

# Seattle Housing Authority 2013 Adopted Budget



## **Investing in Resident Economic Opportunity**

Greater stability and financial independence are the goals of the Economic Opportunity programs offered by Seattle Housing Authority for residents who want to find jobs and advance their careers. See the back cover for more information about this program.

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**SEATTLE HOUSING AUTHORITY**

**2013 ADOPTED BUDGET**

Presented to  
SEATTLE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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September 12, 2012

SHA Board of Commissioners  
**2013 Proposed Budget**

Dear Commissioners:

Today, I present to you the Seattle Housing Authority's 2013 Proposed Budget. The Total Expense Budget proposed for 2013 equals **\$197.0 million**, with the Operating Budget (including service grants) at **\$68.8 million**, the Housing Assistance Payments at **\$85.4 million**, the Capital Budget at **\$12.5 million** and the Redevelopment Budget at **\$30.3 million**.

The federal emphasis on reduced spending for "discretionary" programs, begun in 2011, is expected to continue in 2013. The proposed budget for 2013, however, has been developed in a vacuum of information and the turmoil of the approaching "fiscal cliff" at the end of 2012. This has meant preparing a balanced budget that anticipates continuing federal funding decreases, without knowing the extent of those declines. Further, we do not expect to gain certainty about next year's federal funding levels until at least the end of the year, and more likely the first quarter of 2013.

In light of these uncertainties, we have elected to steer a middle course by moderating the level of budget reductions we have proposed, in relation to the range of reductions we could ultimately face. We elected this course because we did not want to impose the extent of cuts that might be required under current law without greater certainty as to the outcome of Congress' debate on automatic cuts to discretionary programs. Because the swings we could experience in federal funding are so wide, our 2013 Proposed Budget is likely to be an interim budget that will require amendment in the first or second quarter next year.

In order to balance the 2013 Proposed Budget, we reduced approximately \$4.5 million in expenses below our projected costs for continuing existing services at current levels. The \$4.5 million budget gap reflects several key assumptions. First, it projects a 2013 federal MTW budget for the Authority that restores the one-time "excess reserves" local offset that reduced federal funds for our 2012 Public Housing Operating Subsidy. Second, it assumes that federal Housing Choice Vouchers (with vouchers scheduled to convert from Special to MTW vouchers) and our Capital Grant are funded at 2012 levels. Finally, it anticipates that these funded amounts will be reduced by 7.8 percent as a result of the automatic cuts ("sequestration") that apply under current law to the 2013 federal budget.

In total, the proposed 2013 Operating Budget (including service grants) is **3.2 percent below** 2012, a cumulative reduction of more than **11 percent** compared to the 2011 budget. The 2013 Capital Budget, including major maintenance and repairs to our low income housing portfolios and management improvements through technology, is **17.4 percent below** 2012 due to reduced availability of Capital Grant funds and replacement reserve funds.

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The budget for Housing Assistance Payments, on the other hand, increases over 2012 by **4.2 percent** due to the increasing utilization of MTW and Special Purpose vouchers and to rent increases in the private market. Finally, the 2013 budget for Redevelopment is expected to increase **42.6 percent** over 2012 budget levels, as a result of competitive grant awards and mixed financing projects expected in 2013. Two-thirds of the 2013 funds are for four projects in the Yesler Terrace Redevelopment – rehabilitation of the Steam Plant; development of the 10<sup>th</sup> Avenue Hillclimb; renovation of the Baldwin apartments; and construction of a mixed income tax credit property at 1105 Fir Street. The Redevelopment Budget funds are granted for specific projects on a competitive basis and are dedicated exclusively to those capital uses.

The continuing decline in funding that supports our operating and capital programs results for 2013 in the proposed reduction of **29** regular full or part-time positions across the agency and a decrease in hours of work for **2** full-time positions. These position reductions will require that we lay-off an estimated **13** full-time staff at the end of the year and **2** grant-funded staff (one FT and one PT) when their grants expire. The remaining **14** of the 29 positions are vacant. As proposed, full-time equivalent (FTE) positions in 2013 would drop by 28.4 FTE to a total of **485.25 FTEs**; this represents a net reduction of **14.25 percent** over 2012 and 2013.

This cumulative reduction of Seattle Housing Authority's capacity to manage, develop, operate, and maintain low-income housing for our residents and participants cannot help but compromise our service levels and jeopardize our ability to serve the growing need for low income housing, during this prolonged recession. We are providing some services with less frequency; responsiveness to residents may be slower; standards for timeliness may not be met; and, quality may suffer. Staff throughout the organization are doing everything we can to mitigate the effects of reductions by retooling our processes and operations to do as much with less wherever we can.

Each of the individuals who will be laid off at the end of the year or whose work hours will be reduced has contributed measurably to our success in tackling the challenges to meet our mission and forge ahead on our Strategic Plan objectives. These staff represent decades of dedicated service to the mission of housing and serving low income residents and participants. The human toll of these reductions affects the individuals laid-off or reduced in hours, the colleagues they leave behind, and those we serve for whom the "safety net" continues to erode.

We will provide the employees who will be laid-off with outplacement services and counseling support, but we recognize that losing a job during this tough market is extremely hard. Each person being laid-off will have all the respect, moral support and job references we can provide.

### ***Embracing the Challenges of the Future***

While political rhetoric and inaction obscures the future immediately in front of us for this budget, we don't see any fundamental change in the longer term picture we anticipated last year:

➤ **We expect continuing retrenchment in federal funding for low income housing and safety net services.**

While there seems to be little Congress can agree on, there is bipartisan acceptance that reducing the deficit is an imperative for our long term economic well-being. The questions on which the parties differ are how fast and who pays. The budget ceilings the Congress and President have already adopted for discretionary programs from 2013 through 2021 show decreases over the next few years and essentially flat funding over the remainder of the decade. Our challenge is to meet the funding future in the smartest ways we can.

➤ **The economic recovery remains lackluster with slow growth, high unemployment, and weak consumer confidence.** We are entering the fourth year of the "recovery" in 2013 and projections are for more of the same, with high downside risks and uncertainty.

- ✓ The sovereign debt crisis in Europe, slowing growth in Asia, and the upcoming fiscal cliff of tax increases and sharp cuts in federal spending all pose significant threats to economies worldwide. The Congressional Budget Office, for example, has warned that if Congress does not intervene to stop the expiration of tax cuts and pull back from the automatic, across-the-board budget cuts scheduled for January, the country will go back into recession in 2013 and unemployment will rise back to 9.0 percent.
- ✓ Short of these significant factors, modest continued recovery is expected in Washington to outpace the national recovery. Housing construction has increased slightly and construction unemployment appears to have reached its nadir. Home prices have inched up, along with sales, given continuing low interest rates. Energy prices have moderated and aren't expected to drive inflation. Aerospace has been a bright spot in job creation, though those gains are likely to plateau by the end of 2012.
- ✓ Washington's unemployment rate at 8.5 percent in July was slightly above the US rate of 8.3 percent. The Seattle-Bellevue-Tacoma Metropolitan Area led all metropolitan areas on the west coast with the lowest unemployment rate of 7.8 percent. That said, however, forecasters expect the unemployment rate to recede very slowly and only to 6.9 percent nationally by the end of 2015.

➤ **Both State and local government budgets and employment remain stagnant or declining, pose a drag on the economic recovery, and further erode income and service support for low income people.** State and local public agencies will continue to be afflicted by the combined impacts of the slow economic recovery, the expected further pull-back of federal funds; and the growing needs of more low-income citizens relying on public services for basic support. This reality means that many of the service partners we rely on to serve tenants and participants will also continue to see budget and employment reductions.

As this new environment became clear to us last year, we elected to redouble our resolve to continue meeting our mission to provide safe and decent housing to low income people and to maintain our allegiance to the commitments we made in the 2011-2015 Strategic Plan. With these as cornerstones – our mission and our Strategic Plan – we are making changes now, next year, and years in the future to meet the challenge of the new fiscal realities.

### ***Taking Charge of our Destiny, Making Changes, and Enhancing Our Advocacy***

When we adopted the 2011-2015 Strategic Plan it carried the subtitle ***Bold Plans in the Face of Uncertainty***. We knew in 2010 that there were a host of unknowns and headwinds in our future that would challenge our capacity to achieve the aggressive goals we set forth. When the members of the Board of Commissioners adopted the Plan in October 2011 they observed:

*“We have chosen to be bold in defining the future we seek. Yet we know that our ability to achieve these aspirations will depend on the economic environment and our financial capacity. In the coming years the federal government will strive to reduce its budget deficit and our federal support is therefore likely to remain flat or even decline....this will put enormous pressure on our budget...Seattle Housing Authority must respond to these challenges with courage and optimism...”* (Emphasis added)

Our 2013 Proposed Budget continues our commitment to meet the fiscal challenges with courage, optimism, and resolve. And our methods employ three strategies:

- ❖ ***Focus our Strategic Plan Priorities:*** While not abandoning the range of goals and sub-goals we set in the 2011-2015 Strategic Plan, we are narrowing our focus to emphasize a handful of goals in 2013, where we believe progress is most important and where we will concentrate our efforts.
- ❖ ***Change our Business Practices/Models to Operate More Efficiently:*** With tremendous support from staff across the Housing Authority, we are building a new culture and consciousness to continually ask *Are there better ways to do business? How can we get rid of paper processes and replace them with electronic modes? Can we deliver services to residents more efficiently? Are there services or operations we can do without or perform with less frequency? What can we learn from other housing operators?* This cultural change is perhaps the most important development for Seattle Housing to successfully create long-term reforms and innovations that will enable us to transition to a financially sustainable future.
- ❖ ***Expand our Advocacy Efforts and Partnerships:*** Our role as an advocate of the interests of the low income people we serve is increasingly crucial. We must continually educate our community and elected officials at the city, state, and federal levels on the needs of low income residents and participants, and the impacts on their lives of choices elected officials make. We must work with our residents and participants to help give voice to their stories and put faces on the people affected by the diminishing safety net.

### ***Strategic Plan Priorities for 2013***

We are proposing to focus on **eight** objectives (of the eight goals and twenty-six sub-goals) of the Strategic Plan in 2013. This does not mean we won't have any activities that will advance other elements of the Strategic Plan, but our most important choices for accountability in 2013 are these priorities. I'll briefly address each of these ten below, and the body of the Budget Book provides more detail on the specific accomplishments we plan for 2013.

- ❖ ***Redeveloping Yesler Terrace:*** Perhaps most important in our commitment to be bold in pursuit of our mission is our resolve to move forward with redevelopment of Yesler Terrace. Doing so is an imperative to replace outdated inadequate housing, and welcome our residents back to a vibrant new mixed income neighborhood with modernized housing, parks, and local amenities. Doing so is also an affirmation of our promise to complete the redevelopment of our garden communities with the redevelopment of our oldest public housing community, dating from World War II and, proudly, the first racially integrated public housing project in the country.

Just last week, City Council unanimously approved the land use, street vacations, planned action ordinance, and cooperative agreement legislative actions that represent the culmination of six years of planning work with the community. We are now poised to begin implementing the redevelopment of Yesler Terrace into a new urban mixed income and mixed use community.

Make no mistake, the challenges ahead of us and the risks we face will be substantial. Our decisions later this year on selection of a development partner will be pivotal in our work to manage the risks and optimize access to private capital.

It is important for us to conscientiously recognize and manage the risks associated with redevelopment, it is equally important to embrace our fundamental responsibilities to actively modernize and redevelop our communities and to build new housing to serve low income people who don't have access to safe, decent, and affordable housing today. Our development program is not an optional activity; it is as integral to meeting our mission as is operating and preserving the quality of our existing housing.

- ❖ ***Preserving our Existing Housing:*** A key measure of our stewardship of SHA's housing resources is our commitment to preserve our housing assets for the longer term. This means keeping our housing in good repair, addressing emergent conditions, modernizing appliances and equipment based on life cycle, implementing measures to enhance conservation of resources, conducting preventive maintenance activities, and maintaining up-to-date assessments of property needs.

As the federal government has decreased the primary source of ongoing capital funding and as properties age, it becomes more and more of a challenge to maintain our properties at the optimum level. Like housing authorities across the country, we are seeing growing backlogs of capital needs relative to resources, despite our best efforts. In 2013 we have focused capital funds in a more targeted manner to address the worst aspects of a problem, such as water intrusion, in an effort to add 5 to 10 years of life to the property, rather than the 20 years a full, but unaffordable, rehab might add. We will also continue our



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discussions with HUD, other MTW agencies, and our local partners to achieve the intent of our conversion of the Seattle Senior Housing Program to Public Housing – to obtain full operating and capital grant funding for the more than 900 units moved into public housing.

- ❖ ***Supporting Educational Opportunities for Youth:*** Virtually all studies tell us that the single most powerful tool in breaking the cycle of poverty and dependence is education. We are fortunate to be engaged with several important partners in collective and concentrated efforts to use the tool of education to this end for at-risk youth at Yesler Terrace. We are partners with Seattle University, Seattle Public Schools, the College Success Foundation and Neighborhood House in an intensive initiative to provide a continuum of academic support from cradle to college for Yesler Terrace youth. These efforts also have the support of the Seattle Foundation and the Gates Foundation.

The budget continues our commitment to youth education and tutoring services. Approximately 450 youth residents are served annually by five tutoring centers at our HOPE VI sites, Yesler Terrace, and Jackson Park. We are also continuing our annual campaign to encourage families with kids in the 7<sup>th</sup> and 8<sup>th</sup> grades to enter their kids in the College Bound program that carries with it scholarship opportunities for those finishing high school and going on to college. We have several youth residents who have been successful in getting these scholarships and enrolling in higher education.

- ❖ ***Advancing Educational Access and Employment Opportunities:*** A core purpose of the MTW Program is to foster self-sufficiency among residents and participants in assisted housing programs. SHA has built and continues to expand and strengthen partnerships with schools, labor, vocational and community colleges, job referral and placement agencies, and private sector employers to develop pathways to self-sufficiency for work-able residents and participants.

We have worked successfully with Seattle Vocational Institute and the Carpenters Union to create a pre-apprenticeship program to prepare enrollees for an apprenticeship in the trades and to Section 3 employment opportunities on construction projects. In another effort to create pathways to employment, we are working with Seattle Central Community College, Seattle University, and Harborview Hospital on training and educational programs for healthcare jobs as part of the Choice Neighborhoods Initiative at Yesler Terrace.

We are working closely with labor to sign a Community Work Force Agreement that will ensure that the Authority's redevelopment of Yesler Terrace will directly benefit the low income community with new job opportunities through apprenticeships, Section 3 hiring commitments, and contracts for women and minority businesses.

- ❖ ***Expanding Choice and Opportunity for Voucher Participants:*** We seek to increase access to housing in areas of the city where it has traditionally been less available to low-income residents. Housing Choice Voucher (HCV) households are not geographically dispersed across the city proportionally. A greater share of affordable units continues to exist in the southern portions of the city, where the majority of voucher participants rent. Expanding choice and opportunities for participants to live in high opportunity neighborhoods is one of the three goals of the MTW program. Mobility research shows that

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families who move to high opportunity areas increase school performance, economic stability, and health indicators.

In 2013 we will target our efforts to enhance mobility in three principal ways. We will aggressively pursue increasing the supply of affordable units in medium and high opportunity areas through targeted landlord recruitment and retention. We will increase our housing counseling services to reach more voucher participants. Through individualized housing counseling assistance, we are able to help identify and assist voucher participants in making informed decisions about housing selection. Finally, we will augment the linkages with community services to increase economic and geographic mobility for HCV recipients. Improved access for voucher participants to service providers in public health, education, and social services in neighborhoods throughout the City is a need we see on a regular basis.

- ❖ ***Increasing the Efficiency and Cost Effectiveness of our Services and Operations:*** Streamlining activities and defining cost effective efficiencies in operations and administration is a central tenet of the MTW program demonstration. As resources tighten, that goal is an imperative and I'm very pleased that the dedicated and creative staff of SHA are leading a cultural revolution to change the ways we do business. I mention this because it is critical to the effectiveness and sustainability of our efforts. There is no question that reduced funds have an impact on our service levels and our ability to serve our low income residents and voucher participants.

There are three categories that broadly define the scope of work ongoing at SHA to effect these changes. We are identifying cost drivers, taking them apart, and defining new models for conducting business. In 2013, we'll conduct a demonstration of site-based management in LIPH with the intent of both reducing costs and improving responsiveness.

Secondly, we are looking at ways to organize our staff and define duties in order to gain efficiencies and improve the effectiveness of service. This year we have undertaken program reviews and looked at best practices in our property management functions and conducted a review with outside expert assistance of our housing choice voucher program. Both these efforts will result in changes which we expect will allow us to utilize the skills of our staff to best advantage, achieve efficiencies in workflow processes, and help us continue to meet the needs of households we serve.

Finally, we are working across the agency to make management improvements through use of technology. This means replacing major systems when they have exhausted their useful life and/or are no longer supported by the vendor; keeping our major systems on current releases of upgrades; consolidating rather than proliferating basic systems; and, using technology to change paper-intensive processes to less paper or paperless.

This has and continues to be an active focus of our work and before the end of this year, we expect to go live with new property management software, called Yardi Voyager, and to complete phase two of the implementation in 2013. We will also install upgrades for the Enterprise One accounting system, for the Kronos payroll system, and for the Elite system supporting housing choice vouchers. In addition, we are undertaking a number of projects to improve service to low-income people, like developing an on-line

pre-application tool; and, to improve the efficiency of financial and administrative transactions, like moving to an all-electronic system for housing assistance payments to landlords.

- ❖ ***Strengthening our Financial Condition and Credit Worthiness for the Long-term:*** It is especially important during tight fiscal times to keep our eye on the long-term financial stability and creditworthiness of the agency. This means ensuring we meet our financial obligations for debt service coverage and timely repayment of debt. Repayment of our bank loan for infrastructure at HOPE VI sites relies on the sale of remaining property at High Point for market rate homes and at Rainier Vista and NewHolly for mixed use development. I'm pleased to report we are doing well in this aim, as sales of property in Rainier Vista and High Point have increased and interest continues to pick up.

