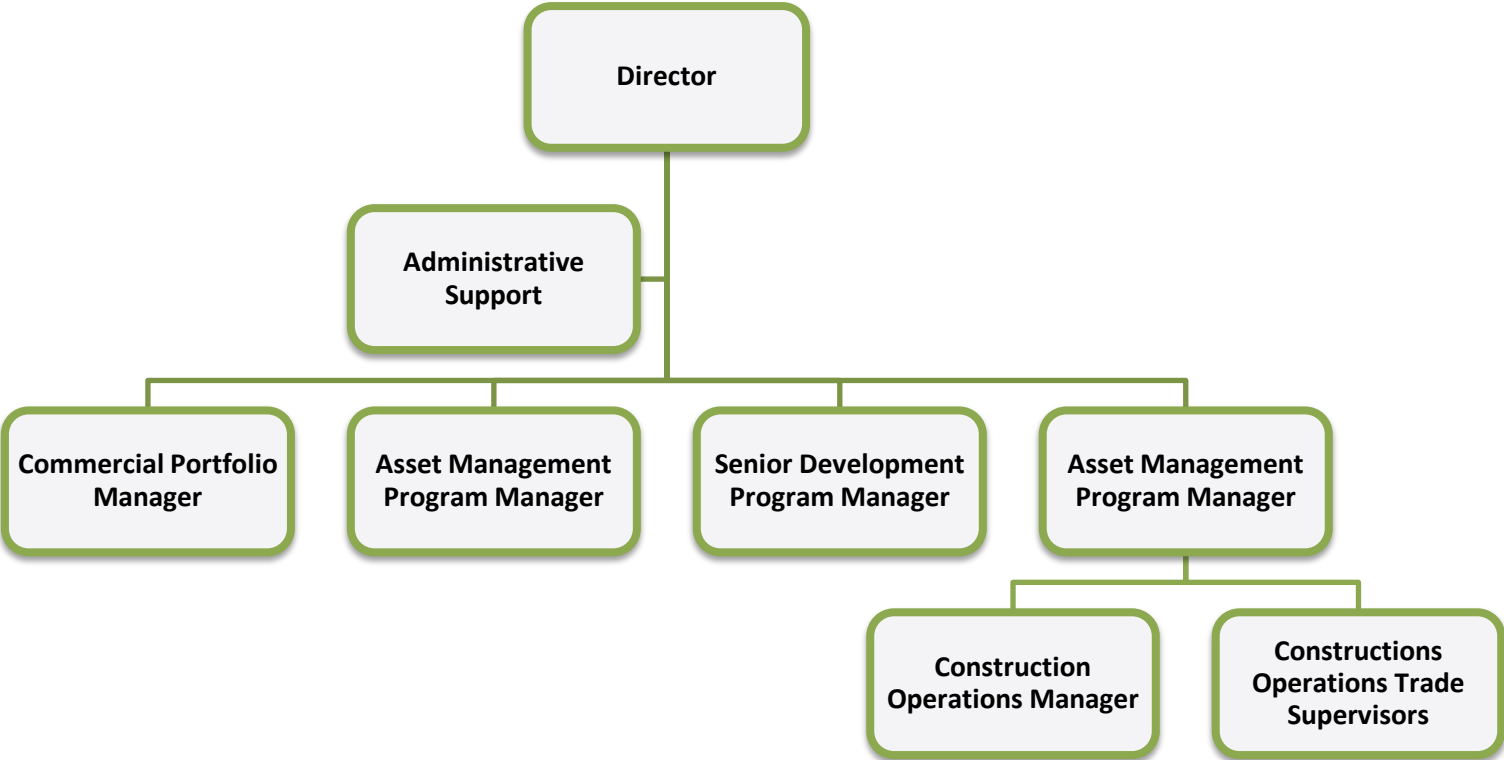
- Modera First Hill, a Mill Creek Residential (MCR) 290-unit market rate/workforce housing development at East Yesler Way and Boren Avenue will be completed and leasing in 2020 including 76 workforce housing apartments.
- Lowe Enterprises market rate/workforce housing development at 10th Avenue South and South Main Street Phase I will be in construction with planned Phase II to start in mid-2020. When both phases are completed, it will provide 133 workforce housing apartments.
- A third Vulcan Real Estate market rate/workforce development with 237 units including 48 units of affordable housing, located at East Yesler Way and 10th Avenue, will be in the design and permitting phase.

Other Activities

- Residential and commercial office development marketing; purchase and sale agreement negotiations, closings, and post-closing activities; and design review depending on outcome of 2019 marketing efforts.

HOUSING FINANCE AND ASSET MANAGEMENT

HOUSING FINANCE AND ASSET MANAGEMENT



Housing Finance and Asset Management Budget

Housing Finance & Asset Management Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$1,250,400	\$1,197,400	\$934,700	(21.9)%
General and Administrative Expense	115,300	165,800	164,200	(1.0)%
Tenant Services	-	-	-	-
Maintenance & Contracts	63,400	30,000	30,800	2.7%
Utilities	-	-	-	-
TOTAL OPERATING	\$1,429,100	\$1,393,200	\$1,129,700	(18.9)%
Less Internal Agency Fees	(83,100)	(84,000)	(68,000)	(19.0)%
Salaries & Benefits in Grants, Capital, and Limited Partnerships	3,169,900	3,173,300	3,820,700	20.4%
TOTAL	\$4,515,900	\$4,446,500	\$4,882,400	8.9%

Table 8: Housing Finance & Asset Management Budget and FTEs

	2019 Approved	2020 Adopted
Full-time Equivalent positions		
Asset Management FTEs	20.8	21.8
Construction Operations FTEs	16.5	17.5
Total Asset Management & Construction Ops FTEs	37.3	39.3

In CY 2020, the adopted operating budget for the Housing Finance and Asset Management Department's (Asset Management) is \$1.13 million, a decrease of \$263,500 or 18.9 percent from 2019.

The substantial decrease in Asset Management's operating budget is due to the shifting of some Admin Salaries & Temp Help expenditures into capital budgets to better reflect the work devoted to operating vs. capital projects. As a result, Asset Management's adopted Salaries/Benefits for Capital increases by the same amount and then some, in order to reflect new, capital-funded FTEs. Note that Asset Management FTEs are a mix of operating- and capital-funded positions, while Construction Operations FTEs are solely capital-funded.

Asset Management's FTE count increased by 1.0 due to the expiration of 2.0 project-based FTEs for finished projects and the addition of 3.0 new project-based FTEs: a Capital Budget Analyst, Construction Project Manager, and an Assistant Construction Project Manager. The Construction Project Managers are two-year, capital-funded positions that will oversee the rehabilitation of Jefferson Terrace, SHA's largest high-rise building. The Capital Budget Analyst is a capital-funded position added mid-2019 for 18 months to support elevated Asset Management workloads.

Construction Operations' FTE count increased by 1.0 due to the addition of an Assistant Construction Project Manager, a capital-funded position that will work to provide complete building assessments of more existing agency assets and to develop scopes of work and estimates for implementation by construction staff. This capacity to complete regular assessments will ensure that limited capital resources are appropriately targeted and that capital plans reflect the agency's most immediate priorities and needs.

Adopted budgets for Asset Management’s Commercial Facilities and the Queen Anne Central Office, managed by Asset Management, are listed separately in sections that follow.

Department Purpose and Function

The Department of Housing Finance and Asset Management (“Department”) focuses on the preservation of the agency’s real estate assets and maximizing the use of these assets to further the mission of the agency to create and sustain decent, safe, and affordable housing that fosters stability and self-sufficiency for people with low incomes. Working in partnership with other agency departments, the Department assists in the financing of new and existing housing; develops and implements the agency’s capital program to ensure the physical and financial viability of its assets; and provides support and assistance to the Housing Operations department in their management of agency assets that furthers the agency’s financial and social goals. In addition, the Department works with various investors and financial partners to make strategic recommendations regarding the assets, financial stability, resident services, and other factors impacting the agency’s real estate portfolio and residents.

The Department leads the Asset Management Team, an inter-agency committee that partners with the Housing Operations, Finance and Administration, Housing Choice Voucher (HCV), the Office of Policy and Strategic Initiatives (OPSI), and Development departments, and serves as a focal point for discussions of issues and decision-making related to the agency’s assets.

The Department’s three main areas of strategic focus are:

- ✓ Promoting quality communities through the preservation the agency’s real estate assets by making strategic improvements to the capital program that focus on increased efficiency in the implementation and management of capital projects that address the capital needs of the agency’s assets;
- ✓ Increasing overall Department efficiency through the development of procedures and planning efforts that focus on the assessment and evaluation of current business practices; and
- ✓ Expanding housing opportunities by developing a strategy to serve more people through acquisition of new real estate assets and the redevelopment of existing real estate assets in partnership with the Development and Housing Operations departments.

Work Plan Highlights

- Administer and improve the implementation of the Capital Improvements Program by reducing the capital projects backlog. Evaluate changes to existing capital budgets database, or evaluate the use of other software in the agency to improve project management tracking and capital planning. Utilize Community Capital Needs Assessment data to develop a five-year forecast of future needs for major repairs and capital investments.
- Continue SHA’s acquisition program by obtaining additional housing units. Complete the conversion of the multi-family voucher contracts at three acquired properties to tenant protection vouchers. Refinance the three acquired properties to a permanent financing structure.
- Improve procedures, policies, and reporting by developing and tracking key performance indicators. Create a shared property database to provide the agency with information by

building on regulatory requirements, financing structures, and planned and completed capital improvements. Improve internal communications and integrate a race and social justice (RSJ) lens into the Housing Finance and Asset Management Department (Asset Management) procedures and projects by incorporating RSJ assessment when applicable.

- Promote resource conservation strategies through the Capital Improvements Program by coordinating with the Sustainability Team to integrate alternative energy incentives and environmental sustainability into the capital program. Leverage funds through the City of Seattle Office of Housing to support environmental stewardship initiatives of the agency and capital program.
- Begin steps to reposition approximately 250 units of Scattered Sites to help ensure the longer-term sustainability of these units. Pending HUD approval of a Section 18 Conversion application, units will convert to project-based vouchers, which provides a higher level of funding per unit than public housing. The units would still operate under public housing rules and involve very little change for current residents.

The process for accomplishing the conversion entails meetings with residents; a plan and application approved by the Board; HUD approval of the conversion plan; notice to tenants that the conversion has been approved and the schedule of next steps; moving the ownership of the units to a 501(C)3; confirming the eligibility of all tenants; providing tenant protection vouchers to all tenants; and after one year, securing voluntary agreements by tenants who plan to stay in their unit to project base their voucher in the building. Scattered site properties eligible for the Section 18 conversion program are those containing four or fewer units; Asset Management proposes to convert all qualifying units.

- Continue work on rehabilitation projects and evaluate assets for innovative financing. Close the financing of Jefferson Terrace and commence work on a major rehabilitation of SHA’s largest building, with 299 units.
- Review the focus and purposes of Asset Management Team meetings by working with other departments to develop a charter for a redesigned meeting. Complete an evaluation of the structure of portfolio review with the Housing Operations and Finance and Administration departments.

Asset Management Commercial Facilities

Asset Management Commercial Facilities	2018 Actual	2019 Adopted	2020 Adopted	% Change
TOTAL OPERATING	\$668,700	\$709,600	\$759,500	7.0%

Table 9: AM Commercial Facilities Budget

In CY 2020, the adopted operating budget for Asset Management Commercial Facilities is \$0.76 million, an increase of \$49,900 or 7.0 percent from 2019.

The increase is due to the addition of Upton Flats, a commercial condominium in West Seattle’s Highpoint neighborhood, to Asset Management Commercial Facilities’ list of managed properties.

Asset Management Commercial Facilities manages thirteen commercial properties across several portfolios. Commercial tenants include service providers and commercial businesses; some SHA

departments are tenants as well. Seven properties are associated with HOPE VI communities; HOPE VI management offices and service providers are lessees at some of these properties.

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

Work Plan Highlights for Asset Management Commercial

- Apply a consistent commercial lease structure, guidelines, and leasing procedures for management of SHA’s commercial space in its housing communities. Evaluate existing and new software to manage the agency’s commercial portfolio efficiently. Implement Yardi inspection for all commercial units to determine the condition of commercial assets and reinforce good housekeeping by tenants.

190 Queen Anne Central Office

190 Queen Anne Central Office Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
TOTAL OPERATING	\$1,917,100	\$2,122,700	\$1,984,600	(6.5)%

Table 10: 190 Queen Anne Central Office Budget

In CY 2020, the adopted operating budget for 190 Queen Anne Central Office is \$1.98 million, a decrease of \$138,100 or 6.5 percent from 2019.

The decrease is primarily due to the expiration of a one-time \$100,000 furniture and cubicle rearrangement budget in 2019 and a miscalculated 2019 rent escalation. The corrected 2019 rent escalation resulted in a modest rent decrease for 2020. The negotiated lease includes baseline expenses set in 2012; SHA pays for any increased expense on a per-square-foot basis and SHA increased leased square footage in 2017.

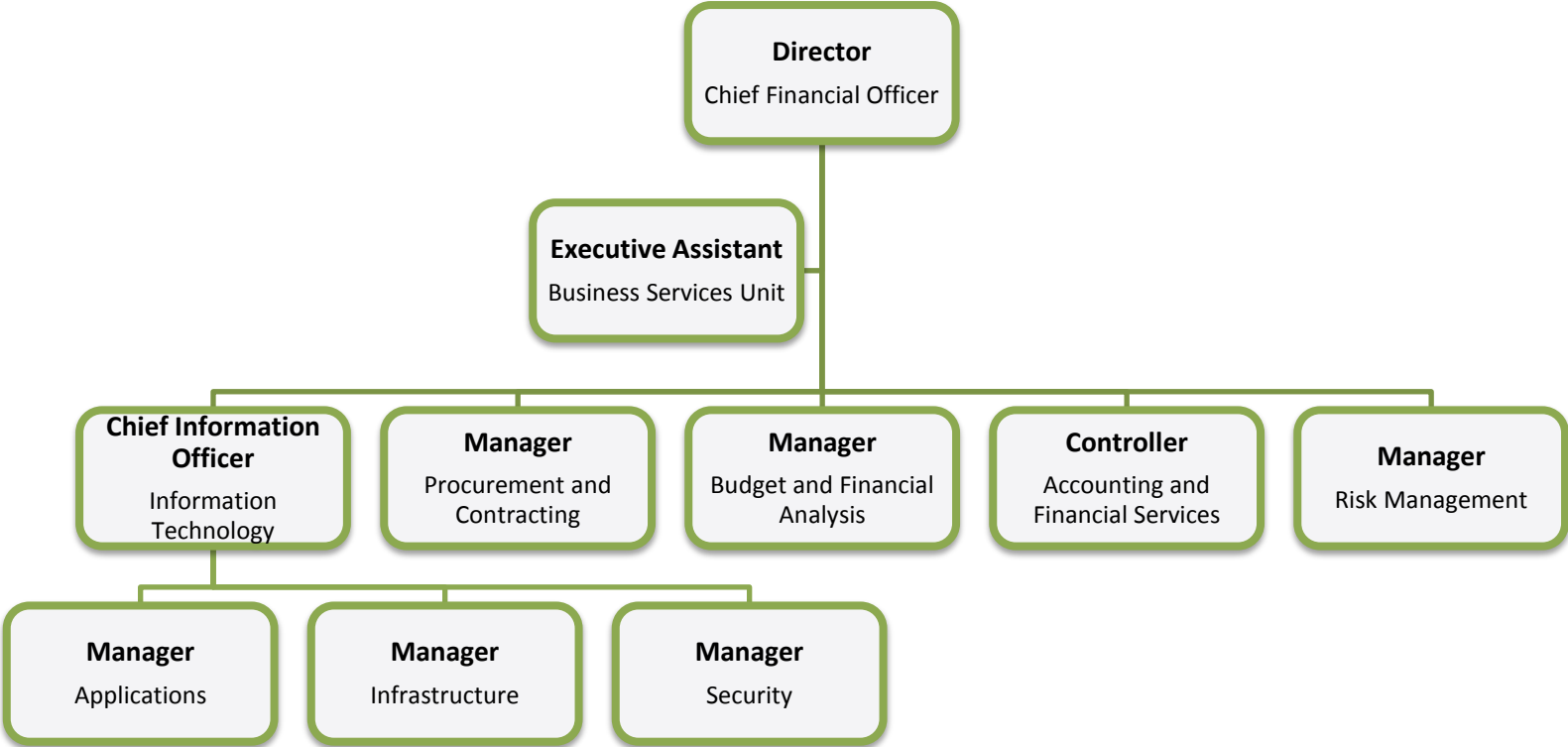
The Central Office, located in the lower Queen Anne neighborhood, houses SHA’s executive, administrative, voucher assistance, and many property management services staffs. The Housing Finance and Asset Management staff manages and administrates the offices at 190 Queen Anne. SHA has been at this address for eight years as of 2020.

Work Plan Highlights for 190 Queen Anne:

- Work with staff and the management company to ensure a clean, safe, and welcoming environment for SHA staff, visiting residents, and vendors.
- Work with departments to determine office space requirements.

FINANCE AND ADMINISTRATION

FINANCE AND ADMINISTRATION DEPARTMENT



Finance and Administration Budget

Finance and Administrative Services Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$4,787,100	\$5,108,800	\$5,444,100	6.6 %
General and Administrative Expense	8,216,100	9,056,900	8,760,400	(3.3)%
Tenant Services	-	-	-	-
Maintenance & Contracts	144,600	167,000	233,500	39.8 %
Utilities	-	600	-	(100.0)%
TOTAL OPERATING	\$13,147,800	\$14,333,300	\$14,438,000	0.7 %
Less Internal Agency Fees	(645,000)	(556,000)	(517,400)	(6.9)%
Salaries & Benefits in Grants, Capital, and Limited Partnerships	-	207,600	211,900	(1.0)%
TOTAL	\$12,502,800	\$13,984,900	\$14,132,500	(0.5)%

Table 11: Finance and Administration Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	46.4	46.9

The adopted budget for Finance and Administration (F&A) is only 0.7 percent above the 2019 adopted budget. The change in year-to-year comparison primarily results from a decrease in general administrative, internal service fees, and operating expenses and from the increase in administrative staffing cost, operating equipment, and professional service expenses.

General administrative expenses decrease mainly due to payment of Tamarack Commercial's loan, Lam Bow's transition into a mixed finance redevelopment project, and slightly lower insurance premiums in 2020. The loan for Tamarack Commercial was paid off in 2019 and there will be no interest expense for Tamarack Commercial. Lam Bow Apartments is expecting to convert to a Limited Partnership and it will close on its mixed finance transaction in the second quarter 2020. SHA also expects the remaining old Yesler Terrace units will be demolished by early 2020. As a result of lower number of units, insurance premium payments on the SHA side will be slightly reduced.

These savings are offset by the increase in administrative staffing cost and professional service charges. The Budget Office will add a full time regular Budget Analyst in 2020 due to retirement of the existing temporary budget analyst. The former temporary position has been supporting the office especially during peak budget season and the funding used to be budgeted in temporary labor cost. The Executive Assistant will support both the Purchasing and Information Technology divisions and this staffing cost will be shared between F&A and IT divisions. The net change in FTE counts from 2019 is 0.50. A large portion of F&A's staffing cost increase predominantly results from inflationary changes expected in 2020.

Department Purpose and Function

The Finance and Administration Department has six operating groups: Accounting and Treasury Management, Budgeting and Financial Analysis, Purchasing and Contract Administration, Business Services, Risk Management, and Information Technology, whose budget and work plan highlights are

shown separately in the department section following this one.

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

- ✓ **Financial Management:** Financial policies; accounting and reporting systems; banking relations; investments; treasury functions; overall debt management; internal controls, and annual financial statements and compliance with financial reporting requirements from investors, trustees, funders, lenders, and city, state, and federal agencies. Accounts receivable; accounts payable; payroll, and general ledger responsibilities for all funds and the agency as a whole.
- ✓ **Financial Accountability:** Annual audit reviews by the State Auditor, SHA's independent auditor, and auditor(s) for the tax credit limited partnerships, as well as periodic audits by federal and state agencies; monitoring and corrective actions as required to ensure SHA conformance with bond and contractual financial performance obligations and compliance with state and federal regulations.
- ✓ **Budgeting:** Management of SHA's budget processes and preparation of recommended annual and multi-year operating and capital budgets; reviewing Congressional funding proposals and monitoring economic trend analyses; monitoring and reporting performance of actual revenues and expenditures and program accomplishments against approved budgets and program goals; proposing budget revisions and/or corrective actions to maintain the integrity of the annual budget; and overseeing adherence by the authority and HUD to financial and funding provisions of the MTW Agreement.
- ✓ **Risk Management:** Obtaining insurance coverages for SHA and affiliates; auditing and reviewing insurance policies; processing and handling claims; recommending risk management and incident/accident reduction actions; and reviewing contracts, leases and other agreements to ensure SHA risks are appropriately addressed and controlled.
- ✓ **Procurement and Contracting:** Purchasing and contract administration for goods, services and construction contracts; administration of Section 3, Davis-Bacon, and social equity programs; development and administration of SHA procurement policies and procedures to ensure fair and competitive procurement practices and compliance with federal, state, and local laws and regulations; and continuous process improvement to ensure procurement practices support SHA's business interest in timely and efficient contracting.
- ✓ **Information Technology:** Providing efficient and creative technology solutions to business problems; supporting the application and operating system software in use at SHA and the computers, telephones and other ancillary equipment used by agency staff; ensuring a stable, reliable and secure computer infrastructure and software to support SHA's computing needs; maintaining, upgrading and supporting existing software systems; consolidating duplicative or redundant systems; addressing the highest priority needs of the agency for new software development or introduction of new applications; and providing training resources and expertise to support the computer literacy and competence of SHA staff; and performs the records storage function for the agency. (See separate budget section on Information Technology for 2020 work plan highlights.)
- ✓ **Business Support Services:** Operation of the agency's central reception desk; travel policy and petty cash administration for SHA as a whole; administrative support to the accounting and budgeting groups; supply ordering and budget management; and CFO executive support.