Maintaining a stable financial position also means continually reviewing our Operating Reserve level to ensure we are meeting at least our minimum target for unassigned cash. Before the year is out, we will receive a Standard and Poor's credit rating and must keep a careful watch on our financial ratios in order to maintain or increase that rating.

We also expect in 2013 to bring to the Board a proposal to create a Development Reserve Fund to create a buffer between our ongoing operations and our more volatile development activities. This action was recommended by our financial advisors – CSG Advisors – as a prudent step to help ensure that our ongoing operations are not vulnerable to the market swings that affect real estate development.

- ❖ ***Partnering with our Unions and Employees to Meet Financial Challenges Together:*** We have a long history of working collaboratively with our union representatives to address the myriad of challenges that we face. We are engaged in contract negotiations with the three unions that represent many of the Authority's employees. All three contracts will lapse at the end of the year. We have shared with the unions and their bargaining teams our forecast of the agency's financial position reflected in this 2013 Proposed Budget and the uncertainties we will continue to face about the federal budget through at least the end of the calendar year. We have also sought their support in efforts to educate our Congressional delegation on the potential impacts of impending automatic cuts ("sequestration") of non-defense discretionary programs.

### ***Conclusion***

We have both hard and exciting times ahead. We do important work for low income people whose well-being and dignity are important to us. Our most vital asset in our endeavors is the Housing Authority staff who are dedicated to our mission and proud to contribute to the success of our housing programs and the well-being of tenants and participants. We must, however, recognize that it is HARD for people to keep doing good work in the face of declining resources, when the day to day needs and tragedies faced by our residents and participants are so difficult, demanding, and emotionally draining.

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The work that the staff does is not just administrative office work, or fixing the plumbing, or planning programs, or teaching classes, or processing bills, or managing a project, or answering the phone. It is facing people in crisis day after day, and the stress of doing that in an unrelenting climate of scarcity can be truly debilitating, both for employees and those who turn to them for housing assistance.

I am constantly inspired by the resilience of our staff and their continuing commitment to make a difference for low income residents, voucher participants, and the community. It is the power of their motivation and dedication that gives me confidence that together we can chart a course through the difficulties and uncertainties ahead. We must, however, take care of each other and be kind to each other as we each work through the stresses. Now more than ever teamwork is critical and we all need to know we are in this together. I am proud and honored to serve our low income residents and participants and to lead our great staff.

Sincerely,



Andrew J. Lofton  
Executive Director  
Seattle Housing Authority

cc: Cabinet Members

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# Seattle Housing Authority CY 2013 Adopted Budget

## Introduction

The CY 2013 Adopted Budget covers all of Seattle Housing Authority's operating and capital budget sources and uses, including federal and local housing programs and enterprise activities for Calendar Year 2013. The CY 2013 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 new Ways (MTW) Program.<sup>1</sup> The MTW contract with HUD was amended in December 2008 and extended through 2018. The MTW program provides two critical sources of flexibility:

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

The Housing Authority must ensure we use both of these tools to maximum strategic advantage in a time of declining resources and services for low income housing and support services to extremely low income people.

In preparing and proposing Seattle Housing Authority's 2013 Budget, we have faced the virtual certainty of reductions in our ongoing Move to Work federal funding sources. At the same time, there is tremendous uncertainty about the extent of cuts Congress and the President will make to domestic discretionary programs, and uncertainty about when we will know what our 2013 federal funding will be. It is most likely that the earliest that the federal decisions will be made is the end of 2012 and perhaps not until late in the 1st quarter of 2013.

We have prepared the 2013 Adopted Budget taking a moderate approach to the potential level of reductions we could face. We've done so in order to be realistic and prudent in carefully planning our reduction choices, while not making the extent of reductions that might result were there no changes in current law. We have opted for this approach because of the uncertainty of what Congress and the President will decide on the 2013 federal budget, and on the "Fiscal Cliff" issues, they face.

<sup>1</sup> Because HUD's name for the demonstration, "Moving To Work," sounded like a jobs program for SHA residents, the demonstration has been renamed, "Moving To new Ways," to keep the acronym and avoid confusion over the program's purpose.

The Fiscal Cliff refers to the simultaneous expiration of several existing tax cuts and the implementation of automatic spending cuts, embedded in the Budget Control Act of 2011. As Federal Reserve Chairman Ben Bernanke testified to Congress recently: “The recovery could be endangered by the confluence of tax increases and spending reduction that will take effect early next year if no legislative action is taken”. The stakes are extremely high and the pressure on Congress to act is substantial. No one, however, anticipated any action occurring before the national elections in November and many see little likelihood that a lame duck Congress will act. Thus, the probability is that it will be the 1st quarter 2013 before these issues are addressed. Accordingly, we anticipate we will need to revisit early next year the 2013 SHA Budget that the Board of Commissioners adopted in October 2012.

The 2013 Adopted Budget totals expenses of **\$197.0 million**, with the Operating Budget (including service grants) at **\$68.8 million**, the Housing Assistance Payments at **\$85.4 million**, Capital Budget at **\$12.5 million**, and the **Redevelopment Budget** at **\$30.3 million**. In order to balance the 2013 Budget, we had to reduce approximately \$4.5 million in expenses below our projected costs to continue existing services at current levels. We expect all of our MTW federal revenues associated with existing programs to decline in 2013. In total, the adopted operating budget is **3.0 percent below** the 2012 Budget, and service grants and capital budgets are **18.3 and 17.4 percent lower**, respectively than in 2012.

Projected expenses for Housing Assistance Payments **increase by 4.2 percent** due to the increased number and utilization of special purpose vouchers along with increased rental cost in the private apartment market. The redevelopment program **increases by 42.6 percent**, as the result of gaining competitive grants, principally for the initiation of the Yesler Terrace Redevelopment Plan.

The constraints of our funding require that we reduce **29** regular positions across the agency. These reductions will require that we lay-off an estimated **15** current staff; the remaining **14** regular positions being eliminated are vacant. In addition to regular positions that were eliminated, **2** regular full-time positions incurred a reduction of hours. The reductions reflect both efforts to change the way we operate and achieve efficiencies while maintaining service responsiveness and reductions that mean cuts in: the frequency of service, the timeliness of staff responses, delays in completing administrative tasks, and unavoidable erosion of quality of service. Over the two years of 2012 and 2013, we will have reduced the agency’s staffing capacity by over 14 percent. As hard as we try to maintain the high quality of work and service in which we take pride, it is simply not possible to absorb increasing reductions in our most valuable resource – the people who work here – without our residents and participants feeling the pinch.

We have elected in this budget not to include any cost of living wage increases for employees. With the level of staffing reductions we have had to make over the last two years and the prospect for more funding reductions when Congress and the President act on the federal budget, we elected to retain more employees, in lieu of wage increases. We have shared our financial condition with the unions and will bargain in good faith with them, perhaps on a contingent wage plan depending on our revenue picture after the federal dust settles.

Our highest priority remains to continue serving at least the same number of low-income residents and participants we do today. We expect to meet that goal in 2013 with the adopted budget. We also remain committed to the goals of our 2011-2015 Strategic Plan. Being realistic, however, we have narrowed our focus for 2013 on a subset of goals we believe are the highest priorities and hold the greatest opportunities for making progress on our commitments. This does not mean we are abandoning the other Strategic Plan directions and strategies or that they

will all be completely dormant. They simply do not assume the priority for our scarce human resources as the subset we have called out for 2013.

Despite the steep reductions taken for 2013 and the challenges ahead, we will continue in 2013 to advance the strategies and directions of the Strategic Plan. Our work plans for 2013 responding to the adopted Plan are highlighted in a latter section of this Introduction.

## What is Seattle Housing Authority?

The Seattle Housing Authority is a municipal corporation, created under Washington state law that provides **affordable housing to more than 29,500 low-income people** in neighborhoods throughout Seattle. Over 10,200 residents are elderly or disabled and 9,450 are children. The Housing Authority serves over 16,000 households, 86 percent of which have incomes below 30 percent of the Area Median Income with the remainder between 30-80 percent of the median. The average income for SHA households is \$13,012.

**SHA owns, manages, or supports** over 17,000 housing units in several programs. Approximately 5,400 public housing units are subsidized by HUD; serving families and individuals with very low-incomes. Nearly 1,000 housing units serve seniors and people with disabilities as part of the Seattle Senior Housing Program. In addition, SHA provides about 910 other locally funded units of work force and affordable rental housing, and 770 tax credit units serving residents with income between 40-60 percent of area median income in HOPE VI communities. SHA provides rental assistance to over 9,000 families through the Housing Choice Vouchers program in privately owned units and contracts for 760 Section 8 Mod Rehab units.

SHA's housing programs and residents benefit enormously from **partnerships** with other organizations – the City, State agencies, non-profit housing developers and social and health service providers, other housing authorities, and educational institutions and foundations. Together we deliver housing assistance and a host of services to low income people; advocate for the interests of low-income housing and social services; and, maximize our collective effectiveness in supporting opportunity for recovery, stability, and self-sufficiency for extremely low-income people. In these times of scarce resources, SHA has continued success in collaborating with other service providers and public and private housing developers will be crucial to our ability to serve the needs of residents and participants and to meet our objectives for continued development of new low income and affordable housing.

**Our most vital asset is the SHA staff** of more than 485 employees who are dedicated to SHA's mission and proud to contribute to the success of our housing programs and the well-being of tenants and participants. There is a collective positive spirit among staff that, as part of SHA, they can make a difference for a brighter future for low-income residents, voucher participants and the community:

- ✓ Through developing, operating, and maintaining low-income housing;
- ✓ Through providing and promoting services that support family financial stability and self-sufficiency;
- ✓ Through engaging the broader community in an effort to combine resources and expertise to better serve the needs of low income people;
- ✓ Through new ideas to work smarter and more efficiently; and,
- ✓ Through hard work that is valued for its professionalism, competence, compassion, personal commitment, integrity, and pride.

Thank you, SHA Staff. It is undeniable that the pressures on staff to do as much with less and to withstand the stresses of confronting daily the challenges of our residents and participants



take their toll on each of us personally. Now more than ever teamwork, cooperation, patience, understanding, and generosity of spirit are behaviors we must all model to help each other be as effective and productive as possible. Remember to be kind to each other.

## Remaining Committed to Our Strategic Plan 2012-2013

We are now facing the third year of federal funding reductions and the challenges that brings. That means slowing down -- but not abandoning -- the priorities and commitments of the 2011-2015 Strategic Plan. Our diminished resources make it critical to concentrate our efforts. This is important because it is an acknowledgement to all staff members that we must narrow our expectations and clarify our priorities to manage the workload with fewer people and resources; it is also important to reset the expectations of our residents and participants.

Underpinning the Strategic Plan are SHA's Mission and Values statements:

### **Our Mission**

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

### **Our Values**

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

SHA's Leadership Cabinet defined the eight highest priorities for 2013 among our Strategic Plan's eight Strategic Directions and Management Strategies and our twenty-six Plan sub-goals. These priorities do not mean that other aspects of the Strategic Plan will be abandoned or that no work will occur on them. Rather, the priorities help define where we expect to preserve our progress and forward momentum and capitalize on opportunities to advance them. For 2013, below are the eight priorities from the Strategic Plan 2011-2015 (reference is made in parentheses to the applicable Strategic Direction (SD) or Management Strategy (MS) and sub-goal number).

- ❖ Move forward with Yesler Terrace redevelopment in a manner that is consistent with the Definitions and Guiding Principles, creating a new urban neighborhood that serves the needs of diverse residents and enhances the city and region. (SD-1.3)
- ❖ Maintain and improve existing housing stock for the long term. (SD-1.1)
- ❖ Increase housing choice and access to housing in areas of the city where it has traditionally been less available to low-income residents. (SD-2.2)
- ❖ Improve access to educational opportunities for youth from pre-school through college. (SD-3.1)
- ❖ Assist residents and participants in gaining access to education and employment opportunities (SD-3.3)
- ❖ Manage the Housing Authority's assets and operations in order to maximize the value and longevity of real estate and rental housing, and ensure that operations are cost effective. (MS-1.1)
- ❖ Strengthen the agency's financial position and its ability to respond to shifting economic conditions. (MS-1.2)

- ❖ Maintain and strengthen partnerships with labor that enable management and employees to address challenges in a collaborative, constructive and open fashion. (MS-3.4)

## ***Responding in 2013 to Strategic Directions***

The discussion that follows presents each of the above goals and the work plans and products that are planned for 2013.

### ***REDEVELOPING YESLER TERRACE***

- Complete mixed-finance closing of the 1105 E. Fir Street Apartments and begin construction on this Phase I rental housing to include 83 replacement housing units and 20 tax credit units, with an expected completion date in mid-2014.
- Coordinate development activities with the private developer of a market rate property at 12<sup>th</sup> and Yesler, a mixed-use project expected to be completed in 2014 that will include ground level retail with affordable opportunity for local small businesses.
- Undertake and complete rehabilitation of the Baldwin Apartments to provide 15 replacement housing rental units and secure permanent financing for the Baldwin.
- Complete the renovation of the historic Steam Plant adaptive reuse project to house an early childhood and new job training center, including a permanent home for Head Start.
- Work with the City and the community in planning and design of the 10<sup>th</sup> Avenue Hill climb connecting Yesler Terrace with Little Saigon, with construction expected to be completed in 2014.
- Begin work with the City and community to implement the Horiuchi Park P-Patch, located just north of the 1105 Fir Street Apartments on the east side of Boren.
- Monitor construction of the Yesler Terrace segment of the First Hill Streetcar and take advantage of opportunities to collaborate on common infrastructure work for greatest cost effectiveness.
- Select major development partner for the project lead and complete contract negotiations and implementation of initial elements of the project such as collaboration on infrastructure funding, site branding/marketing, and phasing development.
- Implement the initial stages of relocation plans under the leadership of the Housing Operations Division:
  - ✓ Complete all resident interviews, education, and counseling regarding the initial relocation process and continue planning to implement relocation over a number of years.
  - ✓ Complete relocation of the YWCA program and transfers to/within Holly Court by the end of 2012 from Phase I property east of Boren.
  - ✓ Begin initial moves of Yesler residents under relocation in mid to late 2013 in order to undertake Phase II infrastructure work.

- Undertake host of Master Plan and Development Plan implementation activities during 2013:
  - ✓ Complete the Final Plat for the entire site and 100% Street Improvement Plan for the southwest sector of Yesler Terrace.
  - ✓ Work with the selected Development Partner to refine project sequencing and identify funding sources and financing for construction of infrastructure and pedestrian amenities.
  - ✓ Work with the Parks Department in the design of the neighborhood park to be completed in 2013.
  - ✓ If SHA secures a Phase II Choice Neighborhoods Initiative grant, undertake initial design of Phase II housing and procure contractors for infrastructure and housing projects to take place in 2014.
  - ✓ Cooperate with the City's selected energy district partner, Corix, in feasibility and planning studies for First Hill/Yesler Terrace.
  - ✓ Complete the Community Workforce Agreement with Labor.

### **PRESERVING EXISTING HOUSING**

- Begin design work for an occupied rehabilitation of Leschi House, a 34 unit senior building, and construction of a new wing with 35 additional units serving seniors; built to the Evergreen Sustainable Development Standard, construction completion planned for 2014.
- Continue repositioning of the Scattered Site portfolio – define criteria for selecting sites; project pro-forma result; prepare a budget, funding sources, and cash flow projection; define a schedule and process for completing Phase II of Scattered Site repositioning.
- Complete rehabilitation or replacement of elevators in two Senior Housing buildings as part of a portfolio-wide program to address all the senior housing buildings with one elevator that has reached its useful life. These projects are complicated by the mobility of many of the residents who rely on the elevator for transport from their floor.
- Continue to refine and expand the SHA Preventive Maintenance model to additional portfolios and properties. This model is a cost effective approach to extend the life of assets and preserves valuable warranties.
- Undertake repairs and preventive measures at seventeen Scattered Site properties to address water intrusion deterioration.
- Complete a refinancing of the Special Portfolio site Montridge Arms with sufficient proceeds to make repairs to stem potential damage from water intrusion.
- Complete rehab of six Scattered Site units to make them compliant with the United States Uniform Federal Accessibility Standard (UFAS), pursuant to SHA's compliance agreement with HUD.
- Undertake a series of repairs of facilities and grounds to address long-standing issues at Jackson Park Village, including replacing equipment and redoing the children's play area, re-roofing the learning center, redesign of the trash receptacle area, repair and replace vinyl siding, and resurface and stripe parking lots.
- Follow-up on fan implementation at Tri-Court and repair baseboard-unit heat, coat decks and seal bricks as needed, replace roof, and reseal the weather facades, as warranted.
- Begin implementing mandatory requirements for carbon monoxide detectors in units. Start with high-risk properties evidenced by gas cooking facilities and other fire hazards.

## **EXPANDING CHOICE AND OPPORTUNITY FOR VOUCHER PARTICIPANTS**

- Conduct targeted Ready to Rent classes, along with offering the series of classes to a general pool of interested participants. Targeted classes may include work-able households, families with children soon to reach 18 years of age, savings match pilot recipients, and those that want to move to high opportunity neighborhoods. Ready to Rent courses teach rental preparedness, rental search tips, tenant rights and responsibilities, and financial literacy.
- Increase support for mobility efforts with expanded long-term linkages to service providers throughout the City; seek their assistance, advice, and support for our mobility efforts.
- Provide more targeted information to participants and the waiting list about housing choice and the benefits of living in a high opportunity area - including school outcomes, crime rates, job/transit/services proximity.
- Increase our housing counseling services to reach more voucher participants. Through individualized housing counseling assistance, assist voucher participants in making informed decisions about housing selection.
- Provide targeted training and resources to staff working with populations interested in moving to higher opportunity areas of the city.
- Develop long-term relationships with the city's education and public health communities to increase the economic, geographic and health outcomes for voucher recipients. Mobility research shows that families who move to high opportunity areas exhibit better school performance, economic stability and health indicators.
- Pursue increasing the supply of affordable units in medium and high opportunity areas through targeted and increased landlord recruitment and retention and monitor changes in rental supply dispersion across the city.
- Explore housing choices and child welfare outcomes by working in partnership with the MacArthur Foundation and the Urban Institute on a multi-year study.
- Continue to collect and analyze data on duration of housing searches, location of residences pre and post voucher issuance, repeat moves and family outcomes, and other descriptive household data.
- Analyze current department policies and revise for improved mobility outcomes.