The fundamental charges of Finance and Administration are:

- ✓ To strengthen the agency's financial position and ability to respond to shifting financial conditions and needs; and
- ✓ To ensure that SHA's assets and operations are managed in an efficient and cost effective manner.

These core objectives will guide the priorities for the Department in 2020, as it looks to make changes in its operations, policies, and programs in order to meet the challenges of a new federal fiscal and political reality where public funding for low-income housing development, operations, and maintenance is likely to become severely constrained over the decade.

Work Plan Highlights

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

- Budget and financial analysis of projects and programs;
- Side-by-side work with project managers in procurement of major construction or key service contracts;
- Oversight of labor compliance requirements of Davis-Bacon by SHA contractors to ensure workers on contracts receive prevailing wages;
- Administration and reporting of contract requirements for Section 3, Apprenticeship, and social equity programs to enhance opportunities for business with SHA by Women- and Minority-Owned Businesses (WMBE), small and disadvantaged firms, and Section 3 residents.
- Development of SHA's annual budget in consultation with the Cabinet and consistent with Strategic Directions, Objectives, and Cornerstones of the 2016 – 2020 Strategic Plan;
- Financial reporting that assists property managers in accounts receivable and rent delinquency collection, informs asset managers whether cash flow is sufficient to cover debt service, and tracks actual performance against budget for all operating departments and programs of the agency;
- Oversight of the Authority's creditworthiness and financial condition over the longer run through administration of annual audits, preparation of a Comprehensive Annual Financial Report, maintaining an AA credit rating, and conformance with financial ratio benchmarks.
- Determinations of project and program resources from debt, to grant resources, to equity commitments;
- Procurement of insurance at risk-effective rates or negotiation of contractual insurance provisions to protect SHA's liability interest;
- Provision of proactive claims management to mitigate the exposures and the cost of claims paid from SHA reserves;
- Provision of expert software applications development and technology infrastructure development and maintenance; and

- Ensuring the security of SHA’s computer systems, software, and hardware, and protection of personal identifying information.

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

The 2020 Work Plan Highlights below address five major objectives of SHA’s Strategic Plan Directions and Cornerstones.

1) *Undertake actions to serve more people through traditional and innovative ways that result in increased capacity to provide housing and housing assistance to more low-income people in Seattle.*

Right-size housing units in Scattered Sites and HOPE VI properties

- Continue working with Housing Operations to monitor progress against the plan and number of transfers completed for households who are currently over-housed in two and three bedroom units into appropriately sized units.
- With Housing Operations, ensure SHA adheres to planned cost ranges for preparing the vacated two and three bedroom units for releasing to households with children coming off waiting lists, and that the program remains within budget.
- With Housing Operations, review program metrics, including number of additional people served, average turnover cost per unit, total program cost over a three-year period, and projected first year cost.

Increase the number of landlords participating in the Housing Choice Voucher program

- Support Housing Choice Voucher (HCV) Department’s efforts to expand availability of Special Program Vouchers through competing successfully for new Veterans Affairs Supportive Housing (VASH) vouchers, Family Unification Program (FUP) for children coming out of foster care, Mainstream (persons with disabilities) vouchers, or other purpose special purpose vouchers.
- Work with HCV and partner agencies – the City and non-profit housing operators – to increase use of special purpose vouchers, in lieu of project-based MTW vouchers.
- Work with an interdepartmental SHA team to assess opportunities to increase use of Special Purpose Vouchers for SHA and private non-profit agency project-based vouchers for both new vouchers and at turnover.

Implement SHA’s Affordable Housing Acquisition Program and Opportunity Investments

- Ensure financial and budget support is timely to implement planned 2019-2020 investments to increase capacity to serve more people.
- Support acquisition of existing mixed income properties that align with key aims: properties that meet due diligence conditions; that are strategically located; that provide family-size units; that have good access to services, transportation, and amenities; that are mixed income; that are naturally affordable without added subsidies; and that are priced reasonably.

- Support the “Buy-Up” Program for SHA to partner with other affordable housing developers to include larger bedroom units in their developments to serve low income families.

Ensure financing plans are sound and fully committed for redevelopment and major rehab projects to add units and extent the life of existing units of low income housing units.

- Confirm for Financial Policy Committee (FPO) approval financing sources, terms, and conditions for the Block 6 and 7 Yesler Terrace Redevelopment projects;
- Work with Development and Asset Management to finalize financing plans and gap filling methods for FPO approval to proceed with implementing the Lam Bow Apartments redevelopment with replacement and added units.
- Work with Asset Management to finalize the scope, schedule, financing sources, and uses for a major rehab of Jefferson Terrace.

2) Enhance the efficiency and streamline the services of the Finance and Administration Department.

The plan for 2020 includes the following:

Electronic Rent Payment

- Continue to encourage residents to pay rent electronically using tenant bill pay accounts that are processed through SHA’s lockbox provider. With IT and the lockbox contractor, work to automate HCV payment agreement statements and payment processing to reduce processing time and enhance security and tracking status of payment plans.

Electronic Accounts Payable Processing (AP)

- Continue to streamline and improve processing using the Inspyrus Electronic AP Work Flow System. Continue to build on the suggested improvements that resulted from the 2018 assessment and identify additional areas for greater system efficiency. The addition of a 2 year project position, which began in 2019, will provide the capacity to:
- Fully implement any remaining suggestions from the processing and system assessment and capitalize on improvements made to the system from the 2019 Inspyrus update;
- Continue to identify additional areas for process improvement and needs for user training;
- Continue to identify and define additional metrics for AP processing performance and refine benchmarks for continual assessment;
- Incorporate ongoing upgrades to the Inspyrus system with IT under the new cloud agreement with Inspyrus to implement ongoing electronic processing improvements as they are identified;
- Make suggestions and request enhancements to Inspyrus to include in ongoing system upgrades;
- Regularly update and provide ongoing training to staff, ensuring all core users attend training periodically to be equipped to use the latest improvements to Inspyrus following each significant system upgrade and introduction of processing improvements;
- In collaboration with users, undertake full documentation of all steps in the processing of invoices for payment and assess how the payment processes could be streamlined to create

greater efficiencies for staff, with benefits of quicker intake, processing, and payment of invoices;

- Increase the usage of ePayables through the Bank of America ePayables program by partnering with Bank of America on a new enrollment campaign and by enrolling vendors in the ePayables program directly; and
- Continue to expand use of the system for invoices currently processed on paper.

Kronos Upgrade and E1 Interfaces

- Under the leadership of IT, participate as a key business leader/user in the upgrade to the Kronos system, once converted to and stabilized with E1 interfaces. The upgrade is expected to be completed in 2020.
- Participate actively in the upgrade of Kronos as users and will develop and assess test scripts for the upgraded software functionality, test the program options, and provide training to staff as needed.
- Ensure that Kronos and SHA's Financial System (E1) interfaces are fully preserved and/or enhanced in the course of the upgrade and that all system requirements of E1 continue to be met.

Business Intelligence

- Actively support the Business Intelligence Program by participating in the Data Analyst Forum, Business Intelligence, and BI Steering groups. Use Enterprise Data Warehouse to analyze and report trends and to support key budget and policy decisions.
- Leverage Power BI/SQL Server Reporting Services (SSRS) to give Finance and other departments more tools with which to develop, analyze, and monitor data associated with their financial performance and work activities. Review the functionality of the Hubble budget software to determine if reports can be developed and easily translated into Power BI readable data.
- Participate with Asset Management and IT in the Capital Needs Assessment, Capital Budget, and Utility Management system and data requirements to ensure that intersystem issues are addressed with respect to E1, budgets, and to accounts payable processes and systems.
- Train Finance staff in SharePoint (SP) to ensure that each workgroup can identify opportunities to create efficiencies using SP tools and then implement them with minimal support from the Information Technology group.

Procurement Streamlining and Support

- Continue to partner with departments to update contracting specifications, forms and templates to ensure provisions are up to date with current industry standards, protect SHA interests, and meet agency business needs.
- Develop new procurement and purchasing card trainings for department staff on procurement and contracting solicitation processes.
- Continue to evaluate processes for verifying contractor compliance with Davis-Bacon and social equity contracting requirements by leveraging use of LCPtracker and further develop

efficient procedures to reduce administrative time for filing certified payrolls for construction projects.

- Continue to monitor the Job Order Contracting tool for construction projects in an effort to streamline contracting for candidate construction maintenance and repair projects. Host interdepartmental user/learning groups to share experiences and suggestions, provide peer advice, and capitalize on the expertise of the firm providing SHA support in using the Job Order Contract system.
- Continue to evaluate process improvements to increase efficiency by consistent work practices thereby reducing the time to deliver of vital services. Develop and track a dashboard of key indicators in the Contract Management System to gauge progress in reducing time to complete procurements for various types of services.
- Host quarterly forecasting meetings with key department staff to identify projected contracting needs and forecasts of scheduling milestones and project parameters—known/firm and desired. The long-term goal is for an agency-wide procurement plan and schedule.
- Evaluate the feasibility of utilizing electronic signatures to reduce delays in the contracting process.
- Work with Asset Management and Development to conduct a LEAN process improvement on the contract closeout process. This will resolve contract completion issues related to labor compliance and release of retainage by modifying upfront terms with lenders and LP partners on requirements in order to release final equity payments and pay off construction loans. This would allow SHA to complete the construction process, not incur greater loan interest costs, and protect retainage withholding if state and/or federal agencies had not completed their broader labor compliance reviews.

Budget Process Efficiencies and Improvements

- Continue to improve the budgeting, tracking, and reporting of capital projects funded by MTW and reserves. Work with Asset Management and Housing Operations, and Senior Property Managers (SPM) to achieve greater clarity on authorization for these expenses and their accounting treatment, which will enable Housing Operations SPMs to better track their budget resources and prioritize work requests.
- Work with the Capital team to ensure a monthly reconciliation of the Capital Budget Tracker and E1 entries; resolve any differences to reach a monthly reconciliation with correcting entries to either or both E1 or the Tracker; document the monthly reconciliation adjustments and maintain on a shared drive.
- Review the application of alternative methods used for calculating intercompany service fees and internal service allocations. Make any necessary updates to ensure each system makes sense given current circumstances and each system is simplified and allocates costs fairly across business units. This review will involve the Central Cost Service Center, Intercompany Rent, and Fleet Fees. As needed, convene a user group to review and suggest revisions to allocation methods.
- Continue to build upon improvements made to the annual budget process by eliminating or improving upon time-consuming steps for both the Budget Office and Departments. Work with the Information Technology group to determine if the E1 financial system can be

configured such that the Hubble budget software can be rolled out and provided as an option for use by departments.

- Work with IT and Property Management to streamline and improve telephone and data line coding and billing processes. Look especially for a third party “translator” or a resolution with electronic billings from the City.

3) Identify and help evaluate opportunities for operations and policy changes to reduce SHA’s operating costs and achieve efficiencies and/or to increase revenues and/or improve service at a savings.

Among the targets for positive change are:

Tax Credit Partnerships Management

- Work with an interdepartmental staff team to maintain current assessments of potential long-term exit tax liabilities across SHA’s portfolio of low income housing tax credit partnerships. Continue to identify and monitor partnerships with capital balance issues and take actions to mitigate and minimize potential tax liabilities; determine desirable timing for exiting partnerships; and assist in negotiating terms of exits with partnerships.
- Track significant maintenance items so that properties can reduce current year losses through proper capitalization and utilize reserves in a manner consistent with each property’s pro forma.
- Continue working with Asset Management and Development to project impacts of reduced corporate tax rates on market value of tax credits and project impacts for funding gaps on planned tax credit projects over the next five years. Identify opportunities to mitigate or reduce gap increases and to fund larger gaps.
- With Asset Management and Housing Operations, review original pro formas created for SHA tax credit partnerships for LPs that have been put into service in the past five to ten years and assess their initial actual revenue, expenditure, net income, and Debt Coverage Ratio (DCR) performance vs. the assumptions in the pro formas. Assess differences in bases of pro forma projections vs. differences in actual performance. Identify for each partnership the level of permanent debt and annual debt service requirement, in total and on a per unit basis. Report on issues raised by the review, implications for future, and potential corrective or mitigating actions.

Property Management Efficiency and Effectiveness

- Examine financial outcomes related to geographic-based maintenance service delivery models and evaluate financial implications to determine if the consolidation of service on an area basis has experienced a reduction in costs and improvement in services.
- Continue to provide monthly reporting to Housing Operations on past due rents in excess of \$500 by portfolio and property to assist property management staff in timely resolution of past due rent.
- Continue to update the database of former tenants owing funds across all of our housing programs so that admissions and property management staff have a resource to verify amounts owed by past tenants who, as a condition of re-entering federal housing subsidy programs must settle such outstanding debts.

- Work with Housing Operations to review the appropriateness and levels of fees and charges to tenants to develop guidance for their application and identify areas for SHA discretion in applying fees and in negotiating outstanding debt.
- Monitor and measure the service level improvements achieved from having the Assistant Property Managers working in the Low Income Public Housing high rise buildings focus on customer service instead of the technical duties of annual reviews and leasing.
- Determine if the oversight of outside-managed properties has improved the performance of the properties under contract and whether SHA will be able to seek a rent increase for its multifamily properties. Also, determine if efficiency gains resulted from combining the oversight of the Scattered Sites and Special Portfolio communities and discuss with Housing Operations the longer term plan for managing these two portfolios.

JobLink

- Work with Housing Operations and OPSI to assess the second full year of JobLink outcomes against performance metrics and initial program goals, including assessment of cost benefit in the second year. Work with JobLink and OPSI to define possible adjustments or areas for further review, based on JobLink's performance over the first two years.

Impact Property Service (IPS) Financial Structure, Fee Support Methodology

- Review updates to the current IPS financial revenue and billing structure with participation from other SHA groups and determine if any adjustments are needed.
- Work with IPS and Property Management to monitor quarterly tracking and reports by property of maintenance work orders by type, IPS charges, and IPS revenues in relation to budgeted levels; conduct a quarterly review among Budgets, IPS, and Housing Operations Property Management; and document findings and budget or operational considerations for action.

Future Fleet Management and Financing

- Review with Housing Operations the implementation of the multi-year plan to modernize SHA's fleet management program and financing. Recommendations included in the 2019 budget with work continuing into 2020 are as follows:
 - A multi-modal program by department, division or location to assist staff in identifying alternative transportation options that would allow SHA to reduce its automobile fleet to the minimum and rely on a range of options that provide safe, reliable, convenient, and on-demand local transportation in a cost effective and more environmentally friendly manner. Examine the progress towards optimizing transportation support program for each group and the resulting reduction that can be made to the auto vehicle fleet.
 - Continue to monitor investment in fleet modernization, principally of vans, small trucks, specialty trucks, or other vehicles suited to specific SHA business needs. The comprehensive plan includes alternative fuel options, right-sizing the fleet, and a fee schedule for a replacement reserve for future vehicle replacements. Check for new vehicle offerings and analyze what the right combination of new and used vehicles provides the best viable solution.

- Specifically review proposed levels for right-sizing different uses of the fleet in relation to practices, standards, and criteria employed by other public agencies and PHA's locally.
- Review and assess all components of the current fleet fee and the method for allocating costs to appropriate SHA business units. In assessing reasonableness and allocation methods, review the fee structures for local municipal and special purpose agencies and for northwest MTW agencies.
- Work with Housing Operations to include a component of the fee that will be dedicated to fleet replacement with the aim of a replacement cycle that reflects best practices among public agencies and is realistic financially.

Solid Waste Rates and Revenues

- With Housing Operations, review the historical financial performance of solid waste and its current costs and rate structure. Identify areas of projected cost or revenue changes, including, for example, staffing structure, increased costs for insuring solid waste trucks, vehicle replacement schedule, and the acquisition of new properties. With Housing Operations, determine whether modifications to the solid waste rate structure/rates will be required for 2020 and if so, work with the department on a proposal and schedule for implementation. Review working conditions and routine schedules with Housing Operations to see if improvements can be made.

Scattered Site Repositioning

- Assess the progress of the Scattered Site (SS) repositioning plan for rehab of single family homes, conversions for added bedrooms in apartment units, redevelopment of properties, and potential sale and replacement of selected SS properties.
- Review with Development, Asset Management, and Housing Operations projected options for replacement units and their financing, should there be selected disposition of SS properties; and review criteria for selecting properties for repositioning.

Voucher Programs and Initiatives

- Continue to improve the budgeting, tracking, and reporting of Housing Assistance Payments (HAP) expenses in partnership with HCV, with particular focus on improving MTW HAPs expenses and utilization projections, with or without policy, procedure, or program changes.
- Continue working with HCV and OPSI to evaluate actions to reduce the long term cost of MTW voucher expense and to manage utilization within total authorized vouchers and MTW project based vouchers. Prepare analyses and recommendations for changes in the 2018 Market Rate Voucher Payment Standard (MR-VPS), as part of actions to control future costs and cost escalation of HAPs expenses.
- Closely track the request for new project based vouchers and the financial impact associated with added City Levy or SHA units. Encourage the substitution of special purpose vouchers for MTW vouchers in requests from the City and Housing Operations. Similarly, closely track the cost impacts on HAP expenses of the CMTO enrollees and of new families not enrolled in CMTO.
- Continue to work with HCV to evaluate the requests from affordable housing providers for additional housing payments that are above HUD-provided inflation factors.

- With HCV establish clear standards and required information for considering any adjustments to VPS, other than an inflation adjustment (OCAF), for project-based vouchers with private non-profit operators.
- With HCV and OPSI investigate Reasonableness Rent Determinations modifications to reflect the different cost structures of private market units, affordable units in tax credit properties, and other units in private non-profit properties; to assess setting a maximum frequency of rent increases; to evaluate terms under which SHA might a cap on annual levels of rent increases. Also assess Port-Outs and the possibility of implementing a change to the portability payment standard.

Risk Management, Control, and Prevention

- Continue implementing requirements of our Blanket Property Insurance to maintain insured values at replacement cost. In 2020 this review will be completed by comparing current values to the Marshall Swift Valuation Index and increasing insured values of SHA properties, where necessary, prior to renewal.
- Continue the follow-on support from the outside broker in SHA's Insurance Program Assessment with a review of the most cost effective option for placing Builder's Risk insurance on major construction projects and for placing other specialty lines of insurance coverage.
- Work with Human Resources (HR) to incorporate into existing Defensive Driving and New Employee trainings, concepts of Race and Social Justice (RSJ); how this relates to all SHA employees and how this affects our performance.
- Revisit procedures of renting the Gathering Hall and work with property management to audit files and train staff on best practices for risk control.
- Support other Departments to enhance SHA's Business Continuity Plans in the event of a major emergency by learning about and developing procedures for managing the Federal Emergency Management Agency (FEMA) process to gain assistance and reimbursement of costs following a catastrophic loss or event.

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

Tracking SHA's Financial Position through Financial Ratios and Policies

- Continue working with other MTW agencies and HUD on meaningful measures and benchmarks for PHAs' financial performance.
- With OPSI, continue working with the Affordable Housing Accreditation Board and other MTW agencies in review of the pilot phase of implementation of accreditation standards and potential refinement of the standards for larger or MTW agencies.
- 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 our rating.
- Conduct regular quarterly reviews through the Financial Policy Oversight (FPO) Committee and annual reviews with the Board of Commissioners of SHA's Unrestricted Cash Balances in relation to the Board's policies regarding Committed Funds and the level of Unassigned Funds or Operating Reserves.

- Perform at least an annual review with the FPO of SHA leverage position related to debt ratios and with FPO consider the impact of new debt proposals on SHA's leverage position.
- Continue to improve F&A's ability to forecast cash flow needs, the agency's undesignated unrestricted cash position, and the strategy for meeting HUD's cash management rules.
- Prepare data and assessment annually for report to the Board on the Executive Director's Accountability Agreement on benchmarks of the Authority's financial health.

Financial Management

- Continue monitoring and evaluating the balance and use of Operating, Real Estate, and Taxable Letters of Credit. If draws are needed for the Yesler development projects, work with FPO to determine prudent borrowing strategies. Maintain ongoing standby credit instruments by timely negotiation of extensions of current credit instruments as they mature.
- With Development, track land sales proceeds, deposit and account for proceeds in accordance with rules applicable in each specific situation, and ensure use of proceeds comply with any formal restrictions on their use. Ensure that all reporting and disclosure requirements of SHA's debt financing instruments are met in an accurate and timely manner.
- Actively monitor the DCR requirements for all SHA and LP managed properties. Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios and reserve requirements. If problems exist, work with Asset Management and Housing Operations to conduct a thorough review of the property and develop a corrective action plan.
- Conduct an annual review with the FPO Committee of Standard & Poor's Rating Report and key liquidity and leverage financial ratios for Seattle versus industry standards.
- Evaluate and adopt new Accounting Standards as required to conform to pronouncements of the Government Accounting Standards Board (GASB). Implement new accounting procedures in order to comply with GASB 87 for reporting all leases, which is required in 2020 and is to be applied retroactively. Work with Asset Management and IT to ensure lease terms are accurate and changes are communicated. Develop training and procedures as needed.

Support Financing for Yesler Terrace Redevelopment

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

Development and Capital Financing

- Monitor the 2018 Pooled Refunding (Desdemona, Othello, Escallonia, and Wedgewood), to ensure the rehabilitation costs are within budget and the ongoing operating costs are consistent with the pro forma; identify any issues early and recommend corrective actions.
- Assist in development and set-up of new financing projects, their cash flow needs during development, and their ongoing financial monitoring. Hinoki, SHA's next tax credit property in Yesler, is expected to be under construction in 2020. Other 2020 major project financing planned will be Jefferson Terrace rehabilitation project and Lam Bow Apartments, a new redevelopment and mixed financing project.
- Work with Asset Management in planning the schedule and decisions for the scope and steps in integrating the new Multi-Family Project-Based properties that fully assess costs and risks as SHA considers conversion of the properties to tenant protection vouchers and then to SHA Project-Based MTW vouchers. Fully consider the capital funding needs for rehab at some properties and projections of financing options for that work, particularly at the MLK properties.
- With Asset Management continue reviewing recommended strategies for refinancing or newly financing properties to reduce debt service costs, fund capital reserves, and/or provide permanent financing and repayment of lines of credit. Review all new debt proposals with FPO in relation to projected impact on SHA's financial leverage ratios.
- Assist Asset Management and Development in review and selection of Low Income Housing Tax Credit partners and terms of proposals in relation to SHA guidelines for proposers. Participate in review of proposed financing details and pro formas for new tax credit properties, with an eye to terms of financing and long-term debt burden on the property and to assumptions for revenues and expenses in relation to historical performance.
- Work with Housing Operations and Asset Management staff to evaluate DCR requirements and property reserve levels then assess feasible changes to better provide stable reserve funding for property capital replacement needs.

Cash Management Implementation and Evaluation

- Continue to improve tracking methods to meet HUD requirements for cash management and reporting via the HUD Voucher Management System. Ensure SHA is able to draw, utilize, and track all HCV MTW funding without risk of earned revenue recapture.
- Assess impact of rising Housing Choice Voucher costs and utilization and the trade off with utilization of Single Fund flexibility. Work with HCV to develop long-term forecasting alternatives that estimate projected changes in utilization and forecast of HAP expenses in excess of budgets. This is intended to serve as a continually updated multi-year forecast to provide an early warning system of the need for more aggressive actions for adjustments related to utilization of vouchers or to budget expenditures.
- Continuously monitor the 2020 HUD appropriation levels for operating, capital, and Housing Choice Vouchers subsidies and make appropriate adjustments to the budget when necessary.
- Reconcile any SHA HUD-Held Reserves with HUD's SHA Financial Analyst at least semi-annually, if not quarterly.

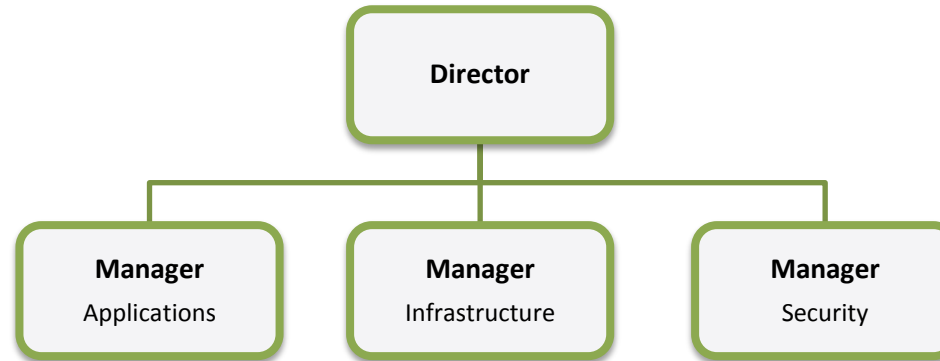
Social Equity Programs

- Participate in National Association of Minority Contractors (NAMC) meetings to facilitate growth of the WMBE participation in SHA contracting.
- 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.
- 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.
- Continue to improve compliance with Davis-Bacon labor standards through enforcing requirements for prime contractor review of certified payroll submittals; providing training for new contractors and subs; sampling of certified payrolls for compliance; and investigation of complaints of labor standard violations.
- Continue building relationships with regional HUD, regional Department of Labor, and State Labor and Industries to coordinate labor compliance responsibilities and achieve greater efficiency among the processes and more expeditious resolution of labor standard violations and restitution to workers.
- Continue building relationships with LCP tracker to implement robust reporting and enhanced modules tailored for public housing authorities.
- Review demographic and participation level of the 2020 budget survey. Review suggestions from it on how best SHA can reach more low-income people, particularly people of color, and those whose first language is not English. To the greatest practical extent, implement ideas in the 2021 budget survey.

INFORMATION TECHNOLOGY

A Division of Finance and Administration

INFORMATION TECHNOLOGY



Information Technology Budget

Information Technology Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$2,594,400	\$3,113,200	\$3,241,000	4.1 %
General and Administrative Expense	1,459,100	1,607,400	1,909,800	18.8 %
Tenant Services	(100)	150,000	-	(100.0)%
Maintenance & Contracts	304,100	362,900	366,100	0.9 %
Utilities	-	-	-	-
TOTAL OPERATING	\$4,357,500	\$5,233,500	\$5,516,900	5.4 %
Less Internal Agency Fees	(2,700)	(4,200)	-	(100.0)%
Salaries & Benefits in Grants, Capital, and Limited Partnerships	-	-	-	-
TOTAL	\$4,354,800	\$5,229,300	\$5,516,900	5.5 %

Table 12: Information Technology Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	23.0	23.5

Information Technology (IT) has a 2020 operating budget of \$5.52 million, a 5.42 percent increase from 2019. The uptick in labor expenses is due to cost-of-living increases and higher benefit costs as well as the addition of 0.50 FTE. This FTE update is an internal transfer or sharing of administrative staff between IT and Finance; it is not a part of the overall increase in FTE's for the authority. The decrease in tenant services represents an expenditure of the one-time supplemental add approved for the installation of community Wi-Fi for many SHA communities.

Software contract expense is the major driver of the increase in the General and Administrative category, rising by nearly \$350,000 or 29.6 percent. While increases in costs for existing contracts occur each year, new software contributes substantially to the growth in expenses for 2020. New contracts include \$97,000 for new ACAM software to replace a system no longer supported by the original vendor; \$77,000 for a contract management system that will allow SHA to automate manual, paper-based functions in its Procurement department; and \$45,000 for an e-learning platform to enhance not only standard trainings for various software but knowledge sharing in general agency-wide. Other contracts contributing approximately \$46,000 to the increase are those which existed in other departments last year and will be transferred to IT in 2020 to streamline negotiations, acquisitions, and updates.

In 2020, the Information Technology Department will continue to split administrative costs between the Central Services Operating Center and MTW funding.

SHA continues to invest in technological upgrades to improve process efficiency and promote cost savings, setting aside a portion of its MTW Block Grant each year to do so. IT Capital Projects in 2020 total \$481,000, a 17.1 percent decrease from 2019. This figure represents the total of all projects submitted for 2020 and does not represent any programmatic cuts. Ongoing projects include the completion of the Yardi upgrade; Phase III of the Low Income Public Housing (LIPH) Access Control and Alarm Monitoring (ACAM) project updating data circuits and network equipment to support the security software update; the expansion of the document-imaging project to HCV; infrastructure upgrades and

maintenance; and equipment upgrades. New projects for 2020 include the creation of a lease-tracking database to comply with the latest changes to the governmental accounting standards; creation of online forms for Housing Operations; a pilot for apartment unit keyless entry; systems to help measure customer service and track housing stability efforts; major software upgrades; and a system to help current and potential residents and participants navigate SHA's Housing Service Center.

Department Purpose and Function

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

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

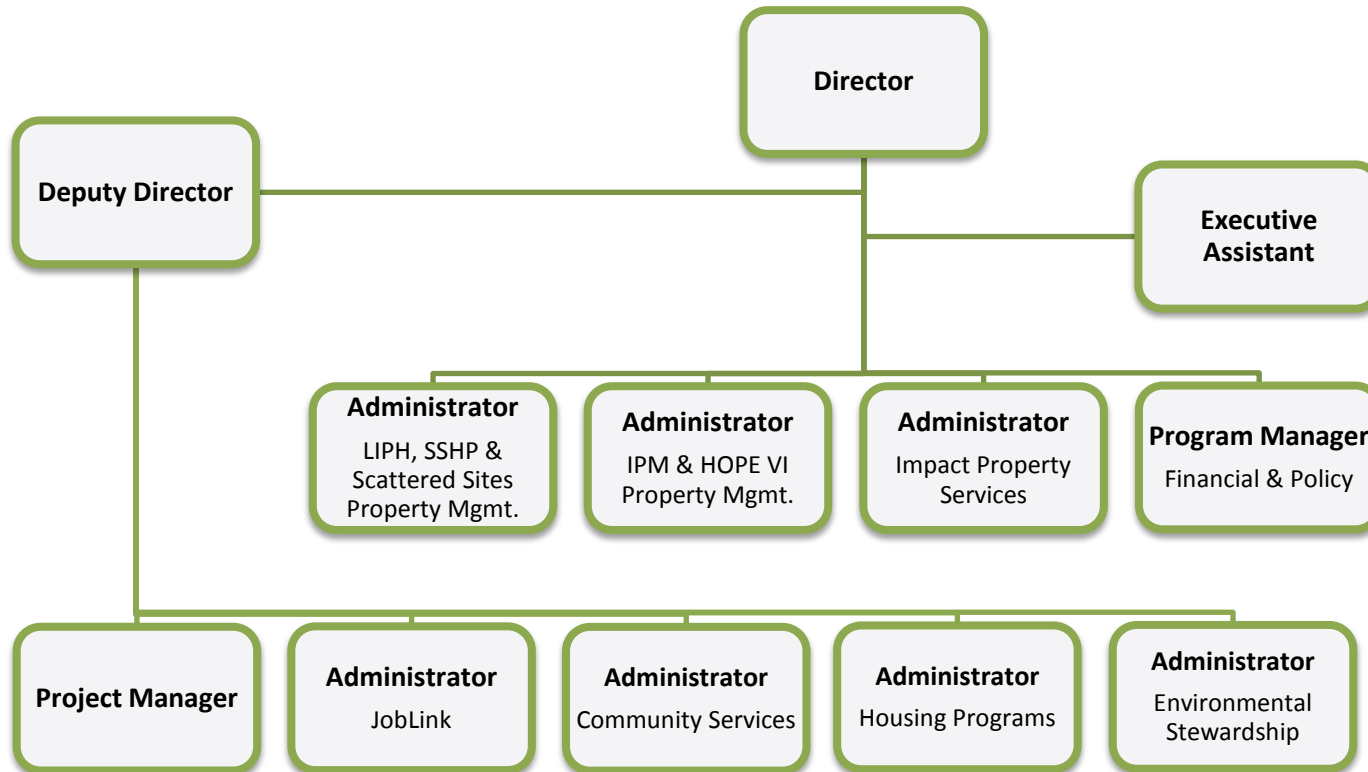
Working with the guidance of the IT Steering Committee which is composed of senior business department representatives, Information Technology is dedicated to ensuring stable, reliable, and secure infrastructure and software to support SHA's computing needs. IT will work to maintain, upgrade, and support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

Work Plan Highlights

- Migrate data and functions from Elite into Yardi to consolidate all resident and voucher holder information into a single database thereby boosting operational efficiency and improving customer service, data analysis, and data-driven decision-making.
- Evaluate SHA's digital security risks in conjunction with current products and services. Determine gaps between acceptable risks and ability to mitigate them. Determine if current products and services are still aligned with SHA's digital security objectives.
- Work with staff and possibly a consultant to evaluate IT processes, practices, and organization to ensure utilization of current best practices in these areas.
- Continue to augment efforts to protect resident and employee personal information, develop security policies, and partner with security providers to make SHA's data and networks safer.
- Continue to develop the Enterprise Data Warehouse (EDW) as part of the Business Intelligence (BI) program.

HOUSING OPERATIONS

HOUSING OPERATIONS DEPARTMENT



Housing Operations Budget

Housing Operations Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$14,151,900	\$15,999,100	\$18,357,900	14.7%
General and Administrative Expense	9,809,400	11,014,900	11,691,300	6.1%
Tenant Services	2,634,300	3,467,600	3,681,600	6.2%
Maintenance & Contracts	32,286,800	35,356,800	36,712,000	3.8%
Utilities	10,556,900	12,345,700	13,222,700	7.1%
TOTAL OPERATING	\$69,439,300	\$78,184,100	\$83,665,500	7.0%
Less Internal Agency Fees	(20,597,200)	(21,999,300)	(23,085,000)	4.9%
Salaries & Benefits in Grants, Capital, and Limited Partnerships	866,800	1,758,000	2,224,200	26.5%
TOTAL	\$49,708,900	\$57,942,800	\$62,804,500	8.4%

Table 13: Housing Operations Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	364.7	376.1

The Housing Operations (HOPs) Department adopted a total operating budget of \$83.7 million for 2020, an increase of 7.0 percent over 2019 adopted budget. A large portion of the increase primarily results from the new properties SHA acquired. The new acquisitions will increase maintenance, utilities, other operating expenses, and staffing budget. These properties will generate their own rental revenue and SHA expects that they will fund their cost. The remaining operating cost increases result from additional staffing and inflationary changes projected in 2020. Staffing total Full Time Equivalents (FTEs) positions will increase by 3.1 percent or by 11.4 FTEs.

Administrative salaries and benefits expenses are 14.7 percent higher than the 2019 Adopted Budget. The increase is predominantly due to site costs for new property acquisitions and the inclusion of Community Services Division labor expenses that had been funded by grants in prior years. The department will add 11.4 FTEs for both maintenance and administrative support services. These FTEs are discussed in relevant HOPs division sections, which follow this one. The majority of the divisions within Housing Operations will operate with the same level of staffing in 2020. The department's budget includes a salary saving of \$287,000 based on prior years' history and experiences consistent with agency-wide projection of salary saving. The projected saving is offset against increases in salaries and benefits.

General Administrative Expenses are to increase by 6.1 percent mainly due to new acquisitions, higher telecom costs due to community Wi-Fi and new broadband circuits for the ACAM system, and slightly higher internal service fees.

Contracts for **Tenant Services** are to increase by 6.2 percent over 2019 due to overall increases in Community Services Division's services spending, including fees for additional AmeriCorps volunteer placements.

The adopted budget for **maintenance** increases by 3.8 percent from 2019 mainly due to addition of four new properties in 2019, the return of Bayview to SHA management, the addition of a driver for solid

waste division, and the transfer of Scattered Sites right-sizing costs from Opportunity Investments to the operating budget. The increases in Building Repair and Maintenance are due to the above reason are offset by decreases in the repair and maintenance budget at Yesler Terrace as a result of demolition of old Yesler Terrace units.

Utilities are budgeted to increase by 7.1 percent from 2019. The increase in utilities is primarily due to acquisition of properties in 2019 and projected increases in utility rates. Decreases due to the demolition of old Yesler buildings and the Lam Bow Apartments redevelopment will offset increases caused by inflation, new acquisitions, and higher anticipated usage due to the rehabilitation work at Jefferson Terrace.

Department Purpose and Function

Housing Operations manages and maintains a diverse portfolio of over 8,300 units comprised of approximately: 5,800 units of Low Income Public Housing, which includes 894 Seattle Senior Housing Program (SSHP) units; 135 SSHP tax credit and locally funded units; about 1,200 units (excludes 63 public housing units) in Special Portfolio locally acquired units; and approximately 770 HOPE VI tax credit units (excludes HOPE VI public housing tax credit units). The HOPE VI tax credit units are in the mixed income communities of NewHolly, Rainier Vista, High Point, and Lake City Court. In addition, the redeveloped Yesler Terrace site (including the Baldwin Apartments, Kebero Court, Raven Terrace, Hoa Mai Gardens, and Red Cedar) has a total of 500 units. The new properties at Yesler started operation in 2014 and old Yesler units are expected to be demolished in 2020.

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

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

Housing Operations Central Administration & Admissions

Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Housing Operations Central Admin.	\$2,085,000	\$2,471,700	\$2,778,100	12.4%
Admissions	886,900	987,300	1,020,000	3.3%
Inspections	97,000	125,000	238,700	91.0%
TOTAL OPERATING	\$3,068,900	\$3,584,000	\$4,036,800	12.6%

Table 14: Housing Operations Central Admin Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Housing Operations Central Administration FTEs	19.9	20.9
Admissions FTEs	8.5	8.5
Inspections FTEs	1.0	2.0
Total FTEs	28.4	31.4

The combined Housing Operations Central Administration (HOps Central), Admissions, and Inspections budget will increase by 12.6 percent from 2019. The largest increases for HOps Central are due to approved supplemental add requests for personnel as well as a rise in intercompany fees primarily caused by increasing software costs distributed to each division and/or group via the Information Technology Fee for Service. The group will add 1.0 FTE for 2020, a result of the elimination of one position and the addition of two positions added mid-2019—one ongoing, one project-based. The added positions and other factors contributing to the increase in labor expense are described below.

- Continuous Improvement Manager (ongoing):** As part of its commitment to operational efficiency, SHA began using process improvement methodologies in its Housing Choice Voucher department to pinpoint inefficiencies and eliminate them. Due to the success of this program, the Housing Operations Department has added this position to oversee process improvement work for its various divisions and groups. While this position is based in Housing Operations, it is intended as a resource for process improvement guidance agency-wide.
- Right-Sizing Coordinator (project-based):** As part of the budget process in 2019, Housing Operations was tasked with creating a right-sizing program to reduce costs and streamline the work required to move over-housed residents in the HOPE VI and Scattered Sites portfolios into homes more appropriate for their diminished family size. The coordinator acts as the project manager for this program, coordinating efforts across multiple departments and groups involved in the project—the Scattered Sites and HOPE VI property management and maintenance teams, Impact Property Services, and the Construction Operations team based in Asset Management.

Also contributing to the increase in labor expense (but not to the overall FTE count) is the approval of an ongoing Environmental Stewardship Intern program after a successful two-year pilot. This program has been slightly restructured to provide SHA residents the opportunity to train and engage in entry-level work in the green economy. The administrator overseeing this program will work closely with JobLink to ensure its participants have priority in filling these positions.

The increase in the Admissions budget over 2019 is largely due to inflation with a slight increase in labor expense above cost of living due to the reclassification of a program supervisor into an administrator position. More on this reorganization can be found below.

The Inspections line item is new for this group in 2020. As part of the aforementioned reorganization, this group was transferred here from the Low Income Public Housing group. The large increase is due to the approval of supplemental add request for an additional inspector. The addition of a second inspector will reduce caseloads thereby allowing time for crucial follow-up to issues identified during the first inspection and will also allow the team to focus on inspections designed to improve communities' Real Estate Assessment Center's (REAC) score.

About Housing Operations Central Administration

Central Administration supports the entire Housing Operations Department and working divisions. In late 2018, Central Admin restructured its support team into functional groups. In its old incarnation, the Housing Operations Support Team (HOST) was charged with oversight of such diverse functions as admissions and environmental stewardship centralized under one administrator. Now, four new teams organized by functional categories form the core of HOST: the Housing Programs team; the Environmental Stewardship and Sustainability (ESS) team; the Strategy and Evaluation team; and the Finance and Business Infrastructure team.

The Administrator for the Housing Programs and Occupancy team oversees Admissions, Compliance, Policy, Training, and the Occupancy Team. Groups under the leadership of the Administrator for the Environmental Stewardship and Sustainability team are Contract Management, Environmental Stewardship, Inspections, Solid Waste and Fleet, and maintenance and capital improvement support. The Finance and Business Infrastructure team leads efforts in the areas of finance and budget, infrastructure project and program management, as well as data and performance improvement. The Strategy and Evaluation team focuses its efforts in the areas of program analysis and design, research and evaluation, process improvement, and strategic development and management.

Housing Operations Central Administration & Admissions Work Plan Highlights

Strategy and Evaluation Team

Housing Operations' Strategy and Evaluation team will support the department with research, analysis, and facilitation to help foster continuous improvement, promote race and social justice, and achieve the department's key strategic priorities of serving more people and promoting housing stability and healthy communities.

In 2020, the team will continue leading the department's right-sizing initiative with a goal of right-sizing 35 to 45 units. The team will also continue its focus on evaluating and developing policies and practices to help residents remain stably housed. Part of this work will include providing professional development to staff to help improve their interactions and relationships with residents. Finally, the team will be also be focused on helping the agency to operate more efficiently and deliver higher quality services to residents through the continuous improvement manager position. The manager will be responsible for training staff across the agency on process improvement strategies.

Inspections

A critical part of SHA's mission is providing decent and safe living environments. Real Estate Assessment Center (REAC) scores offer SHA one benchmark for evaluating its performance on providing quality

housing, especially around health and safety. Housing Operations will focus its inspections work in 2020 in the following areas:

- Support portfolios in developing REAC strategies tailored to their context to help ensure passing REAC scores and that units are healthy and safe.
- Continue to spread and develop best practices across portfolios through staff training and knowledge sharing.
- Improve coordination with Asset Management.
- Develop a long-term strategy for evaluating housing quality in partnership with HCV and the broader agency strategic planning process.

Admissions

In alignment with the Admissions Team goals—to provide every applicant with the maximum possible opportunity to obtain an approvable application and to provide approved application files to fill the agency’s vacancies—and in congruence with the agency’s strategic plan for operational efficiency, race and social justice, innovation, staff excellence, engaging services, and respectful relationships, the Admissions Team will:

- Plan for the centralization of the property transfer waiting lists currently under site-based management. The centralization of these lists will increase efficiencies, consistencies and compliance. Discussions, decisions, and planning began in 2019 with implementation in 2020.
- Collaborate with the LIPH Occupancy Team, Compliance, Front Desk, and Information Technology to improve unit offers, leasing, orientation, waiting list compliance, and customer service for approved applicants. Identify inefficiencies in the current waiting list structure, process handover, and measurements.
- Provide property management with sufficient applicants to improve leasing rates.
- Review and update desk manuals.
- Work with the procedures committee on identifying, developing, and releasing needed procedures.
- Cross-train all Housing Counselors on the selection and scheduling process to increase the number of staff with knowledge and ability to complete these critical processing steps.
- Review and evaluate current reinstatement policies and procedures for RSJ and disparate impacts as well as barriers to entry and administrative efficiencies.