## **SUPPORTING EDUCATION OPPORTUNITIES FOR YOUTH**

- Coordinate job-training opportunities with the Economic Opportunity team to improve Housing Choice Voucher (HCV) participant access to education, employment and training opportunities through the Family Self Sufficiency program and external partners.
- Help residents and participants access programs funded through the City of Seattle's Family and Education Levy.
- Collaborate with the College Success Foundation to market College Bound and other scholarship opportunities to HCV participants, as well as individuals on our HCV wait list.
- Continue to work with partners to support SHA youth residents academic success through youth tutoring, computer labs, and access to educational information and support.
- Expand relationships with the education and workforce development communities, so HCV participants will receive information about job fairs, job training programs and career development services.

- Continue to implement the Yesler education initiative with our partners- Seattle University, Seattle Public Schools, College Success Foundation and Neighborhood House -to provide a continuum of educational support for at-risk youth under the Choice Neighborhoods grant.

### ***ADVANCING EDUCATIONAL ACCESS AND EMPLOYMENT OPPORTUNITIES***

- Expand opportunities for workforce training and job placement through partners, such as Port Jobs, the Workforce Development Council, Seattle Vocational Institute and private sector employers, including those in construction, healthcare and higher education.
- Pursue a partnership with nearby area hospitals to train Yesler residents for jobs in the healthcare industry, as part of the Phase II Choice Neighborhoods Initiative grant.
- Continue to develop partnerships with public and non-profit agencies providing financial benefits and services, including Social Security Administration, Department of Social and Health Services, Employment Security and organizations offering credit counseling and financial literacy classes.
- Implement a new financial matching program to support savings opportunities for residents working toward moving from subsidized housing.
- Increase the number of participants depositing savings through the HCV Family Self-Sufficiency program.

### ***INCREASING EFFICIENCY AND COST EFFECTIVENESS OF OUR SERVICES AND OPERATIONS***

- Implement Yardi Voyager starting in fall of 2012 and capture significant administrative efficiencies by consolidating different software systems into one property management software. Improve workflows for reporting, inspections, work orders and other key property management functions.
- Continue the process of maintaining and improving agency information technology. The capital plan includes additional server storage capacity, upgrading obsolete equipment, and upgrading software to more recent versions of vendor software to maintain services.
- Complete review of property management organizational structure and recommend changes to improve both efficiency and effective service. Implement a pilot site based project for the high-rise properties in the Low Income Public Housing (LIPH) portfolio. This pilot is a shift from the current mostly centralized management and maintenance model to a more site based management model. Property management will work closely with IPS on the maintenance issues and partner with them to determine how this pilot will move forward and the details for implementation. Resident Managers along with Maintenance Mechanics will be the core of the site-based management pilot.
- Continue implementing changes to reduce vacate costs and turn-around time. Reinforce responsibility of property managers to define the scope of work on turnovers and establish a standard reduction in per unit turnover costs to achieve an average of \$3,000.
- Achieve utility cost savings through better data collection on resident consumption and educating residents on conservation methods, and through maximizing utility programs to install efficiency and conservation equipment in units.
- Implement operational efficiencies in Housing Choice Vouchers resulting from an organizational review during 2012 with outside expertise and surveys and brainstorming with staff on ways to increase operational efficiencies and workflow changes to save costs.

- Continue to maximize the efficiency, seamlessness, and consistency of program requirements and benefits:
  - ✓ In LIPH, adopt the modification implemented in HCV to exclude income from assets valued under \$50,000 from rent calculation.
  - ✓ Implement new systems for SHA owned and managed properties to decrease the number of annual inspections for voucher participants.
  - ✓ Transfer HOPE VI to a rental receipting (Lockbox) collection system to reduce manual check processing.
- Convene an internal stakeholder committee, including representatives of residents, in order to evaluate alternatives, assess the feasibility, and design a pilot test of electronic rental bill payment for residents. The pilot will include a few buildings to implement a demonstration of all electronic rent collection; evaluate the demonstration and revise design parameters; determine the terms for the program to be financially feasible and develop an implementation plan for all portfolios. A final 'go' or 'no go' decision on electronic rent collection will be made during 2013.
- Complete implementation of e-payables for electronic payment of most SHA vendors in 2013. The goal is to move a majority of our vendors to e-payables over the latter half of 2012 and during 2013. Establish for all new contractors for development projects and major construction contracts in 2013 a policy requiring participation in e-payables for payment of invoices.
- Expand the usage of Lockbox and our Depository bank by testing the effectiveness of Retail Web to make all daily communications between Lockbox and SHA paperless. In implementing the system, ensure that we use electronic file communications, and identify changes in accounting and property management procedures to enable us to eliminate paper processing of "rejected rent payments" and move all payment reconciliations to on-line relations between Lockbox and SHA.
- Evaluate the procurement policies concerning expenditure and contracting authority to determine whether changes are in order that would streamline the approval routing process for contracting transactions.
- Work with IT to develop a process that enables field staff to complete a direct voucher purchase order for goods costing less than \$10,000 with only the Departmental authorizations required. Once a new process is in place, conduct staff training for authority delegation for all purchase orders less than \$10,000.
- Use MTW authority to improve efficiency, productivity, customer service and to obtain cost savings. Some proposed policy changes include triennial reviews for more households, \$200 income change threshold for interim reviews.
- Develop a vendor and consultant evaluation program that will enhance our vendor selection processes.
- Enhance SHA's conformance with the Housing Authorities Insurance Group (HAIG) Risk Control Dividend Plan, with special focus on meeting the Training and Education Standard and the Business Continuity Plan Standard.
- Continue to support the EnterpriseOne financial management system through a major upgrade, overseeing and coordinating continual refresher training; troubleshooting and correcting technical system problems as they arise; and enhancing the system's report functions.

- Evaluate and plan how best to replace SHA's twenty-year old telephone system and the wireless devices used for emergency and everyday communications.
- Cross-training of the Front Desk Customer Service positions and Housing Counselors in both HCV and LIPH Admissions to assist clients with available resources and create a coordinated system of supporting one another to help participants achieve financial stability.
- Propose to shift rent reasonable determinations to the Inspectors, freeing up the Owner Liaison's time to focus on recruitment and retention of landlords and provide continued technical assistance to our landlord community.
- Explore expanding direct deposits of Housing Assistance Payments by adding a second option of stored value cards. If feasible, implement this option and set a timeline for moving all landlords to either a direct deposit only or stored value card option payment method.
- Enforce repayment agreements of debt owed to SHA from participants that have not reported income increases. Create a process for enforcing delinquent payment agreements to ensure ongoing repayment success. We anticipate that this change will increase our delinquent repayment success rate.
- Continue to educate federal officials and advocate for increasing affordable housing funding and the need to fully fund all existing housing programs, and the ramifications of ongoing disinvestment at the federal level.
- Expand the paperless project for the Housing Quality Standards (HQS) team, maximizing technology enhancements to inspection work that began in 2012. This includes converting the move-in desk to be paperless.
- Continue to review our portability policies with other housing authorities, to reduce the agency's administrative expenses, particularly to higher costs areas. Determine whether the expenses of the current portability policy fall in line with our mission.
- Analyze our existing policies for rent increase requests by landlords, and make recommendations to update the policy.

### **STRENGTHENING OUR FINANCIAL CONDITION AND CREDITWORTHINESS FOR THE LONG RUN**

- Make the 2013 payment of \$8.45 million against Seattle Housing Authority's Infrastructure Note from for-sale proceeds at High Point and Rainier Vista. This will retire the loan obligation by the end of 2013.
- Continue to pay-down short-term financing obligations on three lines of credit – Operating LOC, Real Estate LOC, and Taxable LOC. Renegotiate annual extensions of the lines or restructure SHA's short-term borrowings if cost effective.
- Maintain the Authority's Operating Cash Reserve at a minimum of one month and a maximum of six months of operating plus average debt service expenditures, or approximately \$13-14million in 2012.
- Prepare a proposed policy, through the Financial Policy Oversight Committee, to establish a Development Reserve, pursuant to recommendations from our financial advisors for prudent management of risks.
- Ensure that all properties carrying debt meet stipulated debt coverage ratios and requirements for contributions to reserves. Where there are persistent problems with

individual properties, conduct a thorough review of the operations of the property and its finances and recommend corrective action plans.

- Refinance bond-financed properties to help make needed capital repairs, and/or build capital reserves, and improve cash flow by reducing bond payments.
- Establish an on-going system for assessing/projecting exit strategies for tax credit limited partnerships that will be at or near the year in which the partnership has used all of its tax advantages and may exit:
  - ✓ Where capital accounts are projected to be or become negative, define and implement operational and/or financial management changes to reverse or mitigate the trend;
  - ✓ Where timing would allow SHA and the LP to agree to exit the partnership, propose terms for the dissolution, define a timeline, and determine any other parties whose consent to the dissolution would be required.
- Continue to pursue through HUD or alternative avenues, resolution of HUD's denial of operating subsidy for the SSHP program that was approved by HUD for entry into the public housing program in late 2011.
- Continue to market and sell land at High Point, Lake City and Southeast Seattle in order to meet financial goals for repayment of the lines of credit as well as successful completion of the for-sale components of the redevelopments.
- Conduct a broad community outreach process regarding the new utility allowance schedule for HOPE VI communities, and expect the work to continue in 2013 as we transition to a third party vendor to handle the monthly billing for water. Continue to work on building better relationships with our residents regarding this issue.
- Work with Standard and Poor's in their annual surveillance credit report and review of SHA's credit rating.

### ***PARTNERING WITH OUR UNIONS AND EMPLOYEES TO MEET FINANCIAL CHALLENGES TOGETHER***

- Develop programs and processes that will continue to reduce the accident rate; thereby, enhancing worker safety, reducing lost time, and reducing Workers' Compensation costs.
- Develop safety and wellness programs that reduce employee work-related injuries and illnesses. These efforts include the implementation of a dynamic and static stretch program to reduce overexertion claims.
- Update the Seattle Housing Authority 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 our workforce.
- Continue to strengthen relationship with Labor Unions to enhance communications, reduce grievances, and partner to implement SHA's mission and goals.
- Negotiate contract extensions with OPEIU, Teamsters and the Trades beyond December 31, 2012. Work with the unions to ensure the contracts are consistent with SHA's financial capacity and efforts to create efficiencies in operations and costs containment.
- Continue updating the Employment Section of SHA's Manual of Operations, to reflect latest employment laws and regulations to ensure compliance and prevent litigation. Human Resources will be developing a systematic review process that will ensure all policies are reviewed for relevancy.



## ADOPTED BUDGET SUMMARY

The following summary presents Seattle Housing Authority's (SHA) adopted operating and capital budgets for Calendar Year (CY) 2013 in comparison to the CY 2012 Budget for all housing programs and business activities. It also describes changes in staffing levels from the CY 2012 budget to CY 2013.

### CY 2013 Adopted Budget

	CY 2012 Budget	CY 2013 Adopted Budget	Percent Change
Program Operations and Administrative Expenses	\$70,090,000	\$67,990,000	(3.0%)
Housing Assistance Payments (HAPS)	81,980,000	85,430,000	4.2%
Grant-Funded Expenses	984,000	804,000	(18.3%)
Capital & Non-Routine Expenses	15,130,000	12,500,000	(17.4%)
Redevelopment	21,220,000	30,260,000	42.6%
<b>Total</b>	<b>\$189,404,000</b>	<b>196,984,000</b>	<b>4.0%</b>

Notes: Line item expense budgets above \$1 million are rounded to the nearest \$10,000.

- The CY 2013 combined operating and capital budget totals **\$197.0 million** and is **4.0 percent higher** than the 2012 budget. This year-to-year increase is the net result of increases in HAPS and redevelopment activity, offset in part by a decrease in operations and capital expenditures.
- Program Operations and Administrative Expenses decreased by 3.0 percent from 2012 to the 2013 budget. This change is the composite result of a number of decreases in programs and services, lower financial expenses associated with refinancing, a net reduction of 25.55 agency-wide full time equivalent positions adopted in 2013 than in 2012; and, there were significant reductions in basic operating expenses. These expenses do not include any COLA proposal for the 2013 Adopted Budget.

The Housing Choice Voucher department will implement operational efficiencies through a new staffing model and the Housing Operations department will continue to evaluate efficiencies and implement a demonstration in 2013 of a more site-based property management structure to improve service responsiveness.

The new demonstration to greater site based property management anticipates fewer job classifications at the Low Income Public Housing (LIPH) program. The new direction is anticipated to increase accountability and reduce operating expenses. The demonstration will entail teaming resident managers with maintenance mechanics assigned to 3-6 LIPH buildings; these staff will deliver the vast majority of day-to-day services to the residents of their buildings. For 2013, as the demonstration is undertaken, property staffing will be adjusted and existing Maintenance Mechanics assigned to the demonstration to serve specific properties. Other cost decreases include less grounds maintenance at the HOPE VI For Sale sites, less contract costs due to improved security flexibility, and reductions to centralize operating support service costs.

- **Housing Assistance Payments (HAP)** increases from the 2012 budget to the 2013 adopted budget involve several factors. SHA expects to receive more than 330 tenant protection and 58 Veteran Affairs Supportive Housing vouchers in 2012. All of the tenant protection vouchers we have received are anticipated to convert to MTW by the end of

2013. As these vouchers lease up, HAP cost will rise accordingly. Additionally, the Seattle rental market continues to experience very low vacancy rates. This has allowed landlords to increase their rents. Local market reports have indicated that the average Seattle renter will experience approximately a 4 percent rent increase in 2012. Due to income review schedules, the Voucher Payment Standard, and project based contracts, we expect that this will have approximately a 2 percent cost increase on our existing HAPs.

SHA plans to hold MTW voucher utilization at 97 percent in 2013, while the special purpose HCV program is expected to realize a lower utilization since vouchers recently received for Veterans Affairs Supportive Housing, Family Unification Program and Tenant Protection awards will not complete their lease up until later in 2013. SHA plans to open its HCV wait list for the first time since 2008. Vacancies in the Tenant Protection projects and natural attrition should allow us to start issuing new applications late in 2012 and open the wait list in early 2013. We expect to serve slightly more households in 2013 due to the full annualization of the above-mentioned 2012 vouchers.

- **Grant Funded Expenses:** Community services grants decrease from a budgeted \$984,000 in 2012 to a budget of \$804,000 in 2013 due to the completion of the Lake City Court HOPE VI grant in mid-2013 and the end of the *Communities Putting Prevention To Work* program in 2012. Several other grant funded programs such as the HUD Family Self Sufficiency Coordinator program, Ross Service Coordinators, and Sound Families are expected to remain at 2012 funding levels. Also, there is a Community Supportive Services portion of the Community Neighborhood Initiative redevelopment grant that will be expended during 2013 (see below).
- **Capital and Non-Routine Expenses** decreased in most expense categories from 2012 to 2013. The budget continues to be underfunded and does not reflect outstanding needs. The largest reductions are in the Special Portfolio of local housing (68 percent) and in the Senior Housing (38 percent) portfolio. The 2013 projects are generally smaller than in prior years and allowances for minor repairs, replacements, and rehab (MRRR) are reduced significantly. Senior Housing will perform targeted repairs to address water intrusion problems instead of complete rehabs and will do two elevator rehabilitations. The 2013 adopted budget also includes management improvements through technology applications and equipment, which realized an 18 percent reduction from 2012.
- **Development and Redevelopment** represents projects that include some sort of outside financing, from a simple mortgage to a more complex tax-credit financing, including grants, tax credit equity, and bond proceeds. The two largest redevelopments for 2013 are Leschi House and 1105 East Fir Street, a combined 75 percent of the redevelopment balance. Both developments are multi-year projects and will add 138 units when completed in 2014. Other projects include the Baldwin Apartments in year two of its two-year rehabilitation, the Yesler Steam Plant redevelopment in its final year, and the 10th Avenue Hill climb at Yesler Terrace.

## Staffing Levels

**Full-time equivalent (FTE<sup>2</sup>)** regular positions decrease by a net of 25.55 FTEs in 2013, to 485.25 FTEs. The net staff decrease of 25.55 FTEs results from the addition of 2.85 positions and the elimination of 28.4 regular FTE positions. In addition, four temporary positions are approved for reduction. As a result of this change, we expect approximately 15 current regular employees to be laid off and two current regular employees to experience reduced working hours in 2013. In the regular positions being cut, there are 14 vacant positions. This significant reduction of five percent in staffing was accomplished by departments adjusting work procedures to create new efficiencies, re-distributing workload, changing service standards or the way work is performed, and reducing service levels.