Compliance

This team works in partnership with Property Management and Asset Management to ensure that all federal, state, and local regulatory requirements, as well as all SHA Policy and Procedure requirements are met for each of its Housing Operation programs, including public housing, tax credit, and HOME units. Failure to comply with any of these requirements may have financial consequences both to SHA and its residents and result either in the loss of low income housing or impede the agency’s ability to provide more low income housing in the future. In 2020, the Compliance team will:

- Evaluate and assess any federal, state, and/or local regulatory changes to determine their impact on SHA policies and procedures. Revise policies and procedures as needed.

- Serve as liaison between regulatory agencies and staff regarding changes in regulations/policy from oversight agencies; assist with preparation of documents for submission to regulatory agencies; review and approve reports and responses for submission to regulatory agencies.
- Analyze compliance trends to help SHA address any issues of potential noncompliance before they become issues.
- Audit all initial and first year certifications for properties reported in the Combined Funders' Annual Reporting System (also known as the Web-Based Annual Reporting System, or WBARS) by the end of 2020.
- Submit, monitor, and audit submissions to PIC and EIV to ensure compliance with HUD reporting requirements; work with staff to correct discrepancies as they arise.
- Continue using the current auditing protocol to focus on critical issues for new admissions, transfers, continued occupancy, re-syndication, and acquisition/rehabilitation of new tax credit properties, as well as property and staffing issues. In 2020, compliance will focus on the acquisition/rehabilitation for Jefferson Terrace.
- Audit submissions to WBARS to ensure compliance with funder requirements and household eligibility; work with site staff to review the requirements and timelines for year-end reporting, and proactively address issues throughout the year to enable smooth year-end reporting.
- Review and update audit standards and practices; starting with historical research.
- Work with the procedures committee on identifying, developing, and releasing needed procedures.
- Work with the trainer to review training plans and materials for accuracy and compliance with applicable rules, regulations, policies, and procedures.

Policy

The HOST Policy team works together with the Policy and Procedure Committee, the Procedure Development Committee, and the Forms Committee to address policy and procedure issues within the Housing Operations Department. This work includes writing and revision of policy, development and revision of standard operating procedures, and the development and revision of Housing Operations forms. All of this work is completed centrally and published with the assistance of the Housing Operations trainer as necessary. In 2020, the Policy team will:

- Continue work on standard operating procedures. With the rollout of the Admissions and Continued Occupancy Policy (ACOP), many procedures are out of date or non-existent. The team has been working through these procedures in 2019 but many procedures still need to be completed.
- Respond to emergent issues as needed and work through development of policy and procedure for same. These items may include changes to funder regulations and/or new initiatives within SHA. Some examples include updates to Streamlined Low Income Housing Program (SLIHP); criminal background screening policy and procedure; right-sizing, eviction prevention, Housing Opportunity Through Modernization Act of 2016 (HOTMA) over-income households and more.
- Codify gaps in SSHP Rent Policies. SSHP has some practices that have not been codified in the ACOP, Board Resolutions, MTW Activity, or other places. Some examples include: SSHP Rent

Freeze policies/practices and grandfathered policies/practices. In 2020, the Policy team will work with SSHP Property Management and others to identify needed policy and MTW Activities.

- Work with leadership and legal to develop approval process for ACOP changes.

Training and Development

In partnership with Compliance and Property Management, the trainer supports staff by providing training and resources that improve Housing Operations' performance and consistency. The trainer continuously works to understand the agency's training needs and to adapt trainings and resources to meet them. Training activities in 2020 will include:

- Coordinate external trainings.
- Develop and deliver housing and Yardi classes based on Yardi reporting and assessments from program analysts and management as well as feedback from staff.
- Coordinate Fair Housing Training with an outside provider. This will consist of both standard and advanced fair housing curriculum for our property management, admissions, compliance, and IPS staff. The Seattle Office for Civil Rights will facilitate 3 hours of basic training and 2 hours of advanced training.
- Develop and build a delivery system for Onboarding and Housing 101 training.
- Develop, organize, and administer eLearning training course catalogs and training plans.
- Develop annual training plans for staff and trainer.
- Seek training opportunities at a low or reasonable cost for all of HOps staff, to include topics related to professional development, leadership, housing, etc.

Document Imaging

This team utilizes OnBase electronic forms, process automation and workflow tools to enable departments to securely share information. In 2020, the teams plans to build on the previous developments and incorporate additional technology to capture tenant information, organize funder-required data, automate services, and streamline processing. Select examples include:

- E-forms for applicants and/or residents to complete and submit certification paperwork online
- Integration between OnBase and Yardi so that they work together
- Resident re-certification packet automation before, during and after review processing (reduce staff error and improve resident experience)
- Expanded use of E-forms for internal processes for routing
- Database integration to capture the information coming into OnBase

Environmental Stewardship & Sustainability

The Environmental Stewardship and Sustainability (ES&S) Team envisions an SHA that prizes environmental stewardship and sustainability in daily practices and decision-making. The ES&S Team's mission is to enrich SHA's commitment to environmental stewardship and sustainability through coordinated action and partnership with staff, tenants, and stakeholders. The ES&S Team pursues its mission through a set of big picture strategies:

- Improving the sustainability of housing stock owned/managed by SHA;

- Demonstrating the benefits of environmental stewardship and sustainability to our stakeholders; and
- Creating a culture of environmental stewardship and sustainability at SHA.

The ES&S Team aims to pursue these strategies through the employment of annual and special goals for calendar year 2020 outlined below.

Utilities Management

Utilities Management involves monitoring and reviewing monthly utilities billings, and identifying and assisting in the correction of errors or irregularities in billing statements. This effort assists in the agency's goals to ensure cost-effectiveness of federally funded housing and to mitigate adverse environmental impacts resulting from inadequate waste management practices and excessive use of water, electricity, or natural gas utilities.

In 2020, the team will endeavor to improve records management, and streamline trending analyses, while maintaining compliance with city ordinance's related to building performance benchmarking. Finally, the team will work with other SHA teams to drive use of the utility data dashboard.

Avoided Cost through Conservation Program

Avoided cost is an estimated dollar amount of the utility expenses that would have been paid had a leak or infrastructure issue not been addressed in a timely fashion. The team identifies these incidences, initiates corrective work orders, and tracks avoided cost for each incident, year over year, in order to provide a business case for resource conservation activities.

In 2020, the team will endeavor to streamline this work through the use of modern data analytic techniques. In addition, the team will work to improve response time to irregularities in billing due to infrastructure issues through the use of City Light and Seattle Public Utilities online bill-pay system and its features.

Threshold Billing Program

The Threshold Billing Program is a price-signal- and incentive-based water rebilling program that uses two consumption thresholds to offer tenants 1) a credit for conservative, below average, consumption, 2) no charge for normal consumption, or 3) a charge for excessive, above average, consumption patterns. This program is a tenant-focused effort to increase awareness of water consumption and encourage/promote conservation.

After an in-depth program evaluation, the team anticipates the implementation of program modifications to increase overall program sustainability and impact will occur late 2019 with evaluations happening in late 2020 once enough data is available.

Utilities Compliance Support

Utilities Compliance Support involves the administration of utility allowances for all SHA-owned or -managed properties, including annual evaluation of needs for utility allowance updates or modifications. Staff will continue to closely monitor rates and work with local providers to ensure compliance goals are achieved. In addition, allowances based on updated consumption estimates will be implemented in mid-2020, carrying over a new standard of updating allowances on an annual basis.

Waste Reduction

Waste Reduction efforts involve a variety of tenant, staff, and operations focused projects and programs all geared toward the diversion of waste from the landfill and reduction in waste generation rates. Examples include: assisting with the development and implementation of a comprehensive waste management strategy and the promotion of recycling and composting and technical assistance. In 2020, waste reduction efforts will focus on continued improvement in technical assistance, outreach, and implementation of management best practices. In addition, the team will continue waste audits at least 10 additional SHA properties.

Environmental Stewardship Report and Sustainability Agenda

The Environmental Stewardship Report, published in 2017, is the agency's first effort to benchmark interdepartmental environmental stewardship and sustainability activities. This project provides a testament to the agency's commitment to environmental stewardship. In 2019, the team continued development of a sustainability agenda: convening a committee focused on articulating the goals and strategies for a more sustainable SHA going forward. In 2020, the team will work across departments to implement the goals and tactics identified through committee.

Green Fleet Strategy

The green fleet strategy involves the development and implementation of a strategy for capital investment in electric and hybrid fleet vehicles, as well as reducing the fleet size through use of the public transit system and shared resources in Seattle. In 2018, a Multi-Modal Fleet pilot evaluated the potential cost savings and reduced capital deficit from a fleet management framework that incorporates shared resources like public transit, car2go, and Uber. In 2019, expansion of the multi-modal model commenced at Central Office. In 2020, the team will continue vehicle replacements and onboarding of staff teams to the multi-modal program.

Design and Construction Standards

The Construction Standards effort is intended to streamline the specifications used in SHA's new construction projects and internal renovation/rehabilitation projects. This project will guide future development and rehabilitation projects at SHA properties. In 2019, ES&S worked with other SHA departments to identify and document agency standards, as well as assisted with the development of a framework for evaluating adjustments to agency standards. In 2020, the team will work with a cross-departmental group to identify adjacent businesses processes and procedures that will benefit from this new data resource.

Pilot Project Development and Evaluation

In 2020, ES&S will work with Asset Management staff to further an ongoing effort to develop a Revolving Capital Fund for Sustainability. ES&S staff will work with Asset Management to both further develop a project vetting process, propose projects, and assist with evaluation in future years.

Contracts Management

The Contracts Division provides centralized contract support to all of Housing Operations and serves as the internal liaison with the Purchasing Department. Contracts currently manages 20 open contracts. This Division is also responsible for the administration of the Agency's ACAM program and the management of utilities billing.

- Administer current ACAM software for all of SHA except Human Resources. Assist in the transition to new ACAM software.
- Continue to increase and expand the number of centralized contracts for the Housing Operations Team; always seeking to improve the way contracts are implemented and managed.
- Continue to keep all contracts within compliance in regards to terms, conditions, and dates; to ensure no lapse in contract coverage; to ensure accurate and timely payments of invoicing.
- Serve as the point of contact to use the JOC contract for maintenance and construction services. Serving as the primary coordinator in the effort to bring timely construction services to our properties as needed by IPS/IPM.

Low Income Public Housing

LIPH High-rises, Scattered Sites, homeWorks Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
LIPH High-rises, Scattered Sites, homeWorks	\$24,706,600	\$27,252,500	\$28,550,100	4.8%
TOTAL OPERATING	\$24,706,600	\$27,252,500	\$28,550,100	4.8%

Table 15: Low Income Public Housing Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	57.6	58.1

For 2020, the Low Income Public Housing (LIPH) group proposes a total operating budget of \$28.5 million, an increase of 4.8 percent over 2019. Increases in labor expense and utilities are all attributable to inflation or in the case of the latter, projected municipal rate increases. General administrative expenses rose 9.5 percent above 2019 driven by increases in telecommunications cost to cover community Wi-Fi internet service as well as the ongoing cost of new broadband circuits required for the new ACAM system; the addition of budget for right-sizing moving expenses to the operating budget; and internal fees related to rising software costs as related in the previous section. The 3 percent increase in maintenance expense is largely attributable to the move of right-sizing work in the form of vacates and unit rehabilitation from the capital budget to the operating. The professional services increase of 9.7 percent over 2019 is due to an increase in the community police team contract. The group submitted an approved supplemental request for an Assistant Property Manager to assist with certifications at Jefferson Terrace. This is a six-month (0.5 FTE), project-based position funded by the rehabilitation budget.

About LIPH

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

for in the Limited Partnerships, NewHolly, Special Portfolio, Seattle Senior Housing Program, and Yesler Terrace sections. Low Income Public Housing serves low-income residents, with most residents at or below 30 percent of Area Median Income.

LIPH Work Plan Highlights

- Continue work with Asset Management and Development on a comprehensive modernization plan for Jefferson Terrace.
- Complete 35 to 45 units in the second year of the right-sizing initiative. This involves relocation of residents whose housing is no longer appropriate for their family size (e.g. two people in a three-bedroom home) and the work to update and turnover the newly vacant unit for a larger family to occupy.
- Continue coordination with Asset Management on the completion of substantial upgrade work on single-family (SF) units and conversions to create more large-family units in the Scattered Sites Portfolio.
- Continue security improvements started in 2017. Work includes new ACAM or card entry systems—where residents will use a card to access their buildings instead of a key—to improve overall building security. Installation of digital video recorders to monitor all entryway activity and additional outdoor lighting, where needed, will enhance resident safety.
- Establish a pilot to explore the utility of replacing keys with fobs for this portfolio as well. The group anticipates that a new fob system will help prevent lockouts as well as provide a means of tracking entry of units and common areas for safety and security.
- Continue work begun in mid-2019 to implement a baseline on-boarding process to welcome all new residents to their homes in the Low Income Public Housing portfolios. While the move-in process differs slightly from portfolio to portfolio based on differing population needs, all portfolios will provide at least the baseline services to all new residents including a commonly defined schedule for multiple management "check-ins" with the new household over the course of their first 6-months of tenancy to identify any opportunities for early intervention.
- Continue to focus on evaluating and developing policies and practices to help residents remain stably housed. Part of this work will include providing professional development to staff to help improve their interactions and relationships with residents.
- Define and expand the site-based customer service model in the high-rise communities. Since the Occupancy Team was developed and as it grows, the Assistant Property Managers (APMs) who remain in the field are tasked with more comprehensive and specialized focus on the residents and their needs. Site-based APMs are the primary contact for residents, and shall handle, or at least initially respond to, all resident inquiries and complaints. Site-based APMs work closely with external service providers to coordinate care for resident who are struggling to remain stable.
- Continue to offer "out-of-class"/acting assignment opportunities to staff in order to promote upward mobility and job satisfaction. Work with JobLink on training and hiring Section 3 employees for high turnover positions.

Seattle Senior Housing Program

Seattle Senior Housing, includes Ravenna and Leschi Tax Credits	2018 Actual	2019 Adopted	2020 Adopted	% Change
TOTAL OPERATING	\$6,091,700	\$6,284,900	\$6,527,700	3.9%

Table 16: Seattle Senior Housing Program Budget and FTEs

	2019 Approved	2020 Adopted
Full-time Equivalent Positions		
Total FTEs	20.5	20.5

The Seattle Senior Housing Program (SSHP) adopts a total operating for 2020 of \$6.5 million, an increase of 3.9 percent from 2019. With the exception of telecommunications and internal fees, the increase is mainly due to inflation factors. Like all portfolios with higher telecommunications costs and internal fees, the increase is attributable to the addition of community Wi-Fi service as well as new broadband circuits for the updated ACAM system and greater software costs. Similarly, an increase in the community police team contract accounts for the higher professional service budget.

About SSHP

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

SSHP Work Plan Highlights

- Continue work begun in mid-2019 to implement a baseline process to welcome all new residents to their homes in SSHP, thereby helping to ensure new residents are a successful part of the community and feel a sense of belonging as well as provide property management an opportunity for early intervention to assist with housing stability, if necessary.
- Work with Asset Management to improve communications during elevator failures and to address capital priorities.
- Major rehabilitative work funded by the 2020 capital budget includes elevator upgrade work at Island View, Nelson Manor, and Wildwood Glen; exterior upgrades at Primeau Place; and flooring replacement at South Park Manor.
- Review staffing assignments to better serve the senior buildings including the possible implementation of the Occupancy Team configuration.

Yesler Terrace

Yesler Terrace, Baldwin and EOC Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Yesler Terrace	\$1,185,300	\$948,800	\$514,900	(45.7%)
Baldwin Apartments	85,000	103,000	109,800	6.6%
Ritz Apartments	114,900	120,000	134,200	11.8%
Epstein Opportunity Center	68,400	69,300	71,300	2.9%
TOTAL OPERATING	\$1,453,600	\$1,241,100	\$830,200	(33.1%)

Table 17: Yesler Terrace Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	19.5	19.5

The 2020 adopted Yesler Terrace (old Yesler, Baldwin, Ritz, and the EOC) operating budget is 33.1 percent below the 2019 Adopted Budget, mainly due to the relocation of residents and fewer online units at old Yesler Terrace. Utility, general administrative expenses, and maintenance expenses are expected to be lower because of the declining number of occupied units onsite. The operating budgets for Kebero Court, Raven Terrace, Hoa Mai Gardens, and Red Cedar are included in the Capital Improvement, Grants, and Limited Partnership sections of the budget book and are not reflected in the table above. However, the employees funded by the limited partnerships and working in the Yesler communities are included in the FTE counts above. Staffing remains the same as 2019.

About Yesler Terrace

Originally, Yesler Terrace consisted of 561 Low Income Public Housing (LIPH) units built from 1941 to 1943 serving a diverse community in the neighborhood. Yesler Terrace is the city's first publicly subsidized housing development. Many of the residents are families with children, seniors, and people with disabilities. Most of the households are at or below 30 percent of area median income. SHA began redeveloping Yesler Terrace and replacing aging housing with new units. The project is multi-year and has a vision to transform Yesler Terrace into a vibrant new community within a diverse, connected, safe, and sustainable neighborhood. The first relocation started in 2012 with relocation of the YWCA program. Red Cedar, a 119-unit fourth new building in the Yesler Terrace redevelopment started operation in 2019.

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

Kebero Court, Raven Terrace, Hoa Mai Gardens, and Red Cedar, the first four new residential properties, are complete and are operational. The construction of replacement and tax credit units at Hinoki is expected to be completed by 2021. These projects are limited partnerships; as such, their budgets are not reflected in the table above.

Yesler Terrace Work Plan Highlights

- Coordinate with SHA Development department to ensure updates and changes are shared with residents, SHA staff and external stakeholders. Management continues to keep positive

relationship with residents who are undergoing on-going changes both personally and in relation to their new environment as well as new residents coming to Yesler.

- Continue in discussions on the elements of building community cohesion through strong community leadership, neighborhood identity, facilitating community-wide events and programs, and engaging with private sector partners.
- Engage in the activities of the Yesler Terrace Owners Association (YTOA) as new properties with new owners come on line, as common areas that will require upkeep and maintenance are created, and as public spaces that will support community activation to promote the spirit of connections and community become operational.
- Continue to develop and innovate the way staff manage and operate the dense, seven-building Yesler Campus. This is bringing new opportunities and challenges to how neighbors and families interact. Red Cedar now hosts the main management office for Yesler along with new Community Services engagement space.
- With the successful expansion of SHA's MTW Streamlined Low-Income Housing Program (SLIHP) initiative to Yesler and Scattered Sites in 2019, HCV and Housing Operations continue to discuss opportunities for process improvements. This has led to a joint work plan to move toward implementing the transition of HQS inspections to Housing Ops for the MTW SLIHP units.

Special Portfolio Housing Program

Special Portfolio Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Operating Expenditures -- SHA-Managed	\$1,627,700	\$1,728,300	\$2,258,800	30.7%
Operating Expenditures -- Outside-Managed	2,330,400	2,485,000	2,190,800	(11.8)%
Operating Expenditures -- New Acquisitions (Outside-Managed)	10,800	-	1,812,600	-
TOTAL OPERATING	\$3,968,900	\$4,213,300	\$6,262,200	48.6%

Table 18: Special Portfolio Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	9.4	9.4

Special Portfolio (SP) adopts a total operating budget of \$6.3 million for 2020, an increase of 48.6 percent over 2019. For the SHA-managed group of properties, reductions in maintenance, utilities, and internal fees due to the redevelopment of Lam Bow Apartments offset across the board increases with the return of Bayview Tower to SHA management. For the outside-managed group of properties, the reduction in expenses due to the removal of Bayview offset the addition of four newly acquired properties—Spring Lake Apartments, Weller Apartments, Golden Sunset Apartments, and Martin Luther King Jr. Apartments—to the group in mid-2019.

About Special Portfolio

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

The SHA-managed group operates within the SHA Property Management team under the supervision of the Administrator of the LIPH portfolio. In 2020, it will carry 537 units which includes 100 units at Bayview and excludes all Lam Bow Apartments units as the remaining building will be demolished for the redevelopment. The mix of units within this group includes Local Housing Program facilities, Section 8 project-based buildings, and limited partnerships at Alder Crest and South Shore Court as well as the West Seattle Affordable Housing LLLP. The limited partnership budgets in this portfolio are included in the final section of the Budget Book and not in the table above.

In late 2018, oversight of the outside-managed group was transferred to the LIPH Administrator with day-to-day operations managed by a Senior Property Manager, similar to the LIPH staffing structure. The four newly acquired properties added 331 units to this group, bringing the total unit count to 716. The portfolio serves households with various income levels, and income limits vary by property. Depending on the property, limits can be 30, 50, 80, or 100 percent of Area Median Income (AMI). Most of these units were acquired using debt financing and therefore must generate sufficient income to cover debt payments in addition to meeting all other operating and capital expenses.

Special Portfolio Work Plan Highlights

SHA-Managed Properties

- Complete lease-up of vacant units at Longfellow Creek Apartments, Wisteria Court Apartments, and Roxhill Court Apartments at the conclusion of the West Seattle Affordable Housing LLLP rehabilitation project.
- Continue development of new approaches to Interim Reviews 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.
- Work in conjunction with SHA's Relocation Manager to find suitable replacement housing for the remaining residents at Lam Bow Apartments prior to redevelopment.
- Transition Special Portfolio project-based voucher (PBV) units into the Streamlined Low-Income Housing Program (SLIHP). SLIHP allows SHA to apply certain public housing rules to each PBV unit, so a community with a combination of these housing types can operate under one set of rules rather than two, thereby creating operational efficiencies that benefit both staff and residents. Included as part of this work is transitioning waitlist management from Special Portfolio to the Admissions group.
- Assess properties that do not meet their required Debt Coverage Ratio (DCR) and make recommendations on corrective actions.

Outside-Managed Properties

- Evaluate outside-managed properties to align, standardize, and improve practices and operating procedures to meet SHA standards. Areas for review include rent collection, lease enforcement, inspections, application and leasing procedures, waitlist management, annual re-certifications, and maintenance work.