<b>Program Element</b>	<b>FTE's CY 2012</b>	<b>Adopted FTE's CY 2013</b>	<b>Change 2012 to 2013</b>
Housing Operations	345.10	326.50	(18.60)
Housing Choice Voucher Program	55.40	54.85	(.55)
Other Departments <sup>3</sup>	<u>110.30</u>	<u>103.90</u>	<u>(6.40)</u>
<b>Total</b>	<b>510.80</b>	<b>485.25</b>	<b>(25.55)</b>

## Operating and Capital Budget Comparisons – 2012 vs. 2013

<b>Program Expenditures</b>	<b>2012 Budget</b>	<b>2013 Budget</b>	<b>Percent Change</b>
<b><u>Operating Funds</u></b>			
MTW General	\$109,556,000	\$111,965,000	2.2%
Local Housing	7,462,000	6,428,000	(13.9%)
Development	2,880,000	2,790,000	(3.1%)
Seattle Senior Housing Program	5,504,000	5,437,000	(1.2%)
Other Operating Funds	26,665,000	26,801,000	0.5%
<b>Total Operating Expense</b>	<b>\$152,067,000</b>	<b>\$153,421,000</b>	<b>0.9%</b>
<b><u>Service Grants</u></b>	<b>\$984,000</b>	<b>\$804,000</b>	<b>(18.3%)</b>
<b><u>Capital Projects</u></b>			
Redevelopments	21,220,000	30,260,000	42.6%
LIPH Capital	11,536,000	10,114,000	(12.3%)
Other Capital Projects	3,595,000	2,381,000	(33.8%)
<b>Total Capital &amp; Non-Routine</b>	<b>\$36,351,000</b>	<b>\$42,755,000</b>	<b>17.6%</b>
<b>TOTAL OPERATING AND CAPITAL</b>	<b>\$189,402,000</b>	<b>\$196,980,000</b>	<b>4.0%</b>

<sup>2</sup> FTEs include all SHA full-time employees and part-time employees who receive benefits. It does not include Intern positions, On-call Back Up Resident Managers, and temporary part-time or partial year employees who do not receive benefits. Project temporary employees who are hired for the duration of a specific activity or project are included in the FTE total.

<sup>3</sup> "Other Departments" are comprised of, Human Resources, Finance and Administration, Information Technology, Development, Asset Management, and Executive.

## Sources of Funds

The following table summarizes projected sources of funds available to support the budgeted expenditures:

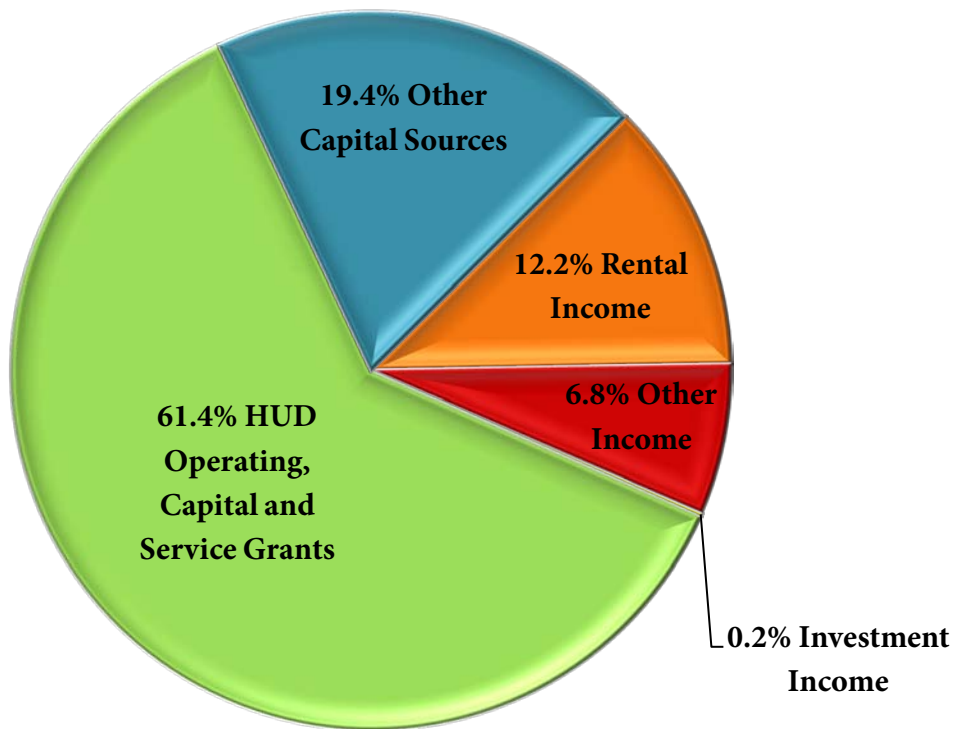
<b><u>Projected Sources</u></b>	<b><u>CY 2013</u></b>
Dwelling Rental Income	\$ 26,078,000
Investment Income	380,000
Other Income/Sources	14,412,000
MTW Block Grant and Non MTW Operating Subsidy	130,207,000
Service Grants	804,000
Other Capital	1,455,000
Redevelopment	22,114,000
New Capital Projects	17,952,000
<b><u>Grand Total</u></b>	<b><u>\$213,402,000</u></b>

The excess of sources in this table compared to expenditures in the first table above result from capital sources that will be available in CY 2013 for use in this and subsequent years -- bond financing of our redevelopment projects is the largest example.

The tables and charts on the pages that follow provide a breakdown of SHA operating and capital sources. Excluding the Choice Neighborhood grant, which is classified as redevelopment funding, the largest portion of combined operating and capital sources -- 61 percent -- comes from HUD. The next largest share is 19 percent in other federal and local capital sources associated with major capital or redevelopment activities. Dwelling rental income contributes about 12 percent of total revenues. Along with investment earnings, other income such as developer fees and Impact Property Services enterprise revenues comprise the remaining revenues for CY 2013.

## 2013 Operating and Capital Sources \$213.4 million

- Rental Income
- Investments
- Capital Financing
- Other Income
- HUD and Service Grants

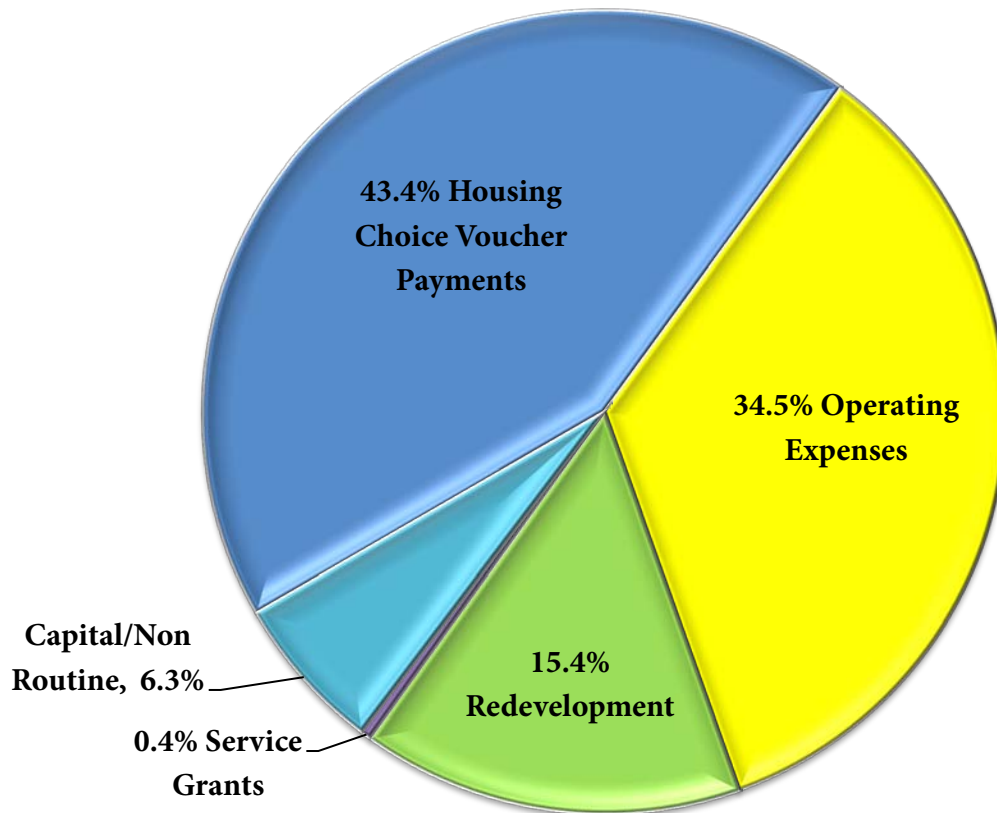


## Uses of Funds

The chart below provides a breakdown of SHA uses of funds. As illustrated, Housing Choice Voucher and other Section 8 program payments have a budget of \$85.4 million or 43 percent and represent the largest portion of uses. Capital and redevelopment projects total \$42.8 million at 22 percent. LIPH, SSHP, Local Housing and other operating programs make up the remaining 35 percent in CY 2013.

### 2013 Operating and Capital Program Expenses \$197.0 million

- Housing Choice Voucher Payments
- Operating Expenses
- Redevelopment
- Service Grants
- Capital and Non-Routine Expenditures



## How the Budget is Prepared

Development of the budget begins each year in the spring with the preparation of financial forecasts of revenues and expenses based on projections of federal funding actions, forecasts about the economy, and estimates of cost changes for major expense items. The federal emphasis on reduced spending for “discretionary” programs begun in 2011 is expected to continue in 2013. However, the proposed budget for 2013, has been developed in a vacuum of information and the turmoil of the approaching “fiscal cliff” at the end of 2012. The fiscal cliff refers to the choice that will face lawmakers at the end of 2012. If legislative action is not taken, a number of tax increases and spending cuts will go into effect that could severely affect our level of federal funding and our housing programs. This has meant preparing a balanced budget that anticipates continuing federal funding decreases, without knowing the extent of those declines.

At its annual March Budget Retreat, the Executive Director and Cabinet were confronted with addressing the fiscal uncertainty of federal funding and cutbacks. They settled on taking a middle of the road approach that left a projected deficit for 2013 of about \$4.5 million – the gap between estimated revenues and the cost of continuing existing service levels and programs in 2013. SHA’s Executive Cabinet reaffirmed the agency’s commitment to the Strategic Plan, while recognizing that progress would slow. A continual update to the forecast of federal revenues occurred throughout the budget process but no significant change to the projected deficit was foreseen, so budget reductions were required of SHA’s departments. With this guidance, the Budget Office began preparing instructions to Departments for preparation of their 2013 budget submittals and continued to monitor the volatile federal budget and deficit reduction decisions.

In providing the Budget targets and instructions, the Executive and Cabinet were aware that we could not make up \$4.5 million without significant staff reductions and we shared this conclusion as budget preparations got underway with staff and leadership of the unions. Staff throughout the agency provided ideas for reducing costs, increasing efficiency, and raising revenues and many of these ideas have been incorporated in the 2013 Budgets.

The Moving To new Ways (MTW) Proposed Annual Plan for 2013 and the Summary of the 2013 Budget was published August 31, 2012, distributed to stakeholders, and posted on [seattlehousing.org](http://seattlehousing.org) for public review and comment. With a 2013 Proposed Budget book, the Executive presents the recommended budget to the Board of Commissioners for their review and action. A public hearing held on September 17, 2012 and written comments accepted through October 1, 2012. A first reading of the 2013 Budget and Budget Resolution was presented to the Commissioners at the September 17, 2012 Board meeting. Approval and adoption of the CY 2013 Budget, along with the 2013 MTW Annual Plan, occurred at the Board’s meeting on October 15, 2012.

## Navigating the Budget: What's in this Document

The budget is presented in the following sections:

***Introduction and Consolidated Budget:*** The Overview section of the Budget Book presents a summary of strategic program plans for the 2013 Budget, summary comparisons of the 2012 Budget versus the 2013 Budget, and staffing levels. It concludes in the next few pages with a table comparing adopted expenditures for CY 2013 with CY 2012 for operating and capital programs, followed by charts showing sources and uses of funds.

***Department Budgets:*** This section displays adopted CY 2013 expenditures by SHA department, as well as changes in staffing levels from CY 2012 to CY 2013. Highlights of departmental 2013 work plans are presented for each Department. Departments and groups covered are Executive, Deputy Director for Development and Asset Management, Asset Management, Development, Finance, Information Technology, Housing Operations, Human Resources, and the Housing Choice Voucher Program. With the exception of the Ravenna School Apartments and the homeWorks Phases I, II and III limited partnerships, the Department budgets exclude all limited partnership operating revenue and expenses, capital expenses and unit count information. Preliminary expenditures of all limited partnerships combined for 2013 total \$23 million and are presented in the last section of the Budget book.

***Fund Summaries:*** SHA's finances are organized based on funds, each of which is considered a separate accounting entity; each fund has a separate set of self-balancing accounts comprised of its assets, liabilities, net assets, revenues and expenses. This section of the document describes 18 separate accounting funds and compares 2011 actual revenues and expenses with the 2012 adopted and 2013 adopted budgets for each one. Under MTW, SHA has created a "General Fund" – one of the 18 funds – by merging three of its major federal funding sources: public housing operating subsidy, public housing capital subsidy and most Housing Choice Voucher program funds into a single fund. This fund will be used for low-income housing purposes consistent with SHA's mission, Strategic Plan, and the MTW contract.

***Capital Improvement Program:*** This section describes SHA's plans for redevelopment, rehabilitation, and asset preservation for its housing portfolios and other facilities. It is organized according to the housing programs: redevelopments at Leschi House, Yesler Steam Plant, and Yesler Terrace; Public Housing; Seattle Senior Housing Program; Local Housing/Special Portfolio Projects; and other capital and development activities.

***Grant Program:*** SHA has a strong record of competing for HUD, other public agency, and foundation grants to support resident self-sufficiency. This section summarizes grants that are currently active, and budgets grant funding expected in CY 2013.



**Limited Partnerships:** SHA serves in several different legal capacities depending on the housing program, and the budget reflects this complexity. For most housing resources, SHA is the owner and manager of the properties. SHA also serves as the General Partner and Managing Agent for fifteen limited partnerships formed to invest in, own, and manage rental housing in mixed-income communities. The limited partnerships are formed to take advantage of IRS provisions allowing private parties to invest in affordable housing through the purchase of low-income housing in exchange for tax benefits. For SHA and other non-profit housing developers, the sale of federal low-income housing tax credits has become a principle source of funds for redevelopment of low-income housing communities and rehabilitation of existing low-income buildings. This final section of the Budget Book presents the preliminary 2013 budgets for each of the limited partnerships.

The partnerships have separate budgets that are approved by SHA as the General Partner and presented for final approval to the private investors who are the Limited Partners. The Limited Partnership section of this budget includes preliminary 2013 budgets for each of the current fifteen tax credit partnerships; for accounting purposes, these entities are treated as “Component Units”. In total, the 2013 Budgets for the limited partnerships are \$23 million.

#### **Limited Partnerships in CY 2013**

Othello	Ravenna School Apartments
Desdemona	The Ritz Apartments
Escallonia	Aldercrest Apartments
High Point North	homeWorks I
High Point South	homeWorks II
South Shore Apartments	homeWorks III
Rainer Vista North East	Tamarack Place
Lake City Court	

# Department Budgets

The table below shows total operating expenditures for departments and housing assistance payments. The CY 2013 operating expenditures (excluding service grants) of **\$153.4 million** represent an overall increase of 1.0 percent over the 2012 budget. Direct operating expenses decline by 3 percent, while Housing Assistance Payments (HAP) increased by 4 percent. The increase in HAPs is due to increased utilization associated with special purpose vouchers awarded in 2012 and anticipated rent increases due in part to low vacancy levels. For 2013 SHA staff decreased from 510.8 FTEs to 485.3, a reduction of 25.5 FTEs. The tables below summarize changes in Departmental budgets and staffing levels.

## SHA DEPARTMENT BUDGETS COMPARISON OF 2011-2013 OPERATIONS

Departments and/or Divisions Expenditures	CY 2011 Actual (000)	CY2012 Budget (000)	CY 2013 Adopted (000)	Percent Change 2012-13
Executive	\$2,386	\$2,266	\$2,152	(5%)
Development and Asset Mgmt.				
Deputy – Development/AM	378	416	397	(4%)
Asset Management	1,781	1,633	1,632	0%
Development	1,212	1,361	1,325	(3%)
Finance and Administrative	12,593	12,789	11,713	(8%)
Information Technology	3,212	3,202	3,100	(3%)
Housing Operations:				
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	21,026	21,334	20,230	(5%)
Yesler	2,876	2,974	2,800	(6%)
Seattle Senior Housing Program	4,667	4,917	4,870	(1%)
Special Portfolio	4,129	4,486	4,513	1%
Admissions	1,065	906	831	(8%)
IPM, Parks, COL, New Holly Phase I	3,748	3,306	3,452	4%
Community Services	3,287	3,343	3,390	1%
Housing Operations Admin	954	1,486	1,385	(7%)
Facilities	985	587	401	(32%)
Impact Property Services	16,972	15,043	14,719	(2%)
Human Resources	1,733	1,987	1,956	(2%)
Housing Choice Vouchers	9,165	8,465	8,308	(2%)
190 Queen Anne Central Office	-	1,208	1,586	31%
<b>DIRECT OPERATING</b>	<b>92,169</b>	<b>91,708</b>	<b>88,760</b>	<b>(3%)</b>
<b>Plus Housing Assistance Payments</b>	<b>76,942</b>	<b>81,981</b>	<b>85,427</b>	<b>4%</b>
Less Internal Agency Fees	(23,112)	(21,622)	(20,766)	(4%)
<b>TOTAL OPERATIONS</b>	<b>\$145,999</b>	<b>\$152,067</b>	<b>\$153,421</b>	<b>1%</b>

The 2013 Budget reflects another year of reductions to SHA's full-time equivalent positions.

This section presents a summary table of changes by Department and a discussion of the rationale and service impacts for regular full-time positions eliminated or reduced.

### SHA DEPARTMENTS – NET CHANGE IN FULL-TIME EQUIVALENT POSITIONS 2012 TO 2013

Full-time Equivalent Positions	2012 Budget	2013 Adopted	Change 2012 to 2013
Executive	13.0	12.0	(1.0)
Asset Management	16.0	14.6	(1.4)
Development	14.0	13.6	(.4)
Finance & Administration	39.3	36.7	(2.6)
Housing Operations	345.1	326.5	(18.6)
Human Resources	9.0	9.0	(0.0)
Information Technology	19.0	18.0	(1.0)
Housing Choice Vouchers	55.4	54.85	(.55)
<b>TOTAL</b>	<b>510.8</b>	<b>485.25</b>	<b>(25.55)</b>

**Important Notes:**

The 2012 Adopted Budget FTEs in the 2012 Budget Book totaled 536.5 FTE including 25.3 On-Call, Back-up Resident Manager positions. The On-Call Back-up Resident Manager positions are not included in the 2012 or 2013 FTE totals in the above chart. In addition, other mid-year 2012 budget changes totaling 0.4 FTE account for the difference between the 2012 Budget Book and the 510.8 FTE shown above.

The 25.5 change from 2012 to 2013 is the net result of the reductions and additions shown below.

Changes 2012 to 2013	FTEs
Regular Employee Position reductions	(28.4)
Regular Employee Position Increases	2.9
<b>Net Change in Regular Employee Positions</b>	<b>(25.5)</b>

The following table lists the regular positions reduced along with the reason for the reduction and how service levels will be impacted.

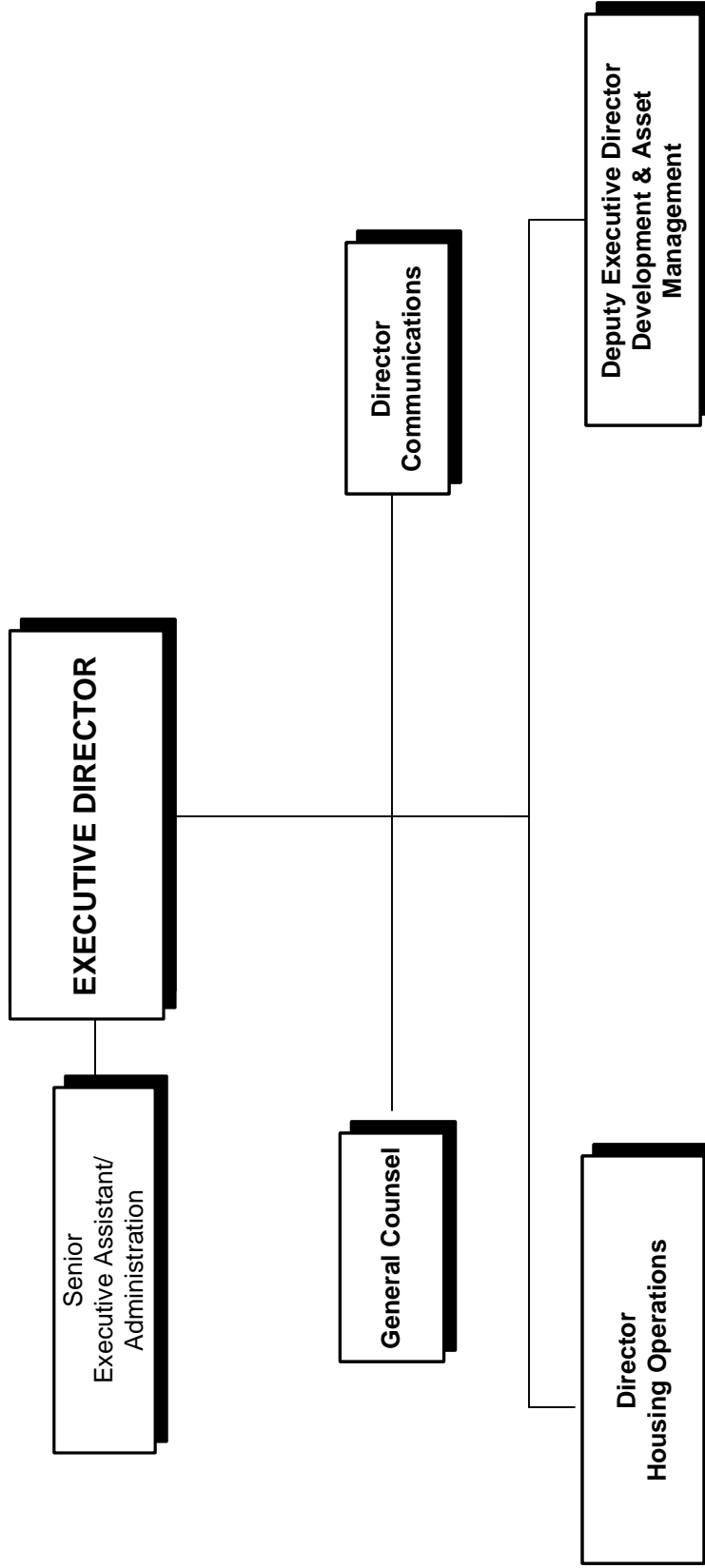
Department	Position(s) Title(s)	FTE Reductions	Reduction Rationale and Projected Service Impacts
Executive	Deputy Executive Director	(1.0)	Position is vacant due to the promotion of the Deputy ED to the Executive Director position and the conscious decision to not fill the position during a time of funding reductions
Asset Management	Construction Project Manager	(0.4)	The position is reduced due to insufficient capital construction workload in 2013, which is the result of a decrease in funds available for capital projects.
Development	Senior Housing Developer	(0.4)	Completion of major construction and development projects means less workload.
Finance	Administrative Specialist II/Telecommunications	(1.0)	Electronic payments and more efficient work practices and allocation should result in a reduced workload allowing these vacancies to remain unfilled.
	Accounting Technician II	(0.6)	The transfer of the central mail function should also free up staff time to absorb all telecommunications bills with one position.
Information Technology	Application Specialist III	(1.0)	This is a vacant position. The skill set necessary for the department has changed, and eliminated the need for this position.
HCV	Certification Specialist I	(1.0)	Reorganization allowed the elimination of two vacant positions. More dynamic position classifications and workload reallocations will create efficiencies within the HCV department.
	Customer Svc. Specialist II	(1.0)	The consolidated reception area at the new central office and cross training of the LIPH admissions staff has created customer services staff efficiencies.

Department	Position(s) Title(s)	FTE Reductions	Reduction Rationale and Projected Service Impacts
Housing Ops	<b>Community Services</b>		
	Economic Opportunities Specialist	(0.5)	Lake City Court HOPE VI Grant funding is ending in 2013. This position was created to help with the upfront workload associated with the lease up of the new property.
	Public Health Coordinator	(0.5)	Robert Wood Johnson Grant Funding is also expected to end in 2013. Unless replacement funding is found the Public Health Coordinator will be eliminated.
Housing Ops	<b>IPS</b>		
	Floor Coverer	(1.0)	The floor coverer position is eliminated due to changes in the way that vacates are handled in Housing Operations. Fewer complete carpet replacements are expected.
	Janitor	(1.0)	Reduction in janitorial services, with some work being picked up by Resident Managers, allowed for the FTE reduction.
Housing Ops	<b>SSHP - Admissions</b>		
	Housing Counselor	(1.0)	Eliminated vacant position. Review of essential function in Admissions and possible interdepartmental sharing of resources with Housing Choice Voucher suggests elimination of the vacant FTE.
Housing Ops	<b>LIPH</b>		
	Assistant Property Manager	(1.0)	Reorganization of LIPH Property Management resulted in the elimination of 12.0 positions. The reduction is offset by addition of two Resident Manager positions. Three of the Assistant Resident Manager positions are vacant.
	Assistant Resident Manager	(11.0)	

Department	Position(s) Title(s)	FTE Reductions	Reduction Rationale and Projected Service Impacts
Housing Ops	<b>Special Portfolio</b>		
	Property Manager	(1.0)	Realignment of Bayview Tower with LIPH portfolio and redistribution of all other properties in Special Portfolio between the remaining property managers.
Housing Ops	<b>HOPE VI</b>		
	Property Management Associate Trainee	(1.0)	Reclassification of PMA's to Assistant Property Managers should allow the newly reclassified positions to take on the workload of the PMA trainee. Lake City Court and Rainier Vista North East will be leased up in 2012. With this reduction, administrative staffing at the Rainier Vista community will more closely reflect the staffing allocation at other established communities with similar qualities.
	Property Manager	(1.0)	
Housing Ops	<b>Central Office</b>		
	Administrative Assistant	(1.0)	Reduction as part of meeting the department's budget target; absorb functions with existing staff.
	Utilities & Energy Mgmt. Assistant	(1.0)	The utility billing service is anticipated to be transferred to a third party vendor in the first quarter of 2013.
Housing Ops	<b>Construction</b>		
	Assistant Construction Project Manager	(1.0)	This position has been vacant for most of 2012. Reduced capital funding and the parallel reduction in work allow this position to be eliminated.

# Executive

# EXECUTIVE DEPARTMENT





## Executive Budget

Executive Department Expenditures	2011 Actual	2012 Budget	2013 Adopted	% Change 2012-2013
Admin Salaries & Temp Help	\$1,752,763	\$1,768,612	\$1,542,096	(13%)
General and Administrative Expense	382,954	386,221	430,570	11%
Tenant Services	67	--	--	--
Maintenance & Contracts	250,123	111,000	179,000	61%
Utilities	--	--	--	--
<b>TOTAL OPERATING</b>	<b>\$2,385,907</b>	<b>\$2,265,832</b>	<b>\$2,151,666</b>	<b>(5%)</b>
Less Internal Agency Fees	(176,745)	(152,847)	(177,615)	16%
Capital, Grant and Partnership Salaries & Benefits	--	--	--	--
<b>TOTAL</b>	<b>\$2,208,935</b>	<b>\$2,112,986</b>	<b>\$1,974,051</b>	<b>(7%)</b>

	2012 Approved	2013 Adopted
Full-time Equivalent Positions		
Total FTEs	13.0	12.0

In CY 2013, the adopted operating budget for the Executive Department is \$2,152,000, representing a decrease of 5 percent from 2012. Department staffing will be reduced by one due to the retirement of the former Executive Director and his replacement with the former Deputy Executive Director. The department is not planning to replace the Deputy position. Additional funds have been included in contracts for consultant assistance that may prove needed in lieu of a Deputy position. The increase in General Administrative expense is for IT Fees, reflecting a change in the method of allocating IT Fees; and an increase in travel expenses associated with national advocacy work with other industry partners. The Department is budgeted at 12 full-time equivalent positions for 2013.

## Department Purpose and Function

Under the guidance of the Board of Commissioners, the Executive Department provides overall leadership and direction for Seattle Housing Authority. The office of the Executive Director oversees the operations of the Authority, provides support to the SHA Board of Commissioners; maintains SHA's intergovernmental, community, and business relations; and, provides state and national leadership on behalf of low-income housing through advocacy organizations. The department also includes the General Counsel and legal staff that provide legal advice to the Executive and Departments; represent the Authority in legal proceedings; investigate fraud claims; and oversee hearing examiners/panels in administrative hearings related to enforcement of admissions, lease, and Housing Choice Voucher participant requirements. The Communications Office oversees SHA's public affairs, media relations, internal and external communications.

## Work Plan Highlights

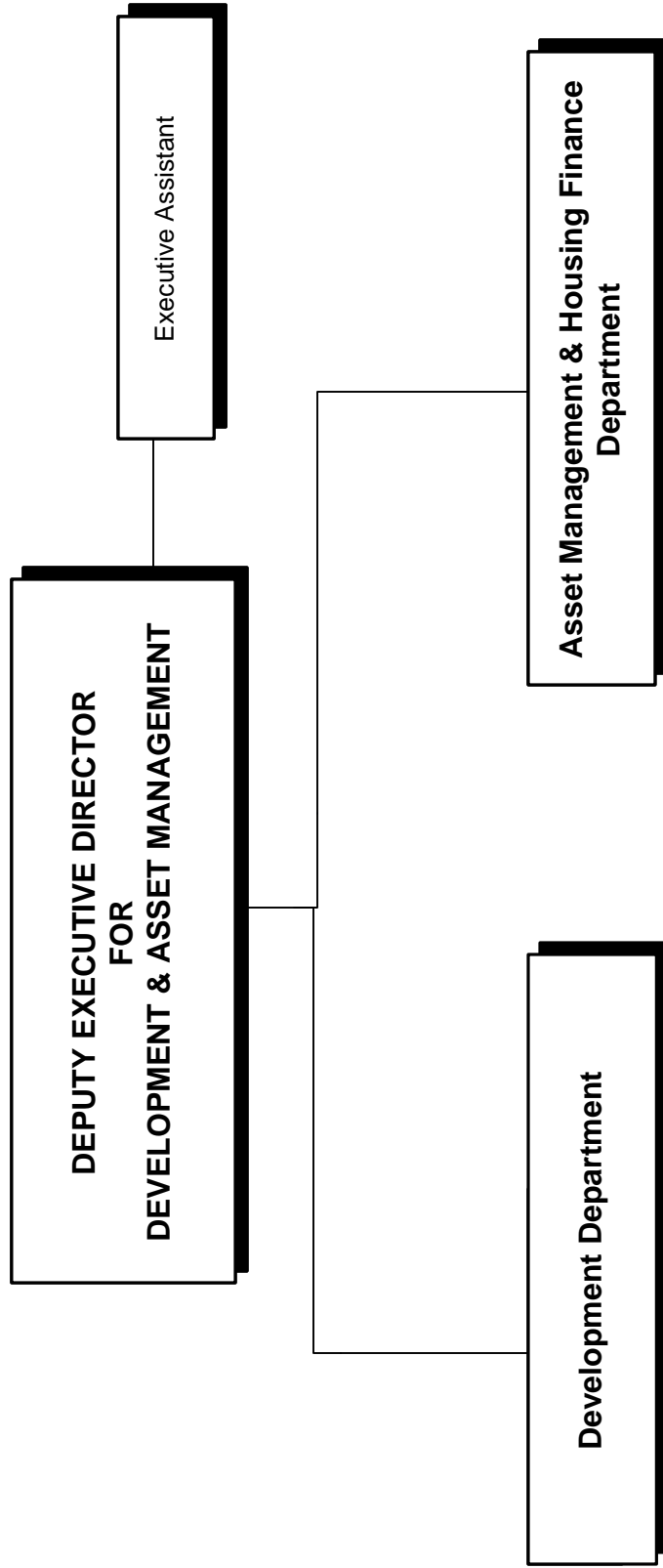
The Executive Department staff will continue to provide executive leadership to coordinate the work of the agency across departments, to advocate the interests of low-income housing in local, regional, and national forums. The Department will work closely with the Board of Commissioners so that our work represents shared priorities; and to provide communications and legal advice and counsel to the Executive and to colleagues in other departments as needed. Among priorities for the Executive's attention in 2013 include:

- Educate federal officials about and advocate for increasing affordable housing funding, the need to fully fund all existing housing programs, and the effects of ongoing disinvestment at the federal level.
- Continue SHA's leadership role with national industry groups, CLPHA and NAHRO. Represent the agency on the NAHRO national housing committee, and on CLPHA and NAHRO subject specific work groups/committees.
- Work with other MTW agencies nationwide to preserve the authority and flexibility of the MTW demonstration reflected in our contracts with HUD and demonstrate to HUD and Congress the effectiveness of MTW agencies in meeting statutory objectives and serving more low-income people.
- Aggressively pursue through HUD or alternative avenues, resolution of HUD's denial of operating subsidy for the SSHP program that was approved by HUD for entry into the public housing program in late 2011.
- Within the framework of the Board's policy guidance, provide overall direction and leadership to the agency to ensure accomplishment of strategic goals to serve low-income people. Ensure that commitments to advance the Strategic Plan are regularly monitored and that progress against performance indicators are review with the Board at least annually. Work with Cabinet staff in securing initial development and capital partners to invest in and undertake development in phases of Yesler's redevelopment, consistent with the adopted Redevelopment Plan and City entitlements.
- Continue to implement communications programs and activities that assist with Yesler Terrace redevelopment, help residents understand and participate in relocation programs, and provide appropriate public information to key stakeholders and the media.
- Continue to implement the Yesler education initiative with our partners- Seattle University, Seattle Public Schools, College Success Foundation and Neighborhood House -to provide a continuum of educational support for at-risk youth under the Choice Neighborhoods grant.
- Cultivate improved educational opportunities and supportive services for youth and families at SHA family communities. Take an active advocacy role with local schools and colleges to meet the specific needs of low-income residents.
- Support the Board's review and actions on financial policies to come to the Board in 2013 pertaining to development financing.
- Keep the Board apprised of SHA's financial condition and creditworthiness – apprise the Board of federal MTW funding decisions; provide semi-annual reports on the status of SHA's Operating Reserve; and, provide annual updates on SHA's Standard and Poor's credit rating.
- Ensure contract extensions with OPEIU, Teamsters and the Trades beyond December 31, 2012 are concluded and are consistent with SHA's financial capacity and our commitment to work together to address challenges in a collaborative, constructive and open fashion.
- Increase support for mobility efforts to enhance opportunities for voucher participants to live in medium and high opportunity neighborhoods that have not traditionally been accessible to low income renters.

- Working with other housing and service providers, launch a pilot program to use short-stay or shallow subsidy vouchers as a tool to help prevent homelessness.
- Continue the process of improving agency information technology, especially with the successful implementation of a new property management system through Yardi Voyager.

# **Deputy Director, Development & Asset Management**

# DEVELOPMENT and ASSET MANAGEMENT DEPARTMENTS



## Deputy Executive Director, Development and Asset Management

Department Expenditures	2011 Actual	2012 Budget	2013 Adopted	% Change 2012-2013
Admin Salaries & Temp Help	\$351,431	\$376,157	\$329,175	(12%)
General and Administrative Expense	26,403	39,814	39,820	0%
Maintenance & Contracts	0	0	28,500	--
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$377,834</b>	<b>\$415,971</b>	<b>\$397,495</b>	<b>(4%)</b>
Less Internal Agency Fees	(20,388)	(29,679)	(27,285)	(8%)
Capital, Grant and Partnership Salaries & Benefits	--	--	--	
<b>TOTAL</b>	<b>\$357,446</b>	<b>\$386,292</b>	<b>\$370,210</b>	<b>(4%)</b>

Department Totals	2012 Approved	2013 Adopted
<b>Full-time Equivalent positions</b>		
Deputy Executive Director, Development & Asset Management	2.0	2.0

The operating expenses for the Deputy Executive Director for Development & Asset Management decreases by 4 percent to \$397,500 in CY 2013. The Department's regular full-time staffing will continue in 2013 at 2.0 FTEs; the reduction in salaries results from the retirement of a part-time temporary attorney that focused on real estate and environmental matters. An increase in contracts is included to buy specialized outside assistance, particularly on environmental issues, when needed.