- Perform a cost benefit analysis for the return of certain properties to SHA management based on the results of the evaluations mentioned above.
- Continue work begun in mid-2019 to transition Multi-Family voucher properties into project-based. Candidates under consideration are the four newly acquired communities as well as Bayview Tower.
- Work with Asset Management to evaluate the capital needs of the new acquisitions and determine appropriate financing options.
- Work with Asset Management to address the backlog of capital items at existing outside-managed properties.

Impact Property Services

Impact Property Services Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Impact Property Services Operations	\$15,002,800	\$16,092,200	\$16,351,600	1.6%
Impact Property Services Facilities	300,600	316,600	356,000	12.4%
Solid Waste & Fleet	3,574,700	3,803,900	4,141,200	8.9%
TOTAL OPERATING	\$18,878,100	\$20,212,700	\$20,848,800	3.1%

Table 19: Impact Property Services Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
IPS Operating Budget FTEs	115.2	115.5
Solid Waste & Fleet Operating FTEs	16.6	17.7
IPS Capital Budget FTEs	9.7	12.7
Total FTEs	141.5	145.9

In CY 2020, the adopted operating budget for Impact Property Services (IPS) is \$20.85 million, an increase of \$636,100 or 3.1 percent from 2019. IPS' FTEs increase by 4.35 overall due to a net increase of 0.25 FTEs in IPS Operating, an increase of 1.0 FTE in Solid Waste & Fleet, and an increase of 3.0 FTEs in IPS Capital.

The operating budget for IPS Operating is \$16.35 million, a 1.6 percent increase from 2019. This is slightly below status quo inflation increases in order to better fit its budget with historical actuals. Reduction adjustments were made in IPS Operating's Operating Expense, Maintenance Materials, and Contracts accounts. IPS Operating's FTE count increased by net 0.25 due to the retirement of a 0.75 FTE Specialized Maintenance and Repair Training (SMART) Trainer position and the addition of a 1.0 FTE Maintenance Mechanic to serve Bayview, a property that returned to SHA management in 2019. IPS Capital Budget FTE count increased by 3.0 due to the additions of a 1.0 FTE Plumber and 1.0 FTE Carpenter for the HOPE VI Rightsizing initiative as well as the reclassification of a Scattered Sites fan installer from a temp hire to a Capital FTE, which better reflects the nature of that position's work and hours.

The adopted operating budget for Solid Waste and Fleet is \$4.14 million, an 8.9 percent increase from 2019. The Solid Waste Division will add a driver due to increased workload primarily resulted from addition of properties. The division will also add budget for new ergonomic containers, which are expected to provide relief for drivers and prevent injuries. The Fleet Division will complete installation of

telematics in all SHA fleet, which will help SHA to optimize fleet usage. Solid Waste and Fleets' FTE count increased by 1.0 FTEs due to addition of new driver in 2020.

About IPS

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

IPS has managed its maintenance facilities since 2014: MLK Maintenance site, South Operations Facility, and Operations Support Center. The proposed IPS Facilities budget is \$356,000, a 12.4 percent increase from 2019, due to significant increases in Telephone and Utilities expenses.

Impact Property Services Work Plan Highlights

Maintenance and Repair

- Utilize Superior Maintenance and Repair Training (SMART) to assist residents with unit preventative maintenance, as well as resident upkeep of SHA units. Utilize SMART to elevate skill levels, heighten awareness, and educate on building systems and SHA procedures of on-site property management personnel. Create manuals and training videos for Building Systems and Property Management components. Conduct outreach with customer surveys and use The Sound, SHA's interactive internal reporting database, for continuous communication between Impact Property Services (IPS) and other departments.
- Install and maintain water and energy conservation improvements—from LED lighting to heat pumps to low flow toilets; new lighting, and security features for safety; and 24/7 fans for improved air quality, health, and cost effectiveness.
- Perform unit upgrades in older units with new appliances, cabinetry, flooring, bathroom fixtures, and painting, as needed, to improve the quality of living in SHA units. Extend the life of SHA's housing assets and their safety through replacement of roofs, modernization of elevators, and replacement of fire panels.
- Evaluate preventative maintenance program and add newly installed energy efficient capital items to preserve SHA assets and enroll new properties into Preventative Maintenance Program. Educate IPS trade technicians on newly installed, modern system technology in SHA buildings.
- Assess SHA properties and strategically place maintenance staff in certain buildings based on maintenance needs in order to reduce or eliminate travel time between buildings and become more efficient and delivering a better product to IPS customers.
- Expand the right-sizing project to serve more people. Similar to prior right-sizing projects, overhoused families will relocate to more suitably sized units making way for larger families. The 2020 project envisions right-sizing 35 to 40 HOPE VI households a year. Care will be taken that downsized families are moved to suitable new neighborhoods.

Solid Waste

- Analyze Solid Waste routes to ensure they are as efficient as possible, and implement changes to the routes responsive to the addition of new SHA properties and staffing changes. Evaluate the dumpsters and carts configuration at each address and replace with more ergonomic containers wherever possible to increase safety and reduce injuries.
- Implement changes to the routes to be responsive to workload growth and changes in staffing, to improve efficiency, and to evenly distribute the workload.
- Collaborate with SHA's IT department to develop automated exception reports to audit billing and routing accuracy.

Fleet

- Fleet will continue to acquire vehicles in the second year of the vehicle replacement project. Fleet will utilize telematics equipment installed in all of the vehicles to evaluate changes in vehicle usage patterns resulting from the acquisition of new vehicles in 2019 and from the implementation of multi-modal transportation alternatives. This data will be used to right-size the fleet in order to more efficiently meet the agency's transportation needs.
- Evaluate how the addition of new vehicles, including electric vehicles, impacts the maintenance needs for the fleet. Develop a long term maintenance plan that is cost effective, efficient and that meets industry standards.
- Assist staff to identify multi-modal transportation options that reduce staff reliance on SHA Fleet vehicles. Options should be safe, reliable, convenient, and on-demand transportation alternatives that are cost effective and environmentally friendly.
- Use telematics to develop a more efficient preventative maintenance program by remotely monitoring vehicle diagnostic alerts and basing service scheduling on actual vehicle usage as opposed to arbitrary time intervals.
- Develop long-term strategies to electrify the fleet using a combination of SHA owned and public charging infrastructure. Install up to three electric vehicle charging stations as SHA adds more electric vehicles to the fleet inventory.
- Increase employee accountability for the condition of their vehicles by creating a vehicle database with photos to establish current vehicle condition, followed up with regular inspections of vehicles, and documentation of any new damage or excessive wear and tear to the vehicle.
- Have employees attend training and acquire modernized equipment as needed to keep up with new technologies in the vehicles.

Community Services Division

Community Services Division Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
TOTAL OPERATING	\$3,946,600	\$4,799,200	\$5,527,600	15.2%

Table 20: Community Services Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	13.8	16.0

In CY 2020, Community Services Division’s (CSD) adopted operating budget is \$5.53 million, an increase of \$728,400 or 15.2 percent from 2019. FTEs net increased to 16.00 due to the expiration of 0.75 FTE grant-funded positions and the addition of 3.0 FTEs.

The adopted increase is primarily due to increases in Labor Expenses due to the net increase of 2.25 FTEs, as well as the expirations of two multi-year grants that had provided funding for 1.75 FTEs, and the shifting of 0.5 FTE from a capital source into the operating budget. In effect, CSD’s adopted operating budget is funding nearly 50 percent more FTEs than in 2019. Aside from those increases, there is an increase in CSD’s Tenant Services to pay for additional AmeriCorps volunteer placements and a modest decrease in Professional Services to budget closer to historical actuals.

About Community Services

Housing Operations’ Community Services Division oversees social services planning and coordination as well as community building for the housing authority. CSD is active in the area of community building and support to youth and families with students to be academically successful. The division contracts out approximately \$3.3 million annually for social services from non-profits and government agencies. CSD also plays a key role in developing and maintaining external partnerships in terms of social services and plays a key role in raising funds through private and public grants.

Community Services Division Work Plan Highlights

- Explore and implement services to address the physical, behavioral, and mental health needs of residents. Special emphasis will be on residents in Low Income Public Housing (LIPH) buildings. Prioritize efforts to utilize resources resulting from the Medicaid Waiver, which will complement existing services for mental health, service coordination, hoarding, and pest remediation.
- Continue the Volunteer Initiative with additional AmeriCorps volunteers. This initiative supports residents who volunteer to lead activities to engage residents in the Seattle Senior Housing Program (SSHP) buildings and in two elderly-designated public housing buildings. Activities include arts and crafts and wellness activities aimed at improving senior physical and mental health.
- Implement programming, partnerships, and case management to maintain youth engagement in mixed income communities and support high school graduation with additional Education Engagement Specialist positions and additional AmeriCorps volunteers. Connect youth to education services such as preschool, kindergarten readiness programming, individual tutoring, career and college exploration, mentorship, and academic coaching.

- Support the duly elected public housing councils as well as community members who want to hold community events to bring people together around common interests and community celebrations.
- Support the resident councils on utilizing the Resident Participant Funding for investments in training for residents (e.g. emergency preparedness), internet access for council offices, interpretation/translations, and other areas.
- Oversee the distribution of funds under the SSHP Community Building fund which supports SSHP residents in community activities like holiday events, gardening clubs, and resident council sponsored initiatives, and in purchasing items for their community rooms like games, televisions, and computer equipment.
- Implement recommendations from the Community Builder Refresh study, including a pilot program for the creation of resident and property management advisory committees, establishing welcome committees, disseminating Mental Health First Aid training, and incorporating multi-lingual communication tools. Support resident councils in holding training for residents and improving council offices.
- Grow and support CSD’s model of community building in mixed income communities to help create sustainable social networks based on common interests. This includes engaging senior aged residents, as well as strengthening relationships with homeowners, related associations, and co-located service providers. Support families with children to stimulate parent-focused wellness programming and leadership development.

JobLink

JobLink Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
TOTAL OPERATING	\$1,600,500	\$2,172,800	\$2,300,900	5.9%

Table 21: JobLink Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	20.0	19.9

In CY 2020, JobLink’s adopted operating budget is \$2.30 million, an increase of \$128,100 or 5.90 percent from 2019. FTEs did not materially change.

JobLink’s budget is substantially status quo with inflation increases, with the exception of a \$42,000 add to Labor Expenses in order to expand 2019’s successful Section 3 Pathways trainee pilot, which is largely offset by a reduction in Telephone and Intercompany Services Fees.

About JobLink

JobLink helps residents connect to education and employment so they can increase their economic security, skills, income, assets, and financial well-being. JobLink matches SHA residents to employment, education, and resources that build pathways to full-time or part-time employment. JobLink delivers on SHA’s Strategic Direction Improve Quality of Life and the agency’s Key Objective: Economically Empower People.

JobLink’s aim is to help residents prepare and compete for 70 percent of jobs in Washington State that require some education beyond high school. JobLink is particularly focused on high-demand industry sectors including health care; professional services/administration; manufacturing and production; transportation, trade, and logistics; property management and building maintenance; information technology; and retail, hospitality, food service.

Residents most likely to benefit from JobLink services are the 8,300 Working Age, Non-Disabled (WAND) individuals in public housing or housing choice voucher holders. Almost half of WAND residents are working full or part-time. JobLink services are tailored to the needs of these residents, as well as those not currently working.

JobLink Work Plan Highlights

- Using grant funds, introduce a new tuition assistance pilot program for low-income residents attending community college in majors leading to high demand jobs.
- Expand JobLink’s Section 3 Pathways trainee pilot, which hires JobLink participants into temporary trainee-level property management positions. Work to find solutions to key program challenges, such as managing client enrollment, maximizing the time Career Coaches spend with clients, and acquiring more resources and partnerships. Work with HCV to introduce the Pathway trainees pilot to include residents training in customer service positions.
- Offer career development opportunities for residents and voucher holders through partnerships between SHA’s JobLink, Seattle Colleges District, SM Diversity, Aegis Living, Kaiser Permanente, Home Depot, and other reputable companies. JobLink works with young adults accessing credentials and college degrees, adults in their 30s and 40s pursuing career changes, and older adults (55+) seeking more stable incomes.

Impact Property Management – HOPE VI Communities and Parks

Impact Property Management – HOPE VI Administration, NewHolly and Others Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Impact Property Management	\$876,000	\$1,152,800	\$906,900	(21.3)%
NewHolly Phase II & III (Othello & Desdemona)	2,444,300	2,298,100	2,413,200	5.0 %
Rainier Vista Phase I (Escallonia)	1,412,700	1,398,900	1,430,400	2.3 %
High Point North		2,567,700	2,978,200	16.0 %
Parks	382,000	382,800	397,600	3.9 %
Campus of Learners	606,200	623,000	654,800	5.1 %
TOTAL OPERATING	\$5,721,200	\$8,423,300	\$8,781,100	4.2 %

Table 22: Impact Property Management Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	54.0	55.5

The summary above accounts for budgets for Impact Property Management (IPM) administration for the HOPE VI sites, including the Campus of Learners at NewHolly, Parks maintenance for HOPE VI communities, and tax credit properties owned by SHA.

The adopted budget for Impact Property Management and HOPE VI communities is 4.2 percent higher as compared to the 2019 adopted budget. The funding for neighborhood association dues for High Point properties is transferred from Impact Property Management, which has resulted in total budget reduction at Impact Property Management and increases at High Point North.

The 2020 budget includes funding for a property manager working on right-sizing service at NewHolly Phase I. Impact Property Management also funds the Assistant Property Manager (APM) supporting SLIPH units at Yesler Terrace. In 2019, a half time SLIPH APM was added, and the position will work as full time in 2020. The demand resulted from the addition of Red Cedar at Yesler. The department will also add a Communications Liaison to support the redevelopment effort at Jefferson Terrace. The FTE for the Communication Liaison is counted in the above FTE counts. The funding for the Communication Liaison comes from Jefferson’s redevelopment budget. The remaining increases in FTEs are because of the right-sizing property manager and SLIPH APM added in 2020 budget. NewHolly Phase I reduced its half time APM after the development effort was completed.

About Impact Property Management

Impact Property Management (IPM) oversees the management of HOPE VI housing units owned by five limited partnerships, for which SHA serves as the General Partner and Managing Agent—NewHolly Phase I, Rainier Vista NE, Tamarack, Lake City Village, and High Point South. IPM also manages four former tax credit partnership properties owned and operated by SHA. In 2020, IPM-HOPE VI will manage about 1,700 public housing, project based and tax credit units in these communities. IPM also oversees the management of approximately 500 Yesler Terrace campus housing units, including Yesler Terrace public housing, Ritz Apartments, and Baldwin Apartments. Also included in the 500 units are five tax credit limited partnerships, Leschi House, Kebero Court, Raven Terrace, Hoa Mai Gardens, and Red Cedar, for which SHA serves as the General Partner and Managing Agent.

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

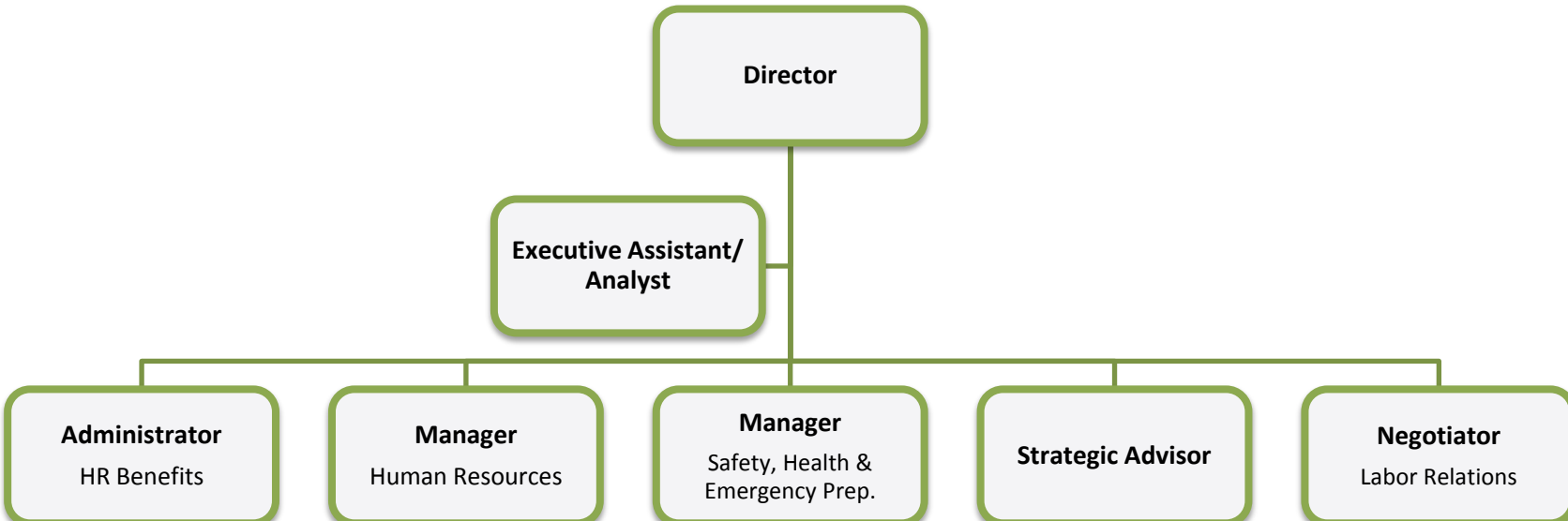
IPM – HOPE VI Work Plan Highlights

- Explore innovative ways to decrease costs to the limited partnerships. Determine uses of more durable materials that will have a longer life such as flooring and appliances that require less repairs and cost less to replace.
- Support IPS Solid Waste and community partners to promote participation and compliance with the organics program for the rental units in High Point, NewHolly, Rainier Vista, Lake City, and Yesler.
- High Point and IPS staff will partner with Asset Management in exploring opportunities to redevelop the High Point management and maintenance space in order to gain shared space between High Point and IPS, reduce travel time for IPS, improve the design of the space to gain efficiencies for maintenance operations, and create the possibility of accommodating the development of new housing on the lot.
- Continue the partnership with IPS in the skills training for the Universal Maintenance Mechanic and Hope VI Maintenance Tech positions.
- A web-based room reservation software called Triple Seat offers a professional format that improves staff’s ability to schedule rentals and to generate billings and reports. In 2020, Triple

Seat will be expanded to include High Point's Upton community rooms. The Upton community room will offer a venue for the High Point neighborhood as well as a rental for others who are looking to host meetings or events in this West Seattle neighborhood.

HUMAN RESOURCES

HUMAN RESOURCES DEPARTMENT



Human Resources Budget

Human Resources Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$1,872,800	\$2,236,000	\$2,541,500	13.7 %
General and Administrative Expense	385,100	487,100	406,400	(16.6)%
Tenant Services	-	-	-	-
Maintenance & Contracts	119,800	119,500	125,700	5.2 %
Utilities	-	-	-	-
TOTAL OPERATING	\$2,377,700	\$2,842,600	\$3,073,600	8.1 %
Less Internal Agency Fees	(88,400)	(73,000)	(105,100)	44.0 %
Salaries & Benefits in Grants, Capital, and Limited Partnerships	-	-	-	-
TOTAL	\$2,289,300	\$2,769,600	\$2,968,400	7.2 %

Table 23: Human Resources Budget and FTEs

	2019 Approved	2020 Adopted
Full-time Equivalent Positions		
Total FTEs	11.0	12.0

In CY 2020, Human Resources' (HR) adopted operating budget is \$3.07 million, an increase of \$230,900 or 8.12 percent from 2019. Human Resources' FTE count increased by 1.0 due to the addition of an HR Assistant III position in order to keep pace with the growth of the agency as it approaches 600 FTEs in a competitive job market that is contributing to high turnover in SHA positions. The position will assist with both administrative support, recruitment activities, and onboarding in order to maintain customer service levels.

Human Resources' adopted increase is due to increases in Admin Salaries & Temp Help, due to the aforementioned FTE increase, as well as an additional \$90,000 budgeted for the introduction of Washington State's new Paid Family Leave benefit in 2021. This new benefit is budgeted within Human Resources' operating budget in the same manner as SHA's other agency-wide benefits, such as Terminal Leave and the ORCA commuter pass benefit. General and Administrative Expenses decreased due to the expiration of one-time 2019 Opportunity Funds budgeted for agency-wide training.

Department Purpose and Function

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

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

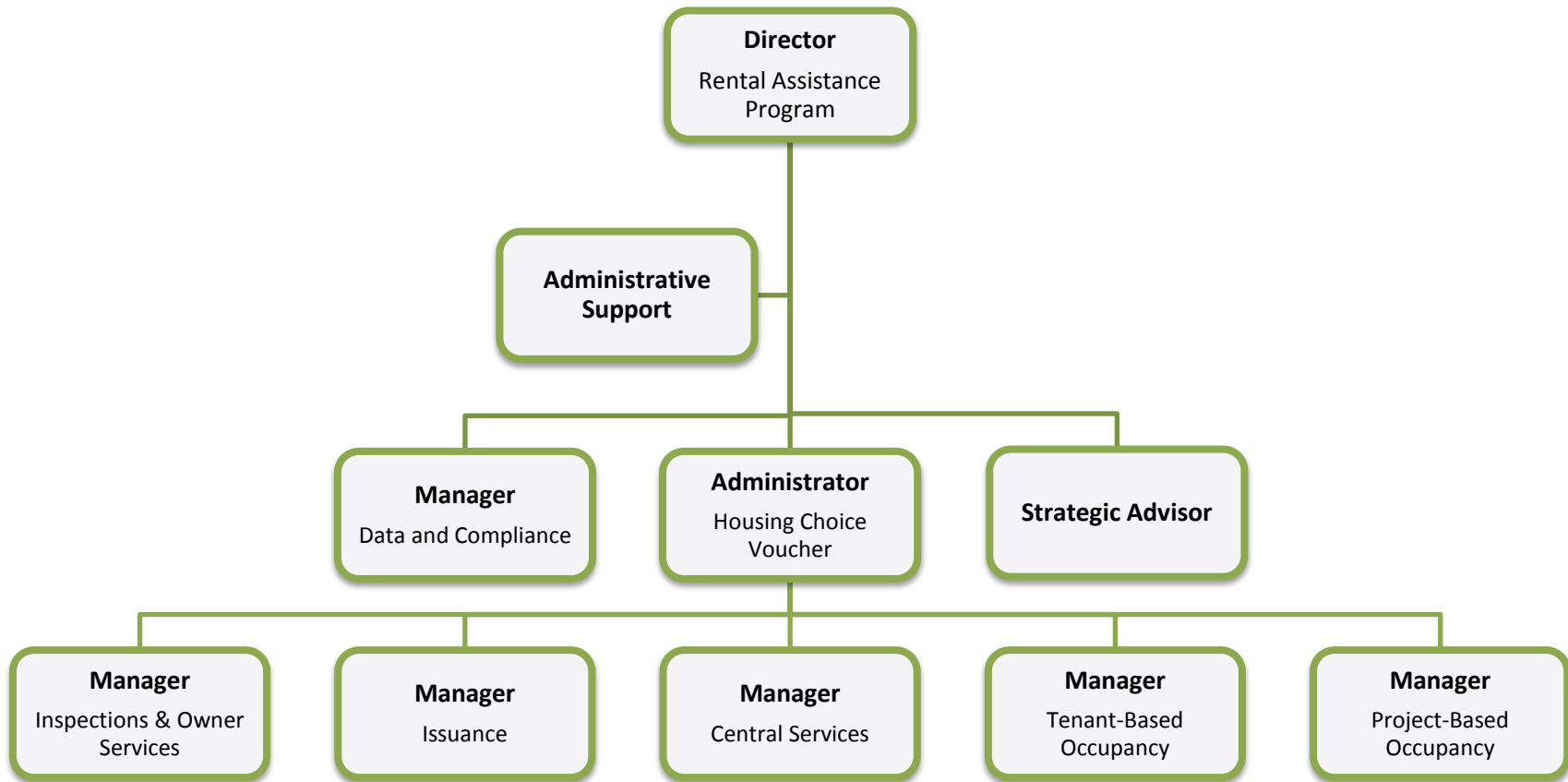
recruitment, hiring, and on-going training and development of staff. The goal of HR is to ensure employees are working in a productive, safe, welcoming, and non-discriminatory environment.

Human Resources Work Plan Highlights

- Expand Human Resources 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.
- Continue to develop and implement SHA's Race and Social Justice Initiative (RSJI). Provide and refine RSJI foundation training for new SHA employees, post-Foundation RSJI training, the integration of race and social justice into other training, and providing support in the use of SHA's Race and Social Justice Toolkit.
- Refine the Leadership Development Program/Training Offerings based on the 2017 assessment and defined strategies.
- Continue developing and implementing SHA's Employee Career Development Program. This will include developing a shared vision for and effective messaging about career development at SHA; training and resources to support career development planning; individualized coaching with employees on career development pathways and goals; and a structured programming to support mentoring relationships.
- Strengthen the relationship with labor unions to enhance communications, reduce grievances, and partner to implement SHA's mission and goals. Work with the unions to ensure contracts are consistent with SHA's financial capacity and efforts to create efficiencies in operations and cost containment.
- Work with the Labor/Management committee to review current labor relations processes to ensure SHA is utilizing the most efficient process for labor management and negotiations.
- Work with Labor and Industries (L&I) Department on claims to return employees back to work. Continue focus on our Return to Work program to return employees back to "light" duty work. Continued processing of claims by working with L&I, physicians, and staff personnel.
- Update the Authority's Safety and Health Manual as needed to ensure compliance with federal and state regulations. Provide safety training and work with the Safety Committees to address the needs of SHA's workforce.
- Develop programs, initiatives, and trainings that will continue to provide a safe work environment for staff, lower accident rates, and comply with regulatory agencies, thereby reducing time loss and lowering workers' compensation costs.
- Develop and implement processes, procedures, and programs for an agency-wide emergency management program including a focus on mitigation/preparedness, response, and recovery.
- Develop departmental Key Performance Indicators and strengthen implementation of LEAN principles throughout the department.
- Coordinate annual agency meetings and events, such as the All Staff Meeting, Holiday Brunch, SHA Annual Anniversary Awards Luncheon, and Charitable Giving Events.

HOUSING CHOICE VOUCHER PROGRAM

HOUSING CHOICE VOUCHER PROGRAM



Housing Choice Voucher Program Budget

HCV Department Expenditures	2018 Actual	2019 Adopted	2020 Adopted	% Change
Admin Salaries & Temp Help	\$5,317,400	\$5,715,700	\$6,241,800	9.2 %
General and Administrative Expense	4,593,700	4,904,900	5,477,500	11.7 %
Tenant Services	97,800	199,500	109,300	(45.2)%
Maintenance & Contracts	106,300	99,500	150,900	51.7 %
Utilities	-	-	-	-
TOTAL OPERATING	\$10,115,100	\$10,919,600	\$11,979,500	9.7 %
Less Internal Agency Fees	(3,254,300)	(3,403,700)	(3,927,300)	15.2 %
Housing Assistance Payments	102,181,900	109,793,900	124,015,900	12.9 %
TOTAL	\$109,042,700	\$117,309,800	\$132,068,000	12.6 %

Table 24: Housing Choice Voucher Program Budget and FTEs

Full-time Equivalent Positions	2019 Approved	2020 Adopted
Total FTEs	67.5	69.0

In CY 2020, Housing Choice Voucher Program's (HCV) adopted operating budget is \$11.98 million, an increase of \$1,059,900 or 9.71 percent from 2019. HCV's FTE count increased by 1.5 due to the increase of a Housing Inspector position from 0.5 to 1.0 FTE and the addition of a new Senior Compliance Auditor position. The new Senior Compliance Auditor will focus on recent policy changes, coverage in auditing areas, and training. The addition will help to lower the risk of audit findings and result in a better-trained staff.

In mid-2018, SHA adopted a Market Rate Voucher Payment Standard (MR-VPS) increase for new MTW shoppers and rent-burdened MTW voucher holders in market rate units, which was anticipated to have a small effect on Housing Assistance Payments (HAP) in late 2018 with the full impact realized by 2020. The somewhat softer rental market since then has contributed to increased leasing success among HCV participants. That, combined with Creating Moves to Opportunity enrollment targets that are driving large numbers of new admissions, has resulted in HCV experiencing record-level MTW voucher utilization rates (95 percent and rising) which in turn has resulted in MTW HAP expenditure projections being higher than previously anticipated, explaining the entire \$14.22 million or 13 percent increase to \$124.0 million for the HAP budget.

Department Purpose and Function

The primary responsibility of SHA's Housing Choice Voucher (HCV) Department is to administer federal housing assistance payments serving households in the HCV and Mod-Rehab programs. The Housing Choice Voucher program provides rental assistance to more than 10,750 very low-income households. The overwhelming majority of participants in the HCV project-based, tenant-based, and the Mod-Rehab programs have incomes below 30 percent of Area Median Income.

HCV is responsible for managing all aspects of the voucher program; these include maintaining a waitlist; certifying applicant eligibility and issuing vouchers; determining participant income; administering utility allowances; establishing voucher payment standards (VPS); recruiting and screening landlords;

establishing reasonable rent to be charged by landlords; conducting housing quality inspections and following up to ensure corrections are made when violations occur; recertifying eligibility and income at the designated review cycle; providing housing counseling and programs to prepare participants to be successful in the rental market; administering special voucher programs for specific populations; administering contracts with project and program-based providers of vouchers; encouraging participants to understand their choices in neighborhoods; and leading advocacy efforts, often in coalitions with others, on behalf of low-income housing and support programs with federal, state, and local governments.

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

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

Work Plan Highlights

The HCV department developed a five-year plan for its activities that aligns with SHA's Strategic Plan and that will guide the 2020 work plan. HCV's 2020 work plan highlights include:

- Strive to maintain a high level of voucher utilization in 2020. SHA maintains authorization to provide rental assistance to a maximum of 11,410 households. Overall utilization (MTW and Special Purpose combined) currently stands at 94.1 percent, translating to 10,742 households.
- Add new rental assistance vouchers. SHA anticipates applying for new Special Purpose Vouchers (Mainstream and Veteran Affairs Supportive Housing) in late 2019. If awarded to SHA, the Housing Choice Voucher (HCV) Department will work to issue and lease the vouchers quickly in order to increase special purpose utilization in 2020. Note: These potential additional vouchers are not reflected in the proposed budget; however, they will be added during the 2020 budget year if awards are made.
- Support Creating Moves to Opportunity through its second phase with additional vouchers and waitlist management for eligible families with children, which offers services to help families find a home in a community that fits their needs and provides greater resources and educational opportunities for their children. At the conclusion of the pilot, determine best practices to employ throughout the Housing Choice Voucher program.
- Provide voucher assistance to homeless families with children attending Bailey Gatzert Elementary School, with goals to reduce disruption to education for children in homeless families and to bring greater stability and continuity to the learning environment at Bailey Gatzert. SHA leadership will continue conversations with Seattle Public School staff and Catholic Community Services, the services provider, about the best methods to continue support for families at Bailey Gatzert.
- Partner with the City of Seattle Multifamily Property Tax Exemption (MFTE) program, which provides a tax exemption to new buildings that set aside 20-25% of units as income and rent restricted. Before MFTE buildings are open, the City of Seattle Office of Housing will notify SHA's

Housing Choice Voucher (HCV) program to connect with property management, conduct a pre-inspection of the building, and alert eligible voucher shoppers of the available units. HCV will continue to implement and evaluate this policy and make housing opportunities available to HCV participants.

- Increase participant access to HCV services through shifting housing counselors' concentration to support housing search and tenant stability. This change will help achieve the goals of serving more people and maintaining utilization, achieving parity for HCV participants, and increasing SHA program alignment. HCV will refine the process of realigning housing counselors over the next year.
- Support the conversion of Mod Rehab vouchers to Rental Assistance Demonstrate (RAD) vouchers for 492 units across six properties through early 2020. SHA will continue to support remaining RAD-eligible properties should they choose to pursue conversion.
- Explore avenues towards using SHA's MTW authority to improve efficiency, productivity, customer service, and cost savings. In 2020, HCV plans to explore policies related to landlord incentives, the VPS, rent reasonableness, port outs, special reviews, and more. Additionally, HCV will continue to meet with other MTW public housing authorities to determine best practices and lessons learned about how to employ this authority.
- Stabilize living situations for households on the 2017 HCV tenant-based voucher waitlist that may be at risk of becoming homeless while waiting to receive a voucher. Vulnerable SHA waitlist households receive case management and rental assistance with the assistance from City of Seattle Human Services Department's Seattle Rental Housing Assistance Program.
- Expand existing housing search assistance for new and current HCV participants by collaborating with the Seattle Metropolitan Chamber of Commerce's Housing Connector, a program that will work with private landlords to pool unit referrals specifically for households experiencing homelessness. As an incentive, the Housing Connector offers various financial assistance such as a rent guarantee and a mitigation fund.
- Support the partnership with the Economic Opportunities team to improve HCV participant access to the educational, employment, and training opportunities through the JobLink program.
- Work to gain greater understanding of conditions affecting the leasing success of HCV participants through various research programs, including: Creating Moves to Opportunity, the Urban Institute's Keeping Families Together Initiative, University of Washington's research into tenant damages, small area Fair Market Rents, and participant mobility.
- Work with Seattle City Light to determine the best solution towards achieving true automatic and comprehensive enrollment of households for the City of Seattle's Utility Discount Program for income-qualified residential households, which offers eligible customers discounts on Seattle City Light and Seattle Public Utilities bills.
- Due to the large volume of voucher draws completed in 2018, there is a significant backlog from Tenancy Approvals (RFTA) and New Move-In processing. In 2020, HCV plans to restructure its Issuance and New Move-In teams to reduce processing time, and streamline the process overall.
- Move toward making all HCV participant- and landlord-forms available online by the department conversion to Yardi in 2020, in order to improve processing time and boost customer

satisfaction by having forms conveniently available, immediately filed, and expeditiously handled.

- The Housing Service Center in HCV processes over 2,000 “tickets” per month, with each ticket representing an individual in need of some level of support. The ticketing process can be a slow and confusing one. HCV proposes to work with the Information Technology Department to find a solution that will increase customer satisfaction and organizational efficiency with the ticketing process.
- Ensure a smooth conversion of HCV’s compliance, accounting, and participant record management from Elite to Yardi in 2020, which will put all of SHA’s resident and Housing Choice Voucher participant data and management inside a single software suite for maximum efficiency and greater consistency in data and reporting.
- Work with the Information Technology Department to explore document imaging and electronic filing software for tenant-based files to improve customer service and increase efficiency.
- Develop key performance measures for each HCV department team to leverage available data. HCV’s Data team will work with each team to develop key performance measures, and will strategize with managers on how to best utilize the data.
- The LEAN Liaison group is staffed by members from each HCV team, and liaisons are responsible for engraining and developing LEAN processes throughout the Department. Liaisons assist supervisors on monitoring results of countermeasures, assessing the validity of the experiment’s theory, and recommending changes to standard processes for full implementation.
- In response to some of HCV’s project-based partners requested changes to the manner in which rent increases are applied, HCV is testing Elite’s Certification Generator that allows staff to generate multiple certifications of the same type with the same effective date. Elite Certification was implemented in 2019 and its uses in project-based program refined. The department will examine other uses for this software in 2020.
- Continue to provide monthly trainings to staff to update on new process/policy changes, reinforce best practices, and address any deficiencies. Utilize an intern to create a video training series for new and promoted staff on their essential duties. HCV also seeks out external trainings, workshops, and conferences presenting valuable opportunities for professional growth.
- Hire an additional compliance position in HCV, in part to support the large number of new landlords who must acclimate to HCV program requirements and procedures that are unique for landlords of voucher households. SHA will have fewer compliance issues to the extent it can effectively support landlords to be successful.
- Encourage landlords to participate in the voucher program by developing a landlord engagement strategy and incentive program, and partnering with others to explore incentive options. Additionally, represent SHA at landlord events; conduct 1-on-1 outreach to new landlords and larger landlords already in the program; build relationships with rental associations; and potentially develop leasing events for voucher holders.
- Explore a number of alternatives, including partnerships and seeking out local organizations offering similar training, to replace HCV’s formerly offered Ready to Rent courses, which educated participants on how to repair credit; budget; prioritize housing needs; develop a

housing search plan; understand the application and rental process; housekeep; and communicate with landlords.

- Continue to support Yesler redevelopment through coordination with the Development and Housing Operations departments as necessary in 2020.
- Meet the final Project-Based rental assistance commitments made to the 2016 City of Seattle Housing Levy for new affordable housing developments.
- Enhance equity throughout HCV by fostering RSJ principles in staff, embedding RSJ principles in decision-making practices, and assisting in the formation of department RSJ goals. HCV's relaunched RSJ Change Team will embed its members in policy conversations, evaluate trainings for all HCV staff, brief voucher staff to provide updates, and solicit feedback on additional projects.

CAPITAL IMPROVEMENT PROGRAM

CAPITAL IMPROVEMENT PROGRAM SUMMARY

The Capital Improvement Program Summary outlines SHA's CY 2020 plans for the following areas:

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

The tables below present the projected sources and expenditures for CY 2019 and CY 2020. Sources reflect a net decrease of 13.2 percent in capital projected sources compared to 2019. The most significant changes are the closing of mixed finance transactions for Lam Bow Apartments and Jefferson Terrace; a decrease in short-term funding in the form of opportunity investments to advance SHA's strategic goals, and a decrease in the pooled refinance sources as most of those projects will be completed in 2019.

Summary of SHA Capital Projected Sources	CY 2019	CY 2020
Public Housing (MTW portion)	\$15,695,000	\$14,639,000
Seattle Senior Housing Program (MTW portion)	580,000	788,000
Special Portfolio/Local Housing Reserves	1,307,000	2,157,000
Opportunity Investments	24,375,000	15,100,000
homeWorks Reserves	1,910,000	986,000
HOPE VI Reserves	304,000	250,000
Facilities and Impact Property Services Reserves	276,000	524,000
Incentive Rebates for Conservation	-	381,000
Bond Proceeds for Pooled Refinance: Wedgewood Estates, Othello and Desdemona	6,303,000	482,000
Short and Long Term Financing for Lam Bow Apartments	-	19,460,000
Short and Long Term Financing for Jefferson Terrace	-	43,824,000
Short and Long Term Financing for Hinoki	50,852,000	-
Short and Long Term Financing for Lam Bow Apartments	30,567,000	-
Tax Credit Equity to Lam Bow Apartments	-	15,707,000
Tax Credit Equity to Jefferson Terrace	-	21,841,000
Tax Credit Equity to Hinoki in 2019	18,000,000	-
Tax Credit Equity to Lam Bow Apartments in 2019	14,330,000	-
Program Income contribution to Lam Bow Apartments	-	11,946,000
Program Income contribution to Hinoki in 2019	16,169,000	-
Program Income contribution to Lam Bow Apartments in 2019	10,910,000	-
Use of Prior Year Resources - Mixed Finances	14,029,000	34,630,000
Internal financing for Predevelopment	2,000,000	5,200,000
Other MTW	1,172,000	73,000
For Sale Proceeds from Yesler Neighborhood included in Opportunity Investments	2,150,000	700,000
City, State, and Federal Grants	6,420,000	-
TOTAL SOURCES	\$217,349,000	\$188,688,000

Table 25: Summary of SHA Capital Project Sources

Projected capital uses in 2020 are 13.7 percent higher than 2019 mostly due to increases at Yesler Terrace with a full year of construction for Hinoki and in Public Housing capital projects. Decreases in capital expenditures include Opportunity Investments; West Seattle Affordable Housing LLLP as construction completes in the first quarter of 2020; Special Portfolio, Scattered Sites, and Seattle Senior Housing Program projects; and the pooled refinancing projects as work will be completed in 2020.

The following table compares 2019 and 2020 projected capital expenditures:

Summary of SHA Projected Capital Uses	CY 2019	CY 2020
Mixed Finance Redevelopments, 2020 closing dates	\$14,000,000	\$19,682,000
Yesler Terrace Prior Year Mixed Finance projects	1,562,000	33,993,000
Opportunity Investments	24,375,000	15,100,000
Other Projects Prior Year finances	12,467,000	637,000
Public Housing (MTW portion)	8,751,000	12,796,000
Seattle Senior Housing Program (MTW Portion)	5,366,000	1,721,000
Incentive Rebates for Conservation	-	381,000
King County Sites acquisition and Upton Flats improvements	150,000	-
Predevelopment funds for Yesler Terrace	2,000,000	5,200,000
Jackson Park Village predevelopment	-	700,000
Other MTW Funded Capital Projects	3,331,000	982,000
Capital Projects for Other Housing Properties	10,100,000	4,399,000
Infrastructure at Yesler Terrace, see Opportunity Investments	2,000,000	-
TOTAL EXPENDITURES	\$84,102,000	\$95,591,000

Table 26: Summary of SHA Projected Capital Expenditures

CHOICE NEIGHBORHOODS IMPLEMENTATION: YESLER REDEVELOPMENT

The transformation of the Yesler neighborhood began in 2011 with the help of federal funding in the form of two Choice Neighborhoods Initiative (CNI) grants from HUD totaling \$30 million. The CNI grants help stakeholders—public housing authorities and their residents, municipalities, local schools and businesses, nonprofit and private developers—to create and implement a plan to transform distressed neighborhoods into sustainable, mixed-income communities by linking affordable housing with quality schools, public transportation, good jobs, and safe streets. In 2019—eight years, four buildings, and more than \$10 million worth of new infrastructure later—SHA has nearly expended all grant funds. However, the CNI program catalyzed by the grant is ongoing, and SHA will continue to submit reporting to HUD on new projects until all units demolished to make room for development have been completely replaced. With the completion of Red Cedar in 2019, SHA finished more than 50 percent of its total replacement housing obligation; Hinoki’s completion will add 76 units to this total.

Via sources such as bonds, land sale proceeds, and tax credits, SHA continues to support Yesler redevelopment with additional capital expenditures for Hinoki, Yesler’s fifth new apartment building, and infrastructure projects such as a private access road connecting 10th Avenue South to South Washington Street. The last of the old Yesler buildings adjacent to Alder Street and 9th Avenue will be abated and demolished in 2020. Once this work is complete, the site will be ready for SHA replacement residential buildings.

Hinoki

Hinoki is located on the east side of 10th Avenue South, across the street from the Yesler Community Center. Financing will close in early 2020 with construction beginning immediately following on an apartment building with 139 units—82 replacement units at 60 percent of Adjusted Median Income (AMI), 46 tax credit units at 60 percent AMI, 10 tax credit units at 80 percent AMI, and one common area unit. The building will have 43 one-bedrooms, 73 two-bedrooms, 20 three-bedrooms, and 2 four-bedrooms. Construction will continue into third quarter 2021, and lease-up will begin as units become available.

Hinoki Sources	Total
Construction Loan/Bonds	\$10,927,000
Tax Exempt First Mortgage	10,793,000
Bridge Loan	19,363,000
Deferred Developer Fee	3,300,000
Income from Operations	652,000
Tax Credit Equity	32,145,000
TOTAL	\$77,180,000
TOTAL PROGRAMMED SOURCES	\$67,985,000
Less Short Term Financing	\$9,195,000

Table 27: Hinoki Sources

The project uses are budgeted as follows:

Hinoki Uses	Total
Construction	\$59,984,000
Design, Engineering and Permitting	5,468,000
Financing Costs	2,533,000
TOTAL	\$67,985,000
2020 Expenditures	\$33,993,000

Table 28: Hinoki Uses

Sixth and Seventh Yesler Buildings

Yesler's sixth and seventh apartment buildings will be in predevelopment in 2020. Predevelopment costs are budgeted at \$3.2 million for Sawara, the sixth new apartment building, and \$2.0 million for Juniper, the seventh new apartment building. The preliminary unit count for Sawara is 100 with 57 units as replacement and 42 as tax credit with a range of units from one-bedrooms to four-bedrooms. Similarly, Juniper has a minimum required unit count of 54, with a mix of one-, two- and three-bedroom units.