### Department Purpose and Function

The Deputy Executive Director of Development & Asset Management oversees the work of the Development and Asset Management departments and provides supervision and guidance to the Director of Development and the Director of Housing Finance and Asset Management. The Deputy Executive Director provides strategic real estate guidance to the Executive Office, Cabinet, and the Board of Commissioners, and continues to strengthen Seattle Housing Authority's relationship with the City of Seattle and garner City support for the Agency's various projects.

The Deputy Executive Director works to reduce risk and improve the financial stability of the Agency, while pursuing development activities. In this time of credit constraints in the housing development market, the Deputy Executive Director is a key advisor for developing approaches to reduce SHA's risk, budgetary and credit constraints. He is actively involved in all large, complex and politically sensitive real estate matters. He also oversees the Authority's master planning for SHA's administrative and maintenance facilities.

## Work Plan Highlights

The following are the major current and potential development activities that will be the primary focus of the Deputy Executive Director in 2013:

### ***Yesler Terrace***

- Oversee and guide staff activity to achieve major milestones in moving the Yesler redevelopment forward, carrying out SHA's commitments under agreements with the City, implementing a comprehensive relocation plan, completing the final plat for the entire site and street improvements for Phase II development, and set the stage for completing Phase I and undertaking Phase 2 of the development.
- Lead and complete contract negotiations for SHA's major development partner for Yesler Terrace and implement initial elements of the relationship such as collaboration on the overall development financial strategy and on infrastructure funding, site branding/marketing, and development phasing.
- Provide guidance to staff on developing plans for the initial investments in Yesler Redevelopment through the federal grant to rehabilitate the Yesler Steam Plant as a community-learning center and through the Choice Neighborhoods Grant financing to support the initial housing development in Yesler Terrace. SHA is a finalist for a second Choice Neighborhoods Grant to be awarded in late 2012.
- East of Boren – Continue work to develop plans for this segment of the Choice Neighborhoods area to include including the King County and Urban League properties.

### ***Land Sales***

- Provide strategic advice and guidance to staff and real estate brokers in the marketing and sale of land at our redeveloped HOPE VI communities for market rate or mixed use development; and ensure that sales proceeds are sufficient to satisfy SHA loan repayment requirements.
- High Point Land Sales – negotiate land sales with builders/developers; ensure existing sales agreements are fulfilled on time and as negotiated.
- Mixed Use Development Sites – market and sell mixed-use sites at High Point, NewHolly, and Rainier Vista.
- Lake City Court – market for-sale lots for 14-17 affordable for-sale town homes.

### ***Potential Future Development Activity***

- *Fort Lawton* – negotiate with U.S. Army and City of Seattle, if the project moves forward;
- *SHA Administrative/Maintenance Facilities* - implement a Master Facilities Plan.
- *Sustainable Communities* – lead SHA's participation in regional planning for sustainable communities.

# Development



## Development Budget

Development Department Expenditures	2011 Actual	2012 Budget	2013 Adopted	%change 2012-2013
Admin Salaries & Temp Help	\$752,615	\$894,976	\$915,033	2%
General and Administrative Expense	88,678	110,862	124,579	12%
Tenant Services	--	--	--	
Maintenance & Contracts	339,419	307,000	247,200	(19%)
Utilities	31,465	48,000	38,000	(21%)
<b>TOTAL OPERATING</b>	<b>1,212,177</b>	<b>\$1,360,838</b>	<b>\$1,324,812</b>	<b>(3%)</b>
Less Internal Agency Fees	(68,703)	(82,117)	(66,795)	(19%)
Capital, Grant and Partnership Salaries & Benefits	746,311	487,319	446,869	(8%)
<b>TOTAL</b>	<b>\$1,889,785</b>	<b>\$1,766,040</b>	<b>\$1,704,886</b>	<b>(3%)</b>

Department Totals	2012	2013
Full-time Equivalent positions	Approved	Adopted
Development Department	12.0	11.6

The Development Department's total operating expenditures will decrease by 3 percent to \$1,325,000 in CY 2013; when both operating and capital funding sources are considered, the overall reduction for Development remains 3 percent. Many projects were completed in 2012 while other projects are continuing or new projects starting. The Department is proceeding with planning for the Yesler Terrace redevelopment supported by capital funding sources and the Choice Neighborhoods Implementation grant.

The Development Department had a decrease of .4 FTE from 2012 to 2013, reflecting reduced hours for one staff person. A number of staffing assignments changed due to the expansion of the Yesler Terrace activities, the addition of the Leschi project along with the completion of Lake City Village, the Rainier Vista infrastructure and rental housing projects. Overall, the Capital, Grant and Partnership FTE count decreased by 0.5 FTE and approximately \$50,000, while the Operating budget FTE count increased by 0.1. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE reductions.

General Administrative expenses increased by 12 percent due to loan interest payments obligated to Seattle City Light. Maintenance and Contracts expenses declined 19 percent and utilities decreased 21 percent principally due to reduced landscaping and grounds maintenance and utility costs for vacant for-sale properties. With more sales of these properties to private builders, SHA's maintenance costs for for-sale properties decreased. The 8 percent reduction in Capital, Grant and Partnership labor expenses results from the completion of Lake City Court and moving staff from capital project budgets to the operating budget. New projects with staff on the operating budget are the Baldwin Apartments and 1105 East Fir Street.

## Department Purpose and Function

The Development Department reports to the Deputy Executive Director for Development and Asset Management. The Development Department is responsible for the completion of the for-sale portion of the HOPE VI redevelopment projects at Lake City, High Point, and Rainier Vista and for planning and pre-development activities for Yesler Terrace. The department also oversees other planning and development projects to advance the Strategic Plan's goal to increase low income, work force, and affordable housing.

The Development Department serves the Seattle Housing Authority's Mission through developing safe, affordable housing in thriving communities. The Department also seeks to increase the number of affordable housing units, both rental and home ownership, through a variety of programs and partnerships. In redeveloping SHA's major family communities, the Development Department has sought to replace 60+ year old low-income housing with new vibrant mixed income communities that are connected with adjacent neighbors and provide a variety of rental and ownership housing choices, plus community facilities and other amenities. An important responsibility of the Development staff is to successfully market properties to private developers for homeownership opportunities, including affordable ownership opportunities.

The Development Department is also responsible for looking toward the future to identify new housing development opportunities primarily to serve people earning less than 80 percent of AMI. 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 good promise for desirable affordable housing.

## Work Plan Highlights

In 2013, the Development Department will focus on the strategic goal of maintaining and expanding the supply of low-income housing stock through Yesler Terrace master planning, Phase I housing development; continuing work on the Leschi House rehabilitation and construction of an additional wing; as well as marketing and sale of land in the For Sale program and at various communities. The Department will continue to be involved in regional planning efforts, such as the Northgate Transit Oriented Development (TOD) project and the regional planning work on sustainable communities.

## Major Project Activity in 2013

- As market conditions improve, we expect additional land sale activity at Rainier Vista, Southeast Seattle and High Point. The proceeds from these sales will be used to pay down loans and to complete the redevelopment vision at these sites. We will continue to explore development partnerships with both for profit and non-profit developers for these sites.
- The Yesler Terrace Redevelopment is gaining momentum and redevelopment will move forward in many areas in 2013. Activities include site infrastructure planning and permitting; construction of Phase I rental housing at 1105 East Fir Street; renovation of the Baldwin Apartments; renovation of the Steam Plant into a community learning center; Phase I work in the 10<sup>th</sup> Avenue Hill climb, a critical community improvements; and implementation of a pea-patch at the Horiuchi Park.
- SHA's strategic partnership with a Master Development Partner will get underway in 2013 implementation of initial elements of the project such as collaboration on infrastructure funding, site branding/marketing, and phasing development.

- City and County funding and partnership agreements for the overall development and CNI Phase II activities will be negotiated. We expect other strategic partnerships – with labor, non-profits and private philanthropists to develop.
- Internally, Development staff will work closely with Community Services staff and community partners on the education, economic opportunities and service coordination elements of the Redevelopment. We will also be coordinating closely with Yesler Terrace Property Management staff regarding resident relocation and construction coordination.
- On project financing, with Asset Management, we will complete the mixed-finance closing of the 1105 E. Fir Street Apartments. Phase I rental housing construction will begin to replacement 83 housing units and 20 tax credit units, with an expected completion date in mid-2014. We will secure short-term and permanent financing for rehabilitation of the Baldwin apartments to provide 15 replacement housing rental units. This project is expected to be completed in 2013.
- We expect to coordinate development activities with a private developer of a market rate property at 12th and Yesler, a mixed-use project expected to be completed in 2014 that will include ground level retail with affordable opportunity for local small businesses.
- We expect to complete the renovation of the historic Steam Plant adaptive reuse project to house an early childhood and new job training center, including a permanent home for Head Start.
- We will work with the City and the community in planning and design of the 10th Avenue Hill climb connecting Yesler Terrace with Little Saigon, construction is expected to be completed in 2014.
- We will begin work with the City and community to implement the Horiuchi Park P-Patch, located just north of the 1105 Fir Street Apartments on the east side of Boren.
- We will continue monitoring and coordinating construction of the Yesler Terrace segment of the First Hill Streetcar and take advantage of opportunities to collaborate on common infrastructure work for greatest cost effectiveness.
- We will support implementation of the initial stages of resident relocation plans under the leadership of the Housing Operations Division:
  - ✓ Complete all resident interviews, education, and counseling regarding the initial relocation process and continue planning to implement relocation over a number of years.
  - ✓ Complete relocation of the YWCA program and transfer it to Holly Court by the outset of 2013 from Phase I property east of Boren.
  - ✓ Begin initial moves of Yesler residents under relocation in mid to late 2013 in order to undertake Phase II infrastructure work.
- We will undertake Master Plan and Development Plan implementation activities during 2013:
  - ✓ Complete the Final Plat for the entire site and 100% Street Improvement Plan for the southwest sector of Yesler Terrace.
  - ✓ Work with the selected Development Partner to refine project sequencing and identify funding sources and financing for construction of infrastructure and pedestrian amenities.
  - ✓ Work with the Parks Department in the design of the neighborhood park to be completed in 2013.
  - ✓ If SHA secures a Phase II Choice Neighborhoods Initiative grant, undertake initial design of Phase II housing and procure contractors for infrastructure and housing projects to take place in 2014.

- ✓ Cooperate with the City's selected energy district partner, Corix, in feasibility and planning studies for First Hill/Yesler Terrace.
- We expect to sign the Community Workforce Agreement with Labor by 2013.
- We will start year two of the multi-year redevelopment and rehabilitation of Leschi House with tax credit equity and bond financing. This project will rehab a senior building with 34 units and add a new wing with 35 units. Permitting will be complete and construction undertaken in 2013 with construction completion in 2014.
- Continue to explore options for developing Holly Court replacement housing. Our capacity to move forward will depend on funding availability.

## Pipeline Projects

In addition to the major projects above, the Development department will continue to monitor and undertake potential new development activities that provide opportunity to increase affordable housing. SHA's focus is on projects in which we can leverage our commitments significantly through partnerships with the Federal, State and City governments, non-profits and the private sector. Pipeline projects – those too early in the feasibility or planning stages to be defined as a project – are typically funded through the capital budget. If the idea reaches the stage where it is defined as a project, it is ready to begin predevelopment activity. The project may be eligible for funding from a small predevelopment revolving fund. The project is ready for more detailed planning and pre-schematic design work that is eligible for reimbursement once the project is funded. Known projects that could require active predevelopment planning in 2013 include:

- Fort Lawton – The City and the Army are negotiating transfer of surplus Fort Lawton properties to the City, SHA may be the master developer for a variety of housing types on this site.
- Northgate development – SHA expects to be a participant in a transit-oriented development near Northgate, if this regional partnership comes to fruition.

## SHA Land Development

SHA is currently holding property for sale or for future development by SHA at High Point, Rainier Vista, Lake City Court, Othello Station adjacent to Holly Court, and at Douglas/Henderson, adjacent to the South Shore apartments. In the 2013 for-sale budget, we have included funds for maintaining these sites. We will continue to market actively at High Point for-sale lots, as well as the mixed-use sites at Rainier Vista, Othello Station, and Lake City Court in 2013.

# Housing Finance and Asset Management

## Housing Finance and Asset Management Budget

Housing Finance & Asset Management Department Expenditures	2011 Actuals	2012 Budget	2013 Adopted	% Change 2012-2013
Admin Salaries & Temp Help	\$973,385	\$951,008	\$857,537	(10%)
General and Administrative Expense	504,001	392,243	455,942	16%
Tenant Services	--	--	--	
Maintenance & Contracts	211,960	218,178	204,127	(6%)
Utilities	92,082	71,079	114,202	61%
<b>TOTAL OPERATING</b>	<b>\$1,781,428</b>	<b>\$1,632,508</b>	<b>\$1,631,808</b>	<b>0%</b>
Less Internal Agency Fees	(114,636)	(117,598)	(105,062)	(11%)
Capital, Grant and Partnership Salaries & Benefits	661,973	699,611	615,601	(12%)
<b>TOTAL</b>	<b>\$2,328,765</b>	<b>\$2,214,521</b>	<b>\$2,142,347</b>	<b>(3%)</b>

Department Totals	2012 Approved	2013 Adopted
Full-time Equivalent positions		
Asset Management	16.0	14.6

The Housing Finance and Asset Management Department's total expenditures are projected to decrease 3 percent in CY 2013 when both operating and capital fund support are included. This decline is due to staff reduction and reduced capital spending. Staffing is reduced by 1.4 FTE positions, one position is transferred to Housing Operations for relocation work and one Construction Project Manager position will have reduced hours. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE changes.

The increase in General and Administrative expense reflects a higher rent payment for space at Neighborhood House at High Point than budgeted for 2012. The increase in utilities reflects the inclusion in this Department's budget of the properties at Holly Court, the Willows and the Lee Apartments to which the YWCA program was relocated from Yesler Terrace. Rental income is expected to offset these expenses. The 2013 budget also includes consultant funds to perform exit analyses and assist with negotiations on potential exit of tax credit partnership and to advise and assist in negotiating refinancing of existing properties. In addition to the Housing Finance and Asset Management Department operating and capital budgets, the above table also includes expenses for SHA's commercial properties.

The Capital, Grant, and Partnership support of labor cost shows a net reduction of 12 percent. This is the composite result of increased administration funding from the capital budget, expected new funding from the CNI phase II grant, and reduced support from City and State grants because of completion of capital projects in 2012.

## Department Purpose and Function

The Housing Finance and Asset Management department is focused on working with other departments to finance new housing, improve the agency's use of its real estate and other assets to achieve its mission, and to look for more efficient property management models and methods to ensure financial and social goals are met. This Department is responsible for the physical and fiscal health of SHA's real estate portfolio, including working with limited partner asset managers, making strategic recommendations regarding acquisition, sale, capital issues, cash flow, resident services and other factors affecting the real estate portfolio and SHA's residents.

## Work Plan Highlights

- Continue to use the Asset Management Team as the format for cross-departmental discussions of issues and decision regarding SHA assets. Discussions in 2013 are expected to include:
  - ✓ Consideration of rent policy changes;
  - ✓ Interim assessment of vacate changes and the effects of those changes;
  - ✓ Tracking of progress on Capital Budget performance; and,
  - ✓ Consideration of commercial property leases.
- Complete evaluation of options and present a proposal to the Financial Policy Oversight Committee for refinancing SHA's bond financed properties to help make needed capital repairs in the properties, and/or build a capital reserve for the properties and/or improve the cash flow from the properties by reducing the required bond payments.
- Establish a tracking system to determine exit strategies for each tax credit property as they reach the end of their initial 10-year period. In coordination with the Finance Department, mid-year reports and recommendations will be provided to the Financial Policy Oversight Committee.
- Review opportunities and properties for a second phase of repositioning the Scattered Site portfolio. Working with Housing Operations, identify properties for disposition and a plan for replacement. Unlike the phase I disposition program, consider replacing the units with new construction units with adequate provisions for capital reserves. The proposed policies, plans, and financing methods for the repositioning will be presented to the Financial Policy Oversight Committee during the first half of the year. Once approved, Housing Finance and Asset Management will begin implementing the asset repositioning of the scattered site portfolio in 2013.
- Undertake repairs and preventive maintenance measures at seventeen Scattered Site properties to address water intrusion deterioration.
- Work with others towards advancing SHA's strategic directions and management objectives through developing policies to address the aging in place of our residents; identify financing and refinancing opportunities to strengthen SHA's financial condition; develop a five-year capital plan and budget addressing the needs of our existing housing facilities; achieve agreement on and implement a new rent structure.
- Focus on complying with the Move to Work plan and work with the finance staff and the Yardi implementation team to develop reports adequate for property managers and project managers to follow approved budgets. Review past policies, such as rent, energy and inspection, to evaluate what is working and incorporate new thinking and technology.
- Coordinate a comprehensive look at SHA's rent policies to better align and unify policies across programs; to achieve greater administrative efficiency; to make it easier for residents

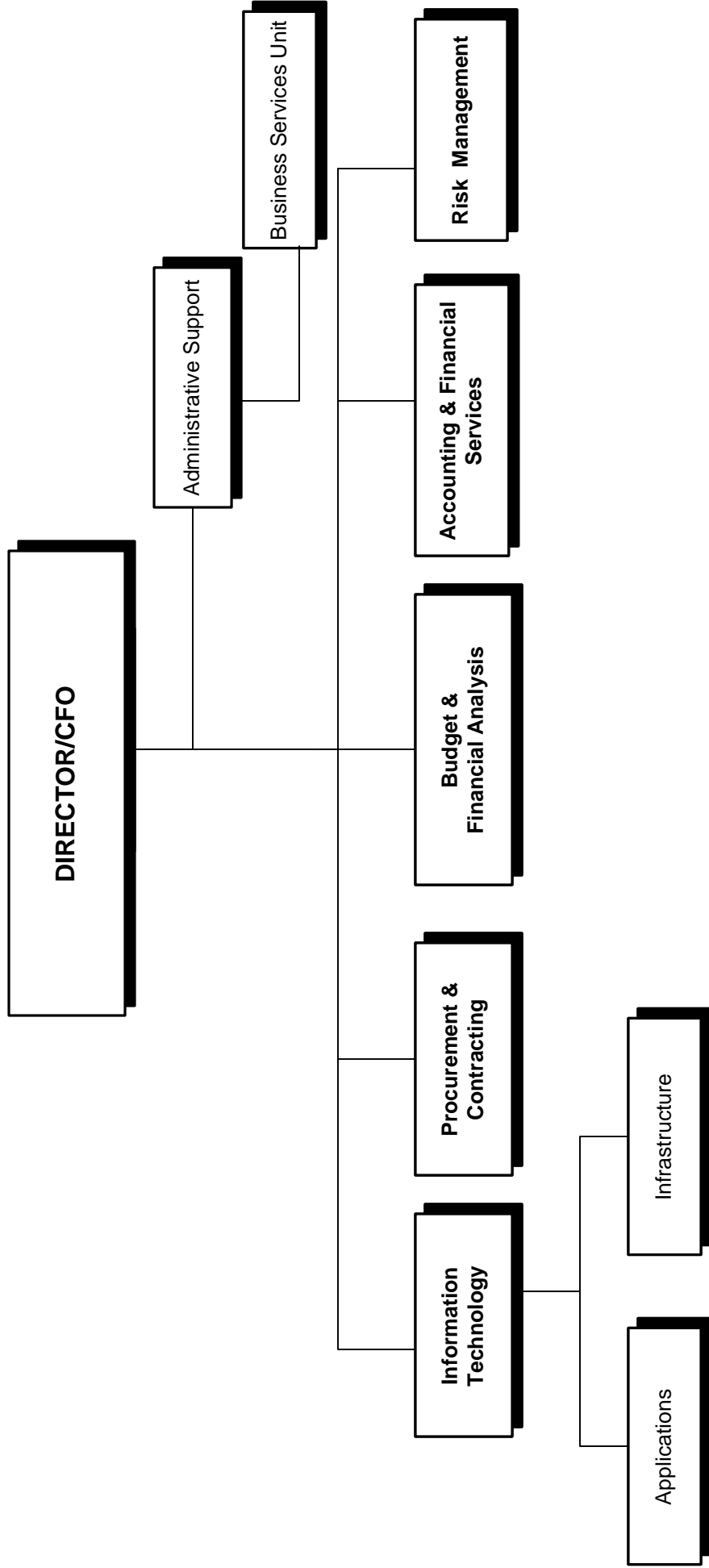
and participants to understand their rent calculations; and to better align self-sufficiency goals and rent policies.