Former Records Site at Yesler Terrace

Seattle Chinatown International District Preservation and Development Authority (SCIDpda) and Capitol Hill Housing (CHH) will develop, own, and manage 192 units of affordable housing on the King County Records site. Design and permitting will continue into mid-2020, with construction starting by the end of 2020. Ninety-two of the units will be available at 30 percent of AMI, 84 units at 60 percent AMI, and 16 units at 80 percent AMI.

Infrastructure Activity

In 2020, infrastructure projects include new street improvements on Alder Street and 9th Avenue (an access drive between Alder Street to Yesler Way, hill stabilization, and an access drive between 10th Avenue South and South Washington Street) and the abatement and demolition of the remaining old Yesler units near 9th Avenue and Alder Street in Blocks 7 and 8. Completion of these planned infrastructure activities will conclude SHA's infrastructure construction for Yesler's Redevelopment.

OTHER REDEVELOPMENT ACTIVITIES

Jefferson Terrace

The last of 23 SHA high-rise buildings to be refurbished, Jefferson Terrace rehabilitation financing is expected to close third quarter 2020 and construction is to be completed first quarter 2022. Expenditures in 2020 are projected at \$6.8 million for financing, construction, and relocation. SHA's contributions to the financing for this project are summed in the Program Income line. As noted in various places within this document, SHA contributed \$4 million of capital grant funding and \$8 million via the Opportunity Investment program in 2020.

Jefferson Terrace Sources	Total
Construction Loan/Bonds	\$33,495,000
Acquisition Loan	\$26,000,000
Program Income	17,824,000
Tax Credit Equity	21,841,000
TOTAL	\$99,160,000
TOTAL PROGRAMMED SOURCES	\$65,665,000
Less Short-Term Financing	\$33,495,000

Table 29: Jefferson Terrace Rehabilitation Sources

The project uses are budgeted as follows:

Jefferson Terrace Uses	Total
Acquisition costs	\$30,055,000
Construction	26,352,000
Design, Engineering and Permitting	4,148,000
Financing costs	5,110,000
TOTAL	\$65,665,000
2020 Expenditures	\$6,834,000

Table 30: Jefferson Terrace Rehabilitation Uses

Lam Bow Apartments

SHA has budgeted \$12.8 million for infrastructure financing and construction at Lam Bow Apartments in 2020. Current plans project 80 units: 51 replacement units, 28 tax credit units at 60 percent of AMI, and one common area unit. Construction will start in the second quarter of 2020 and finish in the third quarter of 2021 when lease-up will begin.

Lam Bow Apartments Sources	Total
Construction Loan/Bonds	\$9,790,000
Tax Exempt First Mortgage	9,670,000
Program Income	11,573,000
Deferred Developer Fee	1,100,000
City of Seattle, Office of Housing various	373,000
Tax Credit Equity	15,707,000
TOTAL	\$48,213,000
TOTAL PROGRAMMED SOURCES	\$38,543,000
Less Short-Term Financing	\$9,670,000

Table 31: Lam Bow Redevelopment Sources

The project uses are budgeted as follows:

Lam Bow Apartments Uses	Total
Construction	\$30,129,000
Design, Engineering and Permitting	5,751,000
Financing Costs	2,663,000
TOTAL	\$38,543,000
2020 Expenditures	\$12,848,000

Table 32: Lam Bow Redevelopment Uses

West Seattle Affordable Housing LLLP

Three Special Portfolio properties—Longfellow Creek Apartments, Roxhill Court Apartments, and Wisteria Court Apartments—converted to one limited partnership in late 2017. The projects are nearly complete with only \$637,000 in projected expenditures for 2020. All three properties needed exterior and interior repairs, which included siding, trim, flashing, roofs, entry improvements, flooring, cabinets, countertops, and paint as well as trim, door, light fixtures, and tub/shower upgrades.

West Seattle Affordable Housing LLLP Sources	Total
Acquisition loan / short term financing	\$15,685,000
Tax Exempt First Mortgage	\$7,945,000
SHA Loan #3	\$4,849,000
Tax Credit Equity	\$12,770,000
TOTAL	\$41,249,000
TOTAL PROGRAMMED SOURCES	\$19,630,000
Less Short Term Financing	\$21,619,000

Table 33: West Seattle LLLP Sources

The project uses are budgeted as follows:

West Seattle Affordable Housing LLLP Uses	Total
Construction	\$13,981,000
Design, Engineering and Permitting	\$2,201,000
Financing Costs	\$3,448,000
TOTAL	\$19,630,000
2020 Expenditures	\$637,000

Table 34: West Seattle LLLP Uses

OPPORTUNITY INVESTMENTS

SHA began making Opportunity Investments in 2019 as a result of the incremental funding increase occasioned by the 2018 – 2019 Congressional Bipartisan Budget Act. SHA expects to be able to make additional investments in the 2020 Budget, though at a lower level than in 2019. These investments, outlined below, align with the following Strategic Directions and Organizational Cornerstones from SHA’s 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 Jefferson Terrace rehabilitation project with an investment of \$8.0 million. In combination with capital grant funding of \$4.0 million, this \$12.0 million project contribution is expected to close the funding gap for this important major rehab project. Jefferson Terrace is the last of SHA’s 23 high-rise buildings to undergo significant refurbishment.
- Add \$4.1 million to the “Future Building Fund” to undertake planning, concept design, site studies, and financial feasibility assessments for future preservation and development projects. Among these potential planning projects are Holly Court/Red Brick properties, Jackson Park Village, Blue Topaz, HomeWorks Unit Upgrades, and Section 18 Scattered Site Repositioning.
- Fulfill SHA’s commitment of \$2.0 million to fund Yesler infrastructure construction of an access road connecting 10th Avenue South to South Washington Street.
- Provide \$1.0 million of transitional bridge funding for continuation of Yesler services until the Yesler Services Endowment is established and generating sufficient interest to maintain health, education, employment, and community services for SHA’s Yesler residents. Choice Neighborhood funds, which previously supported the services, were exhausted in 2019. SHA anticipates bridge funding for three to four years will be required to maintain approximately \$400,000 a year in services. The transition funds from MTW resources will begin supporting continuity of services in the 2020 budget.

	CY 2020 Budget
Opportunity Investments	
Pipeline Projects	\$4,100,000
Jefferson Terrace Rehab contribution	8,000,000
Yesler Infrastructure contribution	2,000,000
Yesler Community Services Endowment contribution	1,000,000
TOTAL	\$15,100,000

Table 35: Opportunity Investments

PUBLIC HOUSING AND OVERALL ASSET PRESERVATION FUNDING

Total spending on asset preservation is budgeted at \$20.2 million, or 23.4 percent less than 2019. Public housing modernization, renovation projects, and capital planning expenditures of \$11.9 million is 62 percent higher than 2019. Capital grant funds of \$1.7 million are budgeted for the Seattle Senior Housing Program, a 67.9 percent decrease over 2019. Most of Seattle Senior Housing’s operating subsidy will fund elevator rehabilitation upgrades, exterior improvement planning, and interior repairs in 2020.

Contingency and MTW-Eligible Community Allowances includes funds for parking lot improvements Jackson Park, Cedarvale, Nelson Manor, Gideon-Mathews Gardens, Island View, Westwood Heights, Wildwood Glen, Bitter Lake Manor, Holly Court, Blakeley Manor, and Jefferson Terrace and unplanned cost variances.

Other projects funded with MTW sources include \$195,000 for capital work in the Special Portfolio/Local Housing program. Non-Residential Facilities Projects’ budget of \$233,000 will fund electronic vehicle charging stations at three buildings and replace the roof at Lee and Willow Apartments. The Management Improvements through Technology budget of \$481,000 covers expenses for the Information Technology Capital program.

Other Capital Projects include funds from a pooled refinancing: non-federal funds and project reserves for Special Portfolio, Limited Partnerships, and HOPE VI Capital projects. The 2020 pooled refinance projects are plumbing and appliance replacements at NewHolly Phase II (Othello) and exterior preparation and painting, and boiler replacement at NewHolly III (Desdemona). Limited Partnerships have a number of capital projects planned, the largest being the upgrade of elevators at Beacon Tower, Capitol Park, and Ross Manor.

The 2020 capital budget allocations are shown below. More detailed project descriptions are 2020 Capital Activities section.

Summary of Capital Projects by Housing Type and Fund Source

MTW-Funded Capital Budget for Public Housing	CY 2019 Budget	CY 2020 Budget
Bell Tower	\$ -	\$ 45,000
Cedarvale Village	755,500	-
Denise Hunt Townhomes	80,000	-
Denny Terrace	60,000	-
Holly Court	400,000	60,000
Jackson Park Village	50,000	-
Jefferson Terrace	15,000	4,000,000
Olive Ridge	6,500	40,000
Scattered Sites	1,938,000	1,924,000
Tri-Court	40,000	35,000
Westwood Heights	10,000	1,286,000
LIPH LP (homeWorks I)	-	117,000
LIPH LP (homeWorks II)	-	439,000
LIPH LP (homeWorks III)	-	30,000
Key card upgrades Allowance	485,000	-
Program Administration	2,067,000	2,581,000
Indirect Service Fees	1,452,000	1,364,000
TOTAL	\$7,359,000	\$11,921,000

Table 36: MTW-Funded Capital Budget for Public Housing

MTW-Funded Contingency and MTW-Eligible Community Allowances	CY 2019 Budget	CY 2020 Budget
Parking lot improvements at Jackson Park, Cedarvale, Nelson Manor, Gideon-Mathews Gardens, Island View, Westwood Heights, Wildwood Glen, Bitter Lake Manor, Holly Court, Blakeley Manor and Jefferson Terrace	\$ -	\$160,000
MTW Eligible Communities - Unplanned cost variances	-	715,000
MTW-Eligible Community Allowances	537,000	-
Electrical Outlet Allowance	100,000	-
24/7 Fans Allowance	100,000	-
Water Intrusion Specialist Allowance	40,000	-
MMRR: Flooring Allowance	350,000	-
MMRR: Hazardous Abatement Allowance	240,000	-
MMRR: Boilers Allowance	25,000	-
TOTAL	\$1,392,000	\$875,000

Table 37: MTW-Funded Contingency and MTW Eligible Community Allowances

MTW-Funded Capital Projects for Senior Housing Properties	CY 2019 Budget	CY 2020 Budget
Bitter Lake Manor	\$ 38,000	\$ -
Blakeley Manor	18,000	65,000
Carroll Terrace	-	39,000
Columbia Place	107,000	8,000
Daybreak	20,000	-
Fort Lawton Place	1,840,000	-
Fremont Place	45,000	-
Gideon-Mathews Gardens	334,000	20,000
Island View	15,000	319,000
Michaelson Manor	30,000	-
Nelson Manor	10,000	330,000
Olmsted Manor	485,000	15,000
Phinney Terrace	20,000	45,000
Pinehurst Court	40,000	18,000
Primeau Place	460,000	166,000
Ravenna School Apartments	347,000	60,000
Reunion House	132,000	-
South Park Manor	475,000	200,000
Sunrise Manor	-	24,000
Wildwood Glen	180,000	312,000
Willis House	310,000	-
Air Handling Unit Allowance	200,000	-
Lighting Allowance	100,000	-
Parking Lot Allowance	40,000	-
Signage Allowance	20,000	-
Indirect Service Fees	100,000	100,000
TOTAL	\$5,366,000	\$1,721,000

Table 38: MTW-Funded Capital Projects for Senior Housing Properties

MTW-Funded Capital Projects for Other Housing Properties	CY 2019 Budget	CY 2020 Budget
Special Portfolio	\$1,274,000	\$195,000
Non-residential Facilities Projects	305,000	233,000
Management Improvements through Technology	580,000	481,000
TOTAL	\$2,159,000	\$909,000

Table 39: MTW-Funded Capital Projects for Other Housing Properties

Other Capital Projects for Other Housing Properties	CY 2019 Budget	CY 2020 Budget
Special Portfolio	\$1,307,000	\$2,126,000
Pooled Refinancing	6,303,000	482,000
Limited Partnership Capital Projects	2,214,000	1,267,000
Non-residential Facilities Projects	276,000	524,000
Incentive Rebate Projects	-	381,000
TOTAL	\$10,100,000	\$4,780,000
TOTAL ASSET PRESERVATION PROJECTS	\$26,376,000	\$20,206,000

Table 40: Other Capital Projects for Other Housing Properties

Seattle Senior Housing Program

In 2011, SHA and HUD converted Seattle Senior Housing Program (SSHP) to the Low Income Public Housing program to provide financial support via Operating Subsidy and Capital Grant allocations. HUD's 2020 Capital Grant allocation projection for SSHP is \$788,000. SHA, using its MTW authority, will allocate an additional \$1.6 million of the MTW Block Grant for SSHP's capital improvements. Work planned includes:

- Elevator upgrades at three SSHP properties: Island View, Nelson Manor, and Wildwood Glen.
- Flooring projects at Olmsted Manor, Pinehurst Court, South Park Manor, Blakeley Manor, Phinney Terrace, and Sunrise Manor.
- Installation of rain gardens and cisterns to reduce sewer overflow as well as repair or replacement of the canopy roof at Ravenna School Apartments.
- Projects at Primeau Place such as upgrade of the exterior based on results of consultant investigative study and design, replace flooring in laundry room, replace concrete and conduct repairs at garbage station, and fence repair.
- Minor projects at Carroll Terrace (installation of electric vehicle charging station), Columbia Place (intercom replacement), and Gideon-Mathews Gardens (lighting upgrade).

Summary of SSHP Capital Projects	CY 2019 Budget	CY 2020 Budget
Elevator rehabilitation	\$1,790,000	\$ 940,000
Exterior Improvements	2,042,000	122,000
Exterior Improvement Planning	480,000	300,000
Interior Improvements	239,000	213,000
Roof repairs or replacements	715,000	20,000
Security	-	26,000
Total Asset Preservation Capital Projects	\$5,266,000	\$1,621,000
Indirect Service Fee	\$100,000	\$100,000
TOTAL SSHP Capital	\$5,366,000	\$1,721,000

Table 41: Summary of SSHP Capital Projects

Capital fund allocations from HUD for Senior Housing units remain in the SSHP portfolio. SHA continues to work with and engage the SSHP Rent Policy Advisory Committee and the SSHP Joint Policy Advisory Committee to improve the program's policies and performance thereby maintaining the distinctive features of the SSHP program and identity within the Public Housing Program.

Special Portfolio

The CY 2020 Special Portfolio planned capital expenditures total \$869,000. Prior years have focused on work at SHA-managed communities. In 2020, SHA prioritizes capital requests from outside-managed communities. Work highlights include:

- Upgrade fire panel and alarms, replace water supply line, and perform exterior sealing work at Bayview Tower.
- Upgrade unit interiors, replace exterior windows and sprinkler heads, and repair siding and paint at Main Street Apartments.
- Replace appliances, countertops, flooring, and window trims; paint building exterior; and address issues with bathroom shower and tub surrounds and hot water tanks at Main Street Place.
- Repair and/or replace bathroom and kitchen countertops, install rain gardens and cisterns to reduce sewer overflow occurrences, and address security camera system issues at Montridge Arms.
- Replace countertops and appliances, install security cameras, move entry intercom systems, and lock or replace entry door at Market Terrace.
- Replace some appliances as well as replace roof and skylight at Telemark Apartments.
- Electrical upgrades and improvements for Main Street Apartments, Main Place II, Market Terrace, Telemark Apartments, Westwood Heights East, and Yesler Court.

Please see the capital tables in the Capital Activities section for details on smaller capital projects planned for Special Portfolio in 2020.

Scattered Sites Reconfiguration Program

In 2020, SHA will continue work on several programs that align with its strategic plan goals of serving more people and preserving high quality housing. Descriptions of projects ongoing or new for 2020 are included below.

- Continue right-sizing work in 2020 as appropriate vacancies become available.
- Continue work on both the conversion and rehabilitation programs as homes become available for work via vacancies. The former program involves the conversion of unused space into bedrooms to increase the number of SHA's large family units. The latter modernizes single-family homes to reduce ongoing maintenance costs and improve marketability of single-family homes to our tenants. SHA plans on completing this work in 2020 with the last fifteen homes scheduled for work next year.
- Begin steps to reposition approximately 250 units of Scattered Sites to help ensure the longer-term sustainability of these units. Pending HUD approval of a Section 18 Conversion application, units will convert to project-based vouchers, which provides a higher level of funding per unit than public housing. The units would still operate under public housing rules and involve very little change for current residents.

Replacement Housing

SHA has committed to replace all demolished public housing units from redeveloped communities on a one-for-one basis, either on- or off-site. As noted previously, SHA is more than 50 percent toward this goal. The completion of Hinoki will add 76 units and Lam Bow Apartments will add 50 units.

Management Improvement through Technology

The Information Technology Capital Projects budget totals \$481,000 for 2020, a 17.1 percent decrease from 2019. Despite the decrease, all IT Capital Projects proposed during the 2020 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 III of the LIPH Access Control and Alarm Monitoring (ACAM) project updating data circuits and network equipment to support the security software update, the expansion of the document-imaging project to HCV, infrastructure upgrades and maintenance, and equipment upgrades. New projects for 2020 include the creation of a lease-tracking database to comply with the latest changes to the governmental accounting standards, creation of online forms for Housing Operations, a pilot for keyless entry, systems to help measure customer service and track housing stability efforts, major software upgrades, and a system to help current and potential residents and participants navigate SHA's Housing Service Center.

Low Income Housing Tax Credit and HOPE VI Limited Partnerships

As of year-end 2020, SHA will be the owner of six tax credit properties and the general partner in seventeen tax credit limited partnerships. The 2020 capital repair, replacement, and rehabilitation plan for these limited partnership communities is approximately \$2.8 million. These projects are funded through replacement reserves—annual deposits defined in each partnership agreements. Individual project descriptions are in the 2020 Capital Activities section.

Miscellaneous and Non-Routine

In 2020, non-residential facilities has a project budget of \$233,000 to install electric vehicle (EV) charging stations at the Central Maintenance Facility and the Operations Support Center, install EV charging stations, upgrade and repair fences, upgrade security cameras and alarms at the South Operations Facility, and replace the roofs at Lee and Willows Apartments.

NEW ACQUISITION, DEVELOPMENT, AND PLANNING

Housing Acquisitions

As part of its efforts to serve more people, preserve affordable housing, and diversify housing choice as stated in its strategic plan, SHA’s Board of Commissioners passed resolutions approving and implementing a new two-year Acquisitions Program. To be eligible for consideration, the potential acquisition must satisfy several of the following criteria:

- 1) Will the acquisition allow SHA to serve more low-income households?
- 2) Does the acquisition maintain the financial strength of the agency?
- 3) Will the acquisition preserve affordable units?
- 4) Does the acquisition increase SHA’s inventory of units in opportunity neighborhoods?
- 5) Does the acquisition add large family units to SHA’s inventory? Does the acquisition add units to SHA’s inventory at a lower cost than new development?

The goal of this program is to acquire approximately 500 units, half of which will serve households at or below 30 percent of Area Median Income (AMI) with the other half serving households above 30 percent AMI. In 2019, SHA made four acquisitions—Spring Lake Apartments, Weller Apartments, Golden Sunset Apartments, and Martin Luther King Jr. Apartments—adding 329 units to its inventory, with 260 units serving extremely low-income households and 69 units serving low-income household at 60–80 percent of AMI. Currently, SHA is considering two additional properties with approximately 170 units, all of which would serve low-income households under 80 percent AMI.

Other Development

The majority of the development properties outside of Yesler are under contract with private or non-profit development partners. For more information on these developments, please see the [Major Project Activities](#) section.

Predevelopment Working Capital – Pipeline Projects

As part of its Opportunity Investments program, SHA will set aside \$4.1 million for the “Future Building Fund” to undertake planning, concept design, site studies, and financial feasibility assessments for future preservation and development projects. Among these potential planning projects are Holly Court/Red Brick properties, Jackson Park Village, Blue Topaz, HomeWorks Unit Upgrades, and Section 18 Scattered Site Repositioning.

Future Capital Financing

Housing authorities throughout the country face serious financial challenges to meet growing capital needs. SHA is no exception. SHA needs funds to:

- Preserve and prolong the life of the agency’s existing housing stock;
- Address emergent conditions such as water intrusions and leaking roofs;
- Add new and replacement units after redevelopment;
- Respond to the funding challenges of major redevelopment activities;
- Hedge against the volatility of development projects and their funding activities such as price escalation and tariff impacts; and

- Contribute to viable mixed financings that pencil out for development and rehabilitation projects and their subsequent operations.

The high cost of housing, the construction boom, and the uncertainty that characterizes the federal budget process have increased pressures. While SHA expects a modest increase in MTW general fund revenues based on the recently passed Bipartisan Budget Act of 2019, SHA cannot necessarily expect this level of federal funding to continue. Close attention must be paid towards the changing realities of the credit markets, the changing condition of the local housing market, the agency's overall financial capacity and debt management practices, and international, federal, state, and local capital funding trends as SHA addresses financing to complete existing projects and thinks about future capital funding availability and investments.