- In conjunction with Housing Operations, refine and extend the Preventive Maintenance program for each property. We have developed a model that preserves and protects the investments SHA has made in its properties to extend the life of the assets and preserve valuable warranties.
- Continue to work towards standardizing commercial leases and maximizing the revenue received from this function.
- Keep the property databases (DLR and FAME) current with the physical needs of properties and continue the capital fund analyses that match the annual needs with anticipated uses of project reserves.
- Continue meeting Voluntary Compliance Agreement requirements to bring units to Uniform Federal Accessibility Standards (UFAS). Complete rehab of six Scattered Site units to make them compliant with UFAS, pursuant to SHA's compliance agreement with HUD.
- In coordination with the Development Department, start the two-year redevelopment and rehabilitation of Leschi House with tax credit equity and bond financing. This project will rehab a senior building with 34 units and add a new wing with 35 units.
- Complete rehabilitation or replacement of elevators in two Senior Housing buildings as part of a portfolio-wide program to address all the senior housing buildings with one elevator that has reached its useful life. These projects are complicated by the mobility of many of the residents who rely on the elevator for transport from their floor.
- Complete a refinancing of the Special Portfolio site Montridge Arms with sufficient proceeds to make repairs to stem potential damage from water intrusion.
- Undertake a series of repairs of facilities and grounds to address long-standing issues at Jackson Park Village, including replacing equipment and redoing the children's play area, re-roofing the learning center, redesign of the trash receptacle area, repair and replace vinyl siding, and resurface and stripe parking lots.
- Follow-up on fan implementation at Tri-Court and repair baseboard-unit heat, coat decks and seal bricks as needed, replace roof, and reseal the weather facades, as warranted.
- Begin implementing mandatory requirements for carbon monoxide detectors in units. Start with high-risk properties evidenced by gas cooking facilities and other fire hazards.
- Work with property management staff to achieve utility cost savings through better data collection on resident consumption and educating residents on conservation methods, and through maximizing utility programs to install efficiency and conservation equipment in units.



# Finance & Administrative Services

# FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT



## Finance and Administrative Services Budget

<b>Finance and Administrative Services Department Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
Admin Salaries & Temp Help	3,804,345	3,847,496	3,696,929	(4%)
General & Administrative Expense	8,674,502	8,828,434	7,892,293	(11%)
Tenant Services	-	-	-	-
Maintenance & Contracts	113,383	113,174	124,244	10%
Utilities	1,264	-	-	-
<b>TOTAL OPERATING</b>	<b>12,593,494</b>	<b>12,789,104</b>	<b>11,713,466</b>	<b>(8%)</b>
Less Internal Agency Fees	(261,482)	(363,024)	(456,407)	26%
Capital, Grant and Partnership & Other; Salaries & Benefits	18,246	15,468	15,529	-
<b>TOTAL</b>	<b>\$12,350,258</b>	<b>\$12,441,548</b>	<b>\$11,272,588</b>	<b>(9%)</b>

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	39.3	36.7

In CY2013, the Information Technology (IT) group will join the Finance and Administrative Services Department. The Finance and Administrative Services budget is shown in the table above while the IT budget is shown in a separate table to follow.

For 2013, the Finance operating budget will decrease by 8 percent. A significant portion of the department reduction is due to the refinance of the Wedgewood property. Wedgewood had a bond and a traditional mortgage. The bond payments were supported by a restricted investment account. Through the refinance process, the bond was paid off using the restricted investment. The elimination of the bond will yield a reduction of \$820,000 in bond interest expense that is offset by a reduction of investment earnings of a similar amount. The lower rate received on the mortgage will yield an annual savings of more than \$181,000. Another major reason for the decline is due to the elimination of 1.6 vacant FTE positions and the transfer of 1 FTE position to the Housing Choice Voucher Department. More details regarding FTE reductions and impacts agency-wide are discussed in the "Department Budgets" section at the beginning of this tab.

Finance and Administration sought out other efficiencies that are expected to yield positive outcomes. Bank Fees will be lower in 2013 due to the use of more electronic banking and a new banking contract that was established in 2012. Due to the office move, we will no longer have to pay the three months of rent that we agreed to pay while we remained in the old central office building after we sold it. IT fees increased for the F&A department in 2013 due to a reallocation in fee structure. Although this reallocation yielded savings for the majority of other departments, F&A realized a fee increase. Finally, contract expenses increased slightly due to the acquisition of a mail-sorting machine that should free up several hours of manual processing each month. In sum, focus will be placed on increasing efficiency through greater use of electronic processing methods, green administrative practices, and streamlining the delegation of tasks where possible.

## Department Purpose and Function

The Finance and Administrative Services Department oversees the financial stewardship of SHA and this year will assume oversight of the Information Technology activities of the agency. The department includes the following responsibilities:

- **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 HUD financial reporting requirements.
- **Financial Accountability:** Annual audit reviews by the State Auditor, SHA's independent auditor, and auditor(s) for the tax credit limited partnerships; Monitoring and corrective actions as required to ensure SHA conformance with bond and contractual financial performance obligations and compliance with state and federal regulations.
- **Budgeting:** Manage SHA's budget processes and preparation of recommended annual and multi-year operating and capital budgets; monitor and report performance of actual revenues and expenditures and program accomplishments against approved budgets; propose budget revisions and/or corrective actions to maintain the integrity of the annual budget.
- **Risk Management:** Placing SHA's insurance requirements; auditing and reviewing insurance policies; handling claims; recommending risk management and incident/accident reduction actions; and, reviewing contracts, leases and other agreements to ensure SHA risks are appropriately addressed.
- **Procurement and Contracting:** Purchasing and contract administration for goods, services and construction contracts; administer Section 3, Davis-Bacon, and social equity programs; develop and administer SHA's procurement policies and procedures.
- **Information Technology (IT):** Maintenance and upgrades of all electronic equipment from the central network servers to desktop computers; licensing and upgrades of software; development of computer applications to support SHA's business requirements; upgrades and conversions of core business systems to ensure they continue to meet legal and business requirements; management and support of the agencies telecommunication equipment.
- **Business Support Services:** Presently includes operation of the office reception desk; travel policy administration for SHA as a whole; administrative support to the accounting group; supply ordering and budget management, including supplies ordered centrally for the agency; and CFO executive support. The transition of the mail functions to HCV is complete with the 2013 budget.

The Department consists of six operating groups: Accounting and Treasury Management, Budgeting and Financial Analysis, Purchasing and Contract Administration, Risk Management, Business Services, and Information Technology. The budget and work plans for IT are shown in a separate presentation following this presentation.

## Work Plan Highlights

The department's work is supportive of virtually all of the strategies and directions of the Strategic Plan, but the element for which we have leading or prominent roles is Management Strategy #1: *Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.* Below are the three key objectives for advancing the strategy in 2013:

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

- With Lockbox and our Depository bank, determine the feasibility and implement Retail Web to make all daily communications between Lockbox and SHA paperless. In implementing the system, the objectives are to ensure that we use electronic file communications, to make changes in accounting and property management procedures to enable us to eliminate paper processing of "rejected rent payments", and to move all payment reconciliations to on-line relations between Lockbox and SHA.
- Convene an internal stakeholder committee, including representatives of residents, to evaluate alternatives and finalize a design and proposal for implementing electronic rental bill payment for residents. Design a pilot with a few buildings and implement a demonstration of all electronic rent collection; evaluate the demonstration and revise design parameters; determine the terms for the program to be financially feasible and develop an implementation plan for all portfolios. A final go or no go decision on electronic rent collection will be made during 2013.
- Complete implementation of e-payables for electronic payment of most SHA vendors in 2013. Determine whether to incorporate e-payables as a required method of payment under SHA contracts.
- Work with IT to implement electronic routing and approval of vendor invoices to SHA, where all supporting documentation and assignment of the business unit(s)/fund(s) responsible for paying the charges and the amount of the charges to each are all part of the electronic approval package.
- Work with IT to develop a "work-around" that enables field staff to complete a direct voucher purchase order for goods costing less than \$10,000 with only the Departmental authorizations required. Conduct training for delegated purchasing authority for all purchase orders less than \$10,000 for departmental personnel.
- Complete implementation across the agency of delegation of consultant procurements of less than \$100,000 to departments. An initial assessment across several departments should be completed by June 2013.
- Continue a leadership role as initial implementation of the Yardi system is underway; assist in identifying and correcting problems encountered and in training staff in the use of the new system. Lead in defining policies and requirements for design of interfaces between Yardi and the E-1 general ledger.
- Establish common, or at least compatible, internal controls, policies and procedures between SHA and HOPE VI now that both accounting systems are on E-1 and there is a single general ledger. Assume accounting support to E-1 through a consolidation of all accounting functions.
- Complete an evaluation of Purchasing's electronic contract tracking system for Davis-Bacon certified payroll tracking and reporting on contracting goals for Section 3, apprenticeship, and WMBE.
- Evaluate the procurement policies concerning expenditure and contracting authority to determine whether changes are in order that would streamline the approval routing process for contracting transactions.

- Working with IT, Housing Choice Vouchers, and our depository bank, explore adding a stored value card program as a method of electronic payment for HCV landlords. The goal is to move all landlords to electronic payment by the end of 2013, either by direct deposit or by stored value cards.
- Develop a vendor and consultant evaluation program that will enhance our vendor selection processes, which will help to ensure the firms we select have satisfactory performance records.
- Work with Human Resources, Housing Operations, and Information Technology departments to enhance SHA's conformance with the Housing Authorities Insurance Group (HAIG) Risk Control Dividend Plan, with special focus on meeting the Training and Education Standard and the Business Continuity Plan Standard.

**2. Identify and help evaluate opportunities for operations and policy changes to reduce operating costs and achieve efficiencies and/or to increase revenues.**

- Work with Asset Management on assessing/projecting exit strategies for tax credit limited partnerships that will be at or near the year in which the partnership has used all of its tax advantages and may exit:
  - ✓ Where capital accounts are projected to be or become negative, define and implement operational and/or financial management changes to reverse or mitigate the trend;
  - ✓ Where timing would allow SHA and the LP to agree to exit the partnership, propose terms for the dissolution, define a timeline, and determine any other parties whose consent to the dissolution would be required.

Look at the following partnerships in 2013: Othello; Escallonia; Desdemona; Ritz; homeWorks partnerships, and Ravenna School.

- Continue to pursue HUD approval of operating subsidy for SSHP units, with the bulk of such funding designed to support SSHP capital needs. As a contingency, work with Asset Management in reassessing a capital financing strategy and 10 year plan for rehabilitation of SSHP buildings, especially for water intrusion issues affecting the integrity of the building envelop and elevator modernization – Explore conversion to Section 8; assess a homeWorks style mixed financing; look at potential streams of City, County, and/or State funds.
- Continue working with Housing Operations and Asset Management to finalize and implement a Yesler Relocation plan, schedule, process, budget, and funding sources.
- Participate with Development in finalizing an agreement with a Developer partner for Yesler Terrace.
- Continue working with HR on analysis of cost impacts and definition of parameters for defining affordable collective bargaining outcomes: identify triggers related to revenue assumptions tied to compensation changes; cost out union and management contract proposals; establish cost parameters for any change in the compensation structure for union staff.
- With Asset Management and Housing Operations, assess the cost effectiveness of demonstrations of site-based management and consider options and impacts of expanding the demonstrations.
- With an interdepartmental team and consultant assistance, conduct an in-depth review of Solid Waste costs and revenues and assess whether changes to the Solid Waste rates, rate structure, and billing system are warranted.
- Continue work with Asset Management and Housing Operations to implement a plan for Phase 2 Scattered Site repositioning, including criteria for selecting properties to dispose of; criteria for acquiring replacement housing capacity; a schedule and process for the

repositioning; and disposition/acquisition budget and projected pro forma changes resulting from the repositioning.

- With the Housing Choice Voucher (HCV) program staff, continue to look at options and initiate potential HCV Admin Plan changes to help control/lower SHA's port out cost, in light of budget constraints.
- With Asset Management, continue implementing 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.

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

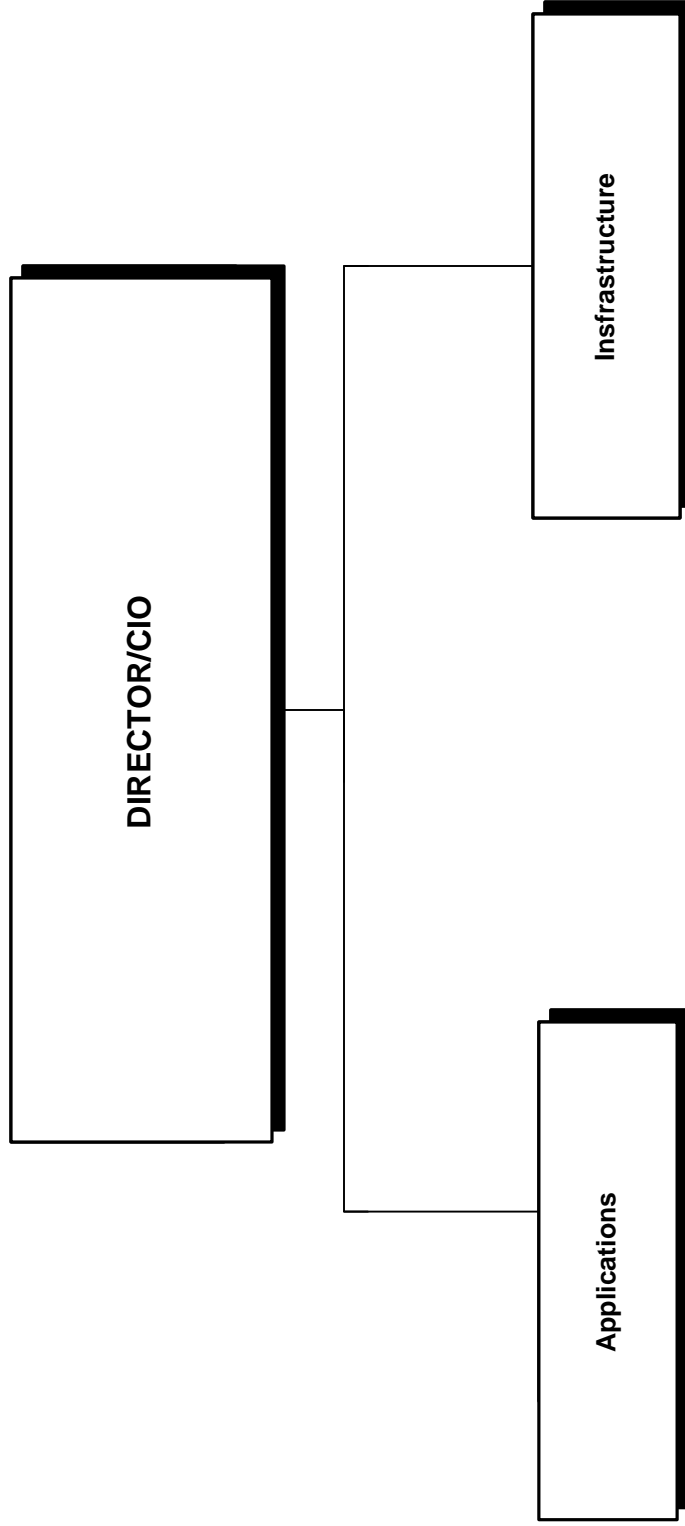
- Make the 2013 payment of \$8.45M against Seattle Housing Authority's Infrastructure Note from for-sale proceeds at High Point and Rainier Vista. This will complete repayment of this loan by the end of 2013.
- Begin repaying the Internal Line of Credit from sales proceeds of mixed-use properties and Rainier Vista properties in order to reimburse Scattered Site proceeds as they become required for completion of the financing of RV-NE rental housing in mid-2013.
- Continuing implementing plans to pay down the current combined balance of \$11.0M on the Operating, Real Estate, and Taxable LOC's over the period 2013-2016 from disposition of properties, permanent financing of properties currently on an LOC, or pay downs from SHA reserves.
- Maintain Seattle Housing Authority's Operating Cash Reserve (Unassigned/Unrestricted Cash) equal to at least one month's total operating and average debt service expenditures.
- With Standard and Poor's, complete a surveillance process to update S&P data and evaluation of SHA's creditworthiness.
- Complete work with Development and the Financial Policy Oversight Committee on adoption of financial policies for a Development Reserve.
- Prepare SHA's Comprehensive Annual Financial Report (CAFR) that is confirmed by the independent auditor to be a reliable statement of SHA's financial condition and that is recognized as an excellent example of comprehensive financial reporting by the Government Finance Officers Association.