2020 CAPITAL ACTIVITIES

SHA 2020 Capital Projects—MTW Grant-Funded Activities

Table 42: SHA 2020 Capital Projects—MTW Grant-Funded Activities

Low Income Public Housing Projects		
LIPH Scattered Sites	Paint and repair building exteriors; repair and/or replace building siding; repair/replace exterior decks; replace gutters and downspouts; replace/repair building envelope, exterior siding and window. Upgrade lighting, paint, and replace windows on building exteriors. Conduct structural repairs. Upgrade elevator. Conduct HomeWise energy efficiency retrofits and upgrades. Upgrade 4 unit interiors and replace cabinets. Repair and/or replace roofs. Repair driveways, parking lot, and sidewalks.	\$1,924,000
Bell Tower	Replace unit thermostats and window hardware.	45,000
Jefferson Terrace Redevelopment	Mixed Finance project funding for Jefferson Terrace upgrades funded from MTW Capital Grant to complete the funding gap.	4,000,000
Holly Court	Paint stairwells in Buildings 3 and 6, replace carpet in Building 6, replace Buildings 3 and 6 mailboxes.	60,000
Olive Ridge	Paint interior common areas.	40,000
Tri-Court	Create turnaround for ADA parking.	35,000
Westwood Heights	Upgrade both elevator cars, upgrade fire panel and alarms, update common area heaters, replace windows, exterior sealing of leaking facade.	1,286,000
HomeWorks I	Upgrade fire panel and alarms at Ballard House, paint interior common areas and replace ceiling tiles at Green Lake Plaza, upgrade elevator and upgrade fire plan and alarms at International Terrace and an allowance for interior upgrade to up to 8 units at International Terrace and Lictonwood. HomeWorks I expenditures of \$678,000 are included in the 2019 budget of \$3 million in Opportunity Investments for HomeWorks.	117,000
HomeWorks II	Repair and replace drain line at Olympic West, upgrade fire panel and alarms at Cal-Mor Circle and Lake City House, replace or repair elevator at Cal-Mor Circle, upgrade unit interiors at Lake City House, remove ceiling tiles and paint ceilings at Olympic West, wall preparation and paint interior stairwell at Queen Anne Heights, seal exterior of University West, and repair showers at Cal-Mor Circle. HomeWorks II expenditures of \$532,000 are included in the 2019 budget of \$3 million in Opportunity Investments for HomeWorks.	439,000
HomeWorks III	Replace generator at University House.	30,000
Public Housing Capital Projects Subtotal		7,976,000
Seattle Senior Housing Program Projects		
Blakeley Manor	Replace common area flooring and 2 air handling units.	\$65,000
Carroll Terrace	Install EV Charging Station.	39,000
Columbia Place	Intercom replacement funds.	8,000
Gideon-Mathews Gardens	Upgrade lighting.	20,000

Island View	Upgrade elevator and replace intercom.	319,000
Nelson Manor	Upgrade elevator.	330,000
Olmsted Manor	Replace flooring.	15,000
Phinney Terrace	Replace flooring in community room and replace air-handling unit.	45,000
Pinehurst Court	Replace flooring on 1st floor.	18,000
Primeau Place	Upgrade exterior in accordance with consultant investigative study and design. Replace flooring in laundry room. Replace concrete and conduct repairs at garbage station. Repair fence.	166,000
Ravenna School Apartments	Install rain gardens and cisterns to reduce sewer overflow through RainWise storm water incentive program. Replace/repair canopy roof.	60,000
South Park Manor	Replace flooring, including gypcrete. Plan short-term targeted repairs.	200,000
Sunrise Manor	Replace flooring and repair parking lot.	24,000
Wildwood Glen	Upgrade elevator, replace intercom and repair sidewalk.	312,000
Seattle Senior Housing Program Projects		\$1,621,000
Central Services Operating Cost Allocation		\$100,000
Total 2020 MTW Block Grant Budget for SSHP		\$1,721,000

Special Portfolio Projects

Bayview Tower	Upgrade fire panel and alarms, replace water supply lines.	\$55,000
Main Street Apartments	Upgrade unit interiors, replace exterior windows and replace sprinkler heads.	40,000
Main Street Place	Replace appliance, flooring, window trims and kitchen countertops. Paint building exterior. Address bathroom shower and tub surrounds. Address hot water tanks.	50,000
Montridge Arms	Repair and/or replace bathroom and kitchen countertops. Address security camera system.	18,000
Norman Street Townhomes	Repair drainage.	10,000
Yesler Court	Power wash and touch-up paint on exterior. Paint building interior.	22,000
Special Portfolio Subtotal		\$195,000

Non-residential Facilities Projects

Central Maintenance Facility	Install EV Charging Stations.	\$66,000
Lee and Willow Apartments	Replace roof.	30,000
Operations Support Center	Install EV Charging Stations.	66,000
South Operations Facility	Install EV Charging Stations, upgrade and repair fences, upgrade security cameras and alarms.	71,000
Non-residential Facilities Subtotal		\$233,000

MTW Eligible Community Allowances

MTW Properties	Contingency for unplanned cost variances	\$715,000
MTW Properties	Parking Lot improvements at Jackson Park, Cedarvale, Nelson Manor, Gideon-Mathews Gardens, Island View, Westwood Heights, Wildwood Glen, Bitter Lake Manor, Holly Court, Blakeley Manor, and Jefferson Terrace.	160,000
Community Allowances Subtotal		\$875,000

Administrative Costs

Various	Asset Management administration	\$1,494,000
Various	Construction Operations administration	\$400,000
Various	Development administration	467,000
Various	Finance and Administration	220,000
Administrative Subtotal		\$2,581,000
Central Services Operating Cost Allocation		\$1,364,000

Total 2020 MTW Block Grant Budget for LIPH and Local Programs \$14,945,000

Information Technology Capital	New projects for 2020 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.	\$481,000
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Total 2020 MTW Capital Budget before Major Investments \$15,426,000

Opportunity Investments

Jefferson Terrace Redevelopment	Improve the financial feasibility of Jefferson Terrace's redevelopment funded by a contribution from other MTW funds.	\$8,000,000
Pipeline Projects	Replenish and add to the Future Building Fund to maintain options for future preservation and development projects.	4,100,000
Yesler Terrace Infrastructure	Fulfill SHA's commitment of funds; infrastructure costs for Block 6, private access drive project. The road will improve the access to Block 6 and marketability of the parcels.	2,000,000
Yesler Community Services	Provide transitional funding to Community Services and JobLink to establish an endowment.	1,000,000
Opportunity Investment Subtotal		\$15,100,000

Total 2020 MTW Capital Budget \$30,526,000

SHA 2020 Capital Projects—Other Funds and Redevelopment Activities

Table 43: SHA 2020 Capital Projects—Other Funds and Redevelopment Activities

Special Portfolio and Other Projects		
Baldwin Apartments	Replace lighting and roof hatch.	15,000
Bayview Tower	Exterior sealing.	100,000
Beacon House	Landscape revision, removal of bamboo over back patio.	10,000
Epstein Opportunity Center	Replace/ upgrade exterior and unit lighting.	37,000
Main Street Place	Replace appliances, countertops, flooring, window trims; bathroom shower and tub surrounds; hot water tanks; paint exterior.	108,000
Market Terrace	Replace countertops and appliances, install security cameras, move entry intercom systems and lock or replace entry door.	60,000
Montridge Arms	Repair/replace bathroom and kitchen countertops. Security camera system. Install rain gardens and cisterns to reduce sewer overflow occurrences as part of RainWise green storm-water incentive program.	22,000
Ritz Apartments	Replace cabinets in 5 units. Upgrade interiors in 3 units. Install shut-off plumbing valves. Replace roof and windows.	163,000
Spring Lake Apartments	Tree removal.	12,000
Telemark Apartments	Replace 10 appliances; replace roof and skylight.	85,000
Special Portfolio and Other Projects Subtotal		\$612,000

Incentive Rebate for Conservation Funds

Ballard House	Install rain gardens and cisterns to reduce sewer overflow occurrences as part of RainWise green storm-water incentive program.	24,000
Bell Tower	Install 1.1 gallons per flush low flow toilet replacement and use 20% less water than previous low flow toilets.	150,000
Montridge Arms	Install rain gardens and cisterns to reduce sewer overflow occurrences.	38,000
South Park Manor	Install rain gardens and cisterns to reduce sewer overflow occurrences.	19,000
West Seattle Affordable Housing	Replace attic insulation.	150,000
Total Incentive Rebate Subtotal		\$381,000

Non-Federal Funds

Center Park Community Building	Upgrade elevator, replace gutters and downspouts, replace site aluminum with fittings, replace 5 air-handling units.	285,000
Main Street Apartments	Upgrade interiors of units, replace fire sprinkler heads, repair siding and paint, replace windows and make associated repairs.	221,000
Yesler Court	Exterior power wash and paint touch-up, paint interior common areas.	18,000
Total Non-Federal Funds Projects Subtotal		\$524,000

CY 2020 Pooled Refinance Projects

NewHolly Phase II	Plumbing and appliance replacement.	315,000
NewHolly Phase III	Exterior prep and paint, boiler replacement.	167,000
Total CY 2020 Pooled Refinance Projects Subtotal		\$482,000

CY 2020 Limited Partnership and HOPE VI Capital Projects

High Point North	Replace Baxi-Luna Heating system, paint exterior, clean roof and gutter, replace ACAM at Calugas building as part of Phase III ACAM project.	880,000
High Point South LP	Clean roofs and gutters.	100,000
New Holly I	Replace appliances and boiler, upgrade unit interiors.	500,000
Kebero Court LP	Install elastomeric coating on garage and storage room floors, install synthetic surfaces at 4 daycares, perform landscaping work, upgrade 4 door openers at common area entrances.	140,000
Rainier Vista III	Replace fire alarm panels, interior and exterior lighting. Paint and prep exterior.	120,000
Rainier Vista II (Tamarack)	Appliance allowance.	30,000
LIPH LP (homeWorks I)	Replace generator at Beacon Tower, replace single glazed window units on first floor common areas in Green Lake Plaza, clean up effervescence and seal bricks in Harvard Court, install gate near trash enclosure in Lictonwood.	290,000
LIPH LP (homeWorks II)	Install security cameras in parking lot at Cal-Mor Circle. Seal decking above garage at Center Park.	36,000
LIPH LP (homeWorks III)	Upgrade fire panel and alarms, paint stairwells, and repair dumpster location at Barton Place. Replace generator, replace or remove failing wall at Center West. Upgrade fire panel and alarms at Ross Manor. Replace air-handling unit and seal exterior brick at University House. Clean up effervescence and seal brick in both stairwells and replace generator at West Town View.	660,000
West Seattle Affordable Housing	Remove tree at Longfellow Creek Apartments. Rehab attic insulation at Wisteria Court Apartments.	25,000
Total CY 2020 LP and HOPE VI Capital Projects Subtotal		\$2,781,000

Total CY 2020 Other Funds Capital Budget \$4,780,000

CY 2020 Redevelopment Projects

Hinoki	A full year of construction for Yesler's fifth new apartment building.	33,993,000
Sawara	Predevelopment activities for the sixth Yesler apartment building include architectural, engineering, and permitting.	3,200,000
Juniper	Predevelopment activities for the seventh Yesler apartment building include architectural, engineering, and permitting.	2,000,000

SHA 2020 Capital Projects—Other Funds and Redevelopment Activities

Jefferson Terrace	A half year of construction for LIPH property Jefferson Terrace.	6,834,000
Jackson Park Village	Architectural and engineering work to resolve soil issue and proceed with permit drawing to redevelop community in the future.	700,000
Lam Bow Apartments	A full year of construction for Lam Bow Apartments Redevelopment.	12,848,000
West Seattle Affordable Housing	Third year of construction and redevelopment of three communities; new building envelopes at two properties and unit upgrades for most units in all three properties.	637,000
Scattered Sites Rehabilitation	Final 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.	73,000
Total CY 2020 Redevelopment Capital Expenses		\$60,285,000

Total CY 2020 Non-MTW Capital Budget \$65,065,000

Total Overall CY 2020 Capital Expenditures \$95,591,000

GRANT PROGRAMS

GRANT PROGRAM DESCRIPTIONS

The overall budget for agency grant expenditures in 2020 is \$1.95 million. The sources are a mix of new grants and 2019 underspend that will carry over into 2020. A summary of 2020 grants and their intended uses are as follows:

Service Grant	Total Award	CY 2020 Budgeted Receipts	Grant Award Period
The Kresge Foundation	\$300,000	\$100,000	9/2018 to 8/2020
<p>The Kresge Foundation grant will continue to support arts and culture programming at Yesler Terrace. SHA will use the funds to 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 existing and forge new relationships in defining the role of arts and culture for successful redevelopment of mixed income communities.</p>			

Service Grant	Total Award	CY 2020 Budgeted Receipts	Grant Award Period
Family Self- Sufficiency (FSS) Coordinator	\$414,0000 (anticipated)	\$416,277 (anticipated)	1/2020 to 12/2020 (anticipated)
<p>JobLink has applied for and anticipates receiving a renewed Family Self-Sufficiency (FSS) Coordinator Grant from HUD. This grant, anticipated at a similar level to 2019, 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. FSS staff will provide one-on-one case management support to assist HCV and LIPH participants in their efforts to overcome barriers that prevent them from moving forward, identify services that are available to assist them, set goals and the steps to reach those goals, and obtain employment and training services offered by local providers.</p>			

Service Grant	Total Award	CY 2020 Budgeted Receipts	Grant Award Period
ROSS Service Coordinators Program Grant	\$738,000	\$246,000	8/2019 to 8/2022
<p>JobLink received a renewed, three-year Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators grant of \$738,000 from HUD. The ROSS Grant is to support public housing residents in their effort to obtain economic and housing self-sufficiency and includes funds for administrative and training costs. This grant will offset the salaries and benefits of JobLink service coordinators who will serve families in portfolios across SHA.</p>			

Service Grant	Total Award	CY 2020 Budgeted Receipts	Grant Award Period
SPACE/Seattle Community Investments	\$150,000	Up to \$150,000	Not Applicable
JobLink will use up to \$150,000 of a SPACE/Seattle Community Investments Grant to provide direct benefits to JobLink enrollees in the form of community college tuition reimbursements or similar supports.			

Service Grant	Total Award	CY 2020 Budgeted Receipts	Grant Award Period
Chase Bank Foundation	\$200,000	\$90,000	2017 to 2019; extended to 12/2020
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.			

Service Grant	Total Award	CY 2020 Budgeted Receipts	Grant Award Period
Gates Foundation Mobility from Poverty Pilot	\$ 2,999,817; plus additional 639,849 anticipated	up to \$443,634; plus additional \$503,366 anticipated	11/2016 to 12/2019; extension to 03/2021 anticipated
The Office of Policy and Strategic Initiatives will utilize \$600,000 in remaining funds from a Gates Foundation Mobility from Poverty Pilot grant that carries over from 2019, as well as an additional \$503,366 of an anticipated \$639,849 expansion of the grant. This grant provides multi-year funding supporting the Creating Moves to Opportunity (CMTO) initiative, a pilot program in partnership with the King County Housing Authority (KCHA), which seeks to test the effectiveness of different interventions in encouraging voucher families with children to seek housing in neighborhoods with attributes that research has shown to have long-term positive impacts for kids (otherwise known as opportunity neighborhoods).			

Seattle Housing Authority Grant Program CY 2019

Name	Year Awarded	Grant Award ³	2020 Budget (with carryover) ⁴
The Kresge Foundation	2019	\$ 300,000	\$ 100,000
Family Self Sufficiency	2020	414,000*	414,000
ROSS Service Coordinators Grant	2019	738,000	246,000
SPACE/Seattle Community Investments	2019	150,000	150,000
Chase Bank Foundation	2017	200,000	90,000
Gates Foundation CMTO Grant	2017	3,639,666	947,000
TOTAL		\$ 5,441,666	\$ 1,947,000

Table 44: Grant Program Funding

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 or does not pass directly through SHA. These sources are not included in the \$1.95 million grant figure above. These sources include several that the Community Services Division intends to apply for:

- College Spark: \$50,000/year over 3 years (\$150,000 total) for youth services.
- Kresge: \$125,000/year over 3 years (\$375,000 total) for youth services.
- City of Seattle Levy: \$33,333/year over 3 years (\$100,000 total) for youth services. Seattle Public Schools would likely be the grant lead.
- City of Seattle Department of Neighborhoods: \$3,000 total for adult/family services.
- Substance Abuse and Mental Health Services Administration (SAMHSA): Amount to be determined, for health services.

Additionally in 2020, residents in LIPH high-rises and SSHP will benefit from King County's Department of Community and Health's \$2.0 million grant to community health agencies to provide local behavioral and medical professionals to provide acute, short-term crisis response to residents in stress and crisis positions. In addition, they will actively support these individuals in enrolling in services and programs for longer-term treatment.

³ Amounts with an * are for grants that have been applied for and/or are anticipated but not yet awarded.

⁴ Some of the amounts listed below include 2019 budgeted funds that were unspent and carried over for spending in 2020.

LIMITED PARTNERSHIP OPERATIONS

LIMITED PARTNERSHIP OPERATIONS

SHA expects to begin 2020 with seventeen tax credit partnerships that are component units, as defined by GAAP. “Component units” are legally separate organizations for which the governing officials of the primary government (SHA) are financially accountable.

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

In approving the 2020 SHA Budget resolution, the Board of Commissioners has approved the draft LP budgets and recognized that final budget approval rests with the limited partners. Below are the 2020 draft budgets that were finalized in October and November of 2019 and submitted to the general partner (SHA) and the limited partners for final approval (revenue and expenses for the partnerships in yellow are included above in SHA’s operating budget). Hinoki is expected to remain in development throughout 2020 and is not included in the draft budget shown below.

Table 45: Limited Partnerships -- Operations Budgets

Operations of Limited Partnerships where SHA is the General Partner

Name	Alder Crest	homeWorks Phase I*	homeWorks Phase II*	High Point South	homeWorks Phase III*	South Shore	Lake City Court	Tamarack Place
First year of operations	2005	2007	2008	2008	2009	2009	2011	2010
Number of units	36	704	691	256	586	44	86	83
Rental Income	148,741	2,062,712	2,066,575	1,810,971	1,725,748	188,494	535,771	334,581
Operating Subsidy	0	2,887,483	2,928,077	60,194	2,631,668	0	218,254	247,119
HCV Subsidy	207,768	0	0	1,974,426	0	281,400	96,336	288,876
Other Income	(3,207)	270,088	320,015	49,670	184,347	3,203	16,415	20,014
TOTAL REVENUE	353,302	5,220,283	5,314,667	3,895,261	4,541,763	473,097	866,776	890,590
Administrative Expenses								
Salaries	25,510	534,386	543,037	166,820	471,486	48,521	81,802	69,466
Other Admin Costs	55,193	892,287	877,532	580,862	759,237	44,341	123,234	283,399
Utilities	58,254	994,374	1,049,778	621,242	891,231	54,996	172,357	149,951
Tenant Services	10,859	15,807	14,687	1,693	6,436	184	828	563
Maintenance & Repair								
Salaries	0	0	0	288,964	0	0	89,232	74,137
Supplies	0	12,167	14,387	117,774	10,079	0	19,568	17,157
Contracts	86,727	1,688,208	1,745,636	225,104	1,515,739	81,335	89,638	50,904
General Administrative Exp								
Property Insurance	16,295	272,832	292,746	125,116	230,254	16,977	57,935	0
Benefits, other	14,189	283,581	293,230	250,592	253,989	27,442	92,535	72,326
Financial Expenses	1,928	167,668	163,533	833,011	139,891	82,985	4,521	58,154
TOTAL OPERATING EXPENSES	268,955	4,861,311	4,994,566	3,211,178	4,278,342	356,781	731,650	776,057
NET INCOME (LOSS)	84,347	358,972	320,101	684,083	263,421	116,316	135,126	114,533

* The expenses for these partnerships are included in SHA's operating budget due to their unique nature.

Operations of Limited Partnerships where SHA is the General Partner

Name	Rainier Vista Northeast	Leschi House*	Kebero Court	Raven Terrace	Hoa Mai Gardens	NewHolly Phase I	West Seattle	Red Cedar	TOTAL 2020 LP BUDGET
First year of operations	2011	2015	2015	2015	2016	2016	2017	2019	
Number of units	118	69	103	83	111	305	204	119	3,598
Rental Income	677,622	255,545	483,150	447,419	769,346	2,278,880	884,200	540,380	15,210,135
Operating Subsidy	239,503	0	0	0	0	0	35,000	0	9,247,298
HCV Subsidy	500,340	505,581	864,524	528,980	806,496	720,572	1,041,045	1,290,696	9,107,040
Other Income	16,902	3,641	13,678	10,356	922	27,296	32,746	19,992	986,078
TOTAL REVENUE	1,434,367	764,767	1,361,352	986,755	1,576,764	3,026,748	1,992,991	1,851,068	34,550,551
Administrative Expenses									
Salaries	94,697	41,649	88,603	74,233	114,375	143,907	163,684	115,279	2,777,455
Other Admin Costs	195,901	85,413	138,916	124,608	158,671	383,972	223,654	161,675	5,088,897
Utilities	261,902	119,355	135,012	90,415	183,614	832,590	386,093	182,647	6,183,811
Tenant Services	364	1,500	1,851	1,051	2,000	3,946	0	2,000	63,769
Maintenance & Repair									
Salaries	107,405	62,120	96,638	93,591	84,612	190,789	0	66,401	1,153,889
Supplies	28,859	9,442	19,807	16,510	11,010	105,597	4,787	31,196	418,340
Contracts	164,943	56,420	88,784	79,792	74,764	223,991	387,403	71,286	6,630,674
General Administrative Exp									
Property Insurance	68,745	35,891	53,349	46,541	90,511	208,531	100,000	97,825	1,713,548
Benefits, other	103,306	51,695	101,507	92,793	90,998	174,355	93,068	98,824	2,094,430
Financial Expenses	121,297	176,110	378,468	205,392	516,445	259,918	305,096	633,828	4,048,246
TOTAL OPERATING EXPENSES	1,147,419	639,595	1,102,935	824,926	1,327,000	2,527,596	1,663,785	1,460,961	30,173,058
NET INCOME (LOSS)	286,948	125,172	258,417	161,829	249,764	499,152	329,206	390,107	4,377,493

* The expenses for these partnerships are included in SHA's operating budget due to their unique nature.



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Medallions at Kebero Court and the Hillclimb.