# **Information Technology**

**A Division of Finance and Administration**



# INFORMATION TECHNOLOGY DEPARTMENT



## Information Technology Budget

Information Technology Department Expenditures	2011 Actual	2012 Budget	2013 Adopted	% Change 2012-2013
Admin Salaries & Temp Help	\$ 2,112,244	\$2,149,995	\$2,012,034	(6%)
General and Administrative Expense	955,463	852,574	910,492	7%
Maintenance & Contracts	144,456	199,500	176,990	(11%)
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$3,212,163</b>	<b>\$3,202,069</b>	<b>\$3,099,516</b>	<b>(3%)</b>
Less Internal Agency Fees	(2,603)	(2,315)	(2,352)	2%
Capital, Grant and Partnership Salaries & Benefits		--	--	--
<b>TOTAL</b>	<b>\$3,209,560</b>	<b>\$3,199,754</b>	<b>\$3,097,164</b>	<b>(3%)</b>

Full-time Equivalent Positions	2012 Approved	2013 Adopted
Total FTEs	19.0	18.0

In CY 2013, the Information Technology (IT) operating budget will decrease by 3.0 percent to \$3.1 million. The 2013 IT FTE reduction includes one vacant Applications Specialist III position that will not be replaced. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE changes. The 2013 IT capital projects budget will be \$526,200, a reduction of 18% from the previous year.

## Purpose and Function

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

Agency staff rely on Information Technology to perform their jobs effectively and efficiently; to meet legal and regulatory requirements; 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 can reduce paper storage costs and reduce the need for manual data entry, asset tracking and other administrative work.

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

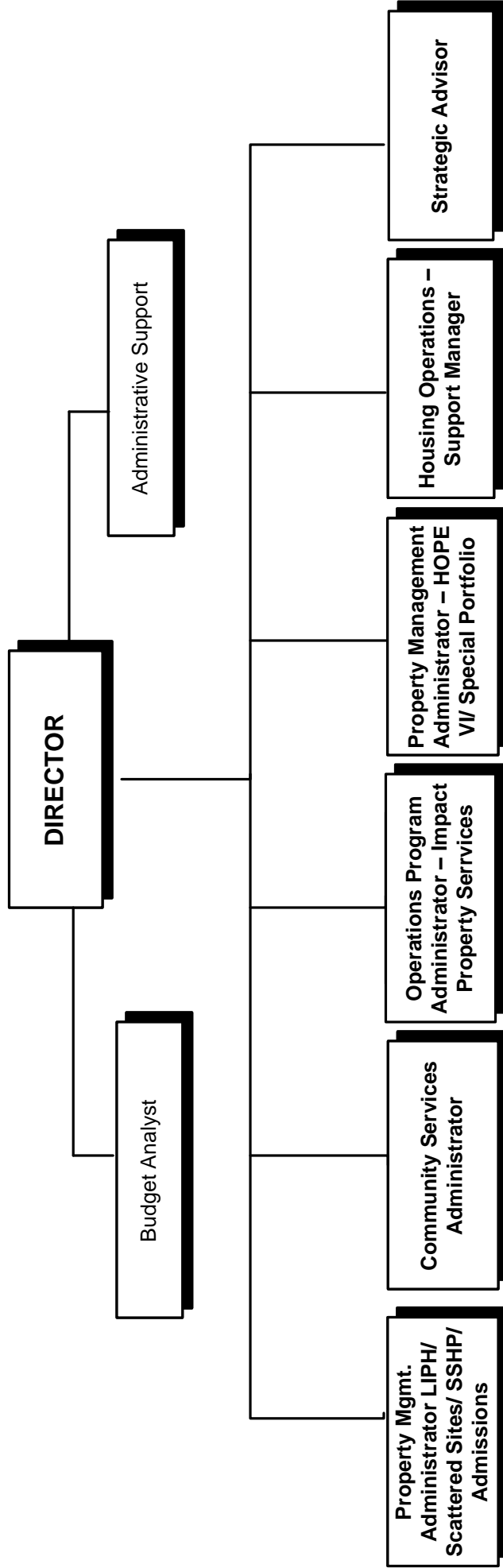
## Work Plan Highlights

Information Technology's 2013 budget request contains the following elements to help further SHA's strategic directions and management strategies and manage expenses:

- Continue implementation of our **new property management system (Yardi)**. This multi-year project has been in progress since 2011, and the estimated go-live date for the system is October 1, 2012. Some features of the system will not be available at go-live, and IT will continue to enhance the system to make them available in 2013.
- Assess the requirements to move the **Section 8 application system from Elite to Yardi**. IT has planned the move of the Section 8 program from MLS Elite to the Yardi system. During 2013, IT will assess whether this transition can be accomplished in 2014.
- Continue to support and enhance the **Enterprise One Financial Management System** through overseeing and coordinating continual refresher training; troubleshooting and correcting technical system problems as they arise; and enhancing report functions of the system. This system will undergo a major upgrade in 2013.
- Support implementation of **electronic banking services**, such as remote deposit, e-payables, stored value cards, and electronic rent collection, to increase the efficiency of banking services and reduce their cost.
- Maintain existing **application software, networks and computer infrastructure**. The primary products are EnterpriseOne, Elite, Kronos, OnBase, Citrix and a set of Microsoft products. Over the past several years, IT has worked hard to bring each product up to a current version, which is necessary so that the products interact well with each other and to provide improvements made by the vendors to agency staff. Several products will be retired in 2013 as Yardi Voyager absorbs their functions.
- Begin working with business staff to evaluate the best way to replace SHA's aging **telephone system, and outdated wireless devices** used for emergency and everyday communications.

# Housing Operations

# HOUSING OPERATIONS DEPARTMENT



## Housing Operations Budget

Housing Operations Expenditures	2011 Actual	2012 Budget	2013 Adopted	Percent Chg. 2012-2013
Admin Salaries & Temp Help	\$ 11,098,913	\$12,185,168	\$11,238,861	(8%)
General & Administrative Expense	9,465,672	8,863,383	8,435,717	(5%)
Tenant Services	1,698,585	1,791,448	1,762,334	(2%)
Maintenance & Contracts	28,975,480	25,880,012	25,199,844	(3%)
Utilities	8,470,182	9,661,708	9,953,687	3%
<b>TOTAL OPERATING</b>	<b>\$ 59,708,833</b>	<b>\$58,381,718</b>	<b>\$56,590,445</b>	<b>(3 %)</b>
<b>Less Internal Agency Fees</b>	<b>(19,533,035)</b>	<b>(18,031,339)</b>	<b>(17,316,014)</b>	<b>(4%)</b>
Capital, Grant and Partnership Salaries & Benefits	<b>\$4,793,260</b>	<b>5,409,501</b>	<b>5,317,211</b>	<b>(2%)</b>
<b>TOTAL</b>	<b>\$44,872,525</b>	<b>\$45,759,880</b>	<b>\$44,591,642</b>	<b>(3%)</b>
<b>Full-time Equivalent Positions</b>		<b>2012 Approved</b>	<b>2013 Adopted</b>	
Total FTEs		345.1	326.5	

For CY2013, the Housing Operations Department will reduce its operating expense budget by 3 percent as compared to the 2012 adopted budget. The department continues to take comprehensive measures to increase operational efficiency while addressing agency wide budgetary constraints. The overall reduction in the 2013 budget is nearly \$1.8 million as compared to 2012 adopted budget. This reduction is the result of several factors explained below.

In 2013, Housing Operations will decrease Administrative Salaries and temporary help expense by eight percent mainly due to efficiency and cost saving measures proposed in the Low Income Public Housing (LIPH) high-rise properties. The portfolios in LIPH will implement a pilot site-based property management structure in anticipation of increased service delivery and efficiency. The proposal eliminates the Assistant Resident Manager job classification while increasing and expanding the role of the Resident Managers. The Resident Managers along with Maintenance Mechanics will be the core of site-based management and they will deliver the vast majority of day-to-day services to the residents of their buildings.

The pilot project is a shift from the current mostly centralized management and maintenance model to a more site based management model. The change at LIPH will result in the reduction of eleven full time Assistant Resident Managers and one Assistant Property Manager, but an increase of two new Resident Manager positions. The proposed change is expected to result in a net saving of about \$524,000 from salaries and benefits expense.

In addition, the department will reduce several positions including a Property Manager at Special Portfolio, a Housing Counselor at Admissions Office, a Utility and Energy Management Specialist and an Administrative Assistant at the Central Administrative Office. These staffing reductions contributed to the budget decrease in administrative salary expenses in 2013.

**General Administrative expenses are reduced by 5 percent** from 2012 budget primarily because of agency wide budget reductions that have resulted in lower Information Technology fees charged to Housing Operations and Central Services cost for the agency. Agency wide Information Technology cost is reduced by about 3.2 percent, which has decreased Information Technology cost to Housing Operations by about \$240,000. The Central Service Cost Center fee is reduced from \$48.73 per unit in 2012 to \$45.97 in 2013. The reduction in the fee resulted is anticipated to have a saving of about \$230,000.

**Maintenance and contract expenses are 3 percent lower** in 2013 mainly because of realignment of security programs with greater flexibility in the deployment of Community Police Teams, which has resulted in less reliance on private security contracts. The change is anticipated to save about \$226,000 from contracts. In 2012, the department designed cost control strategies to lower vacate expenses because of re-engineering of the vacate process. The re-engineering of the vacate process set average standard vacate cost of \$3,000 per unit at Low Income Public Housing and Seattle Senior Housing Program buildings. The department will continue monitoring maintenance and vacate costs.

Overall, **utility expenses** combined are budgeted to **increase by 3 percent** mainly because of the technical reclassification of utility reimbursements at New Holly. Water and sewer reimbursements from tenants at New Holly Phase I were previously budgeted as a reduction to utility expenses. However, in 2013 these reimbursements will be budgeted as revenue, which increases both revenue and expenses, proportionally by almost \$330,000. Rate changes and a higher consumption, which is the result of higher occupancy rates, contribute to a utility budget increase. Water rates are anticipated to increase by about 10 percent and electricity is expected to increase by about 4.7 percent in 2013. These increases are partially offset by savings from implementing an in-house solid waste recycling and organic waste program. The organic and recycling program resulted in the reduction of tonnage, particularly at LIPH High Rise communities. A decrease in utility expense is also expected because of units expected to be removed from operation for the redevelopment of Yesler Terrace.

The overall **Housing Operations Staffing** level is reduced by a net 18.6 full-time equivalent positions (FTE) from 345.1 FTEs in 2012 to 326.5 FTEs in 2013. The decrease in FTEs results from the addition of 2.4 FTEs and the elimination of 21.0 FTEs. The FTEs eliminated include 8.0 vacant and 13.0 occupied positions. The staffing reduction is accomplished by the department's re-engineering of work procedures and service standards to create efficiencies and by reduction of service levels not intrinsic to the agency's mission and strategic plan. Please see the "Department Budgets" summary section at the beginning of this tab for a complete list of agency wide FTE changes.

## Department Purpose and Function

Housing Operations is responsible for managing and maintaining SHA's housing portfolio of over 8,100 units. In 2013, this diverse portfolio will be comprised of approximately: 5,400 units of Low-Income Public Housing; about 1,000 Seattle Senior Housing Program units (close to 900 units became eligible for public housing funding in 2012); about 910 units in Special Portfolio representing locally acquired units; and, about 770 tax credit units (excluding public housing tax credit units). The tax credit units are in the mixed income communities of New Holly, Rainier Vista, High Point, and Lake City Court. Housing Operations is an integral part of the agency 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 Administration, Facilities, Public Housing, Seattle Senior Housing Program, Special Portfolio, Impact Property Services, Community Services, Impact Property Management, and Admissions.

Housing Operations 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. Its overarching goal for 2013 is to improve operations by tackling significant cost drivers, reviewing its organizational structure, and consolidating services. As part of these efforts, it will focus on interdepartmental initiatives underway 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.

## Work Groups and Plans

### Department Administration – Housing Operations & Facilities Support

<b>Housing Operations &amp; Facilities Support</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
Housing Operations Central Administration	\$ 955,000	\$ 1,486,000	\$ 1,385,000	(7%)
Housing Operations Facilities <sup>4</sup>	985,000	587,000	401,000	(32%)
<b>TOTAL OPERATING</b>	<b>\$ 1,938,000</b>	<b>\$ 2,074,000</b>	<b>\$ 1,786,000</b>	<b>(14%)</b>

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	14.5	12.5

Housing Operations and Facilities Support will experience a 14 percent budget decrease from the 2012 to the 2013 adopted budget. This decrease is due to several factors at the Housing Operations Facilities and Central Administration, which are outlined below.

Housing Operations Facilities budget has been reduced more than \$186,000 in 2013 compared to the 2012 budget. About \$159,000 of that reduction is due to the sale of the Porch Light and Wakefield buildings, which had 3 months of operating budget in 2012. Employees previously residing in the Porchlight and Wakefield buildings were consolidated and relocated to the 190 Queen Anne Central Office in early 2012. These Employees will be at this site for the entirety of 2013. In addition, the 190 Queen Anne budget was moved to the Housing Choice Voucher Department (see HCV budget section) because they have management responsibility of this site.

The remainder of the reduction was due to lower solid waste budgets and reduced janitorial expenses. The in-house solid waste was overstated in 2012 at the Operations Support Center (OSC) so the 2013 budget was adjusted accordingly. Finally, the property management staff located at the Operations Support Center moved to 190 Queen Anne. Less occupied space reduced the amount of janitorial work so the budget at OSC was reduced accordingly.

The Housing Operations Administrative Office budget is 7 percent below 2012 level as a result of elimination of two positions - an Administrative Assistant and Utility Specialist. The Utility Specialist position was added in 2012 to handle third party utility billing at HOPE VI communities and it was funded from a utility service-billing fee. The billing service is anticipated to be transitioned to a third party vendor around the end of the first quarter in 2013 eliminating the need for having an internal utility billing service. The Administrative Assistant was reduced as part of the department's overall effort to decrease overhead costs and absorb work with existing staff. The reduction in staffing resulted in savings of about \$134,000, of which about \$33,000 is

<sup>4</sup> The Facilities Support budget has been adjusted for 2011 and 2012 to reflect the transfer of budget and management responsibility of 190 Queen Anne to the Housing Choice Voucher department.



partly offset by an increase in Information Technology fees due to reorganization and consolidation of various staff under Housing Operations Administrative Office and a new pricing structure budget.

The Housing Operations Department Administration provides oversight and direction to the entire Department and includes budget support, policy analysis, compliance auditing, and coordinated infrastructure services for SHA properties, such as utility monitoring, resource conservation, emergency preparedness, contract administration, and administrative facility management. Priorities and initiatives include:

- Develop and implement Housing Operations policy and procedures to address emerging issues to assist property managers.
- Complete review of property management organizational structure and implement changes to improve both efficiency and cost effective service
- Continue to monitor and reduce vacate costs and turn around time for units in all portfolios.
- Play key role in the redevelopment of Yesler Terrace in the relocation of households; continue to manage and operate the Yesler Community at current levels of service and adapt plans when the decision and resources to redevelop are confirmed.
- Review and adopt the response structure of SHA's Emergency Response and Recovery Plan to reflect consolidation of staff at the new central office facility.
- Work closely with property management and Impact Property Services (IPS) to review contracted services to ensure vendors are doing as much as possible to maintain our properties and provide the quality of service that meet the needs of the residents.
- Prioritize compliance auditing files that pose the highest risk to the agency, such as 100% of all new move-ins, self-employed residents and student residents.
- Develop training materials and hold monthly training for Property management staff regarding compliance issues, particularly tax credit commitments and meeting the guidelines outlined in our partnership agreements.
- Provide on-site consultation to Property management on policy and compliance issues.
- Assist IT in developing the appropriate business workflow for successful Yardi implementation and help train staff
- Assist Property Management in meeting all annual reporting requirements to external agencies, such as WSHFC, Office of Housing, and tax-credit partners.
- Monitor PIC/EIV submissions to HUD and follow-up with Property management for corrections.
- Seek ways to streamline administrative processes by improving forms, policies and procedures. Work with external partners like WSHFC to find ways to streamline paperwork for annual reviews.
- Oversee the agency's maintenance facilities and satellite office buildings; provide expert assistance in organization and allocation of space.
- Continue to manage SHA's utility invoices to quickly resolve billing disputes and provide clear documentation of who is responsible for payment. Realize savings by detecting leaks and by identifying billing errors.
- Provide a seamless transition to our residents as SHA moves to a 3rd party billing vendor in the HOPE VI communities. The transition is anticipated to occur once the water sub-metering replacement is completed at these communities.

- Improve utility tracking and energy auditing processes to more accurately measure the usage at each community, meet the requirements of the City's Energy Disclosure Ordinance, identify high consumption properties, and improve energy performance.

## Low Income Public Housing

<b>LIPH High-rises, Scattered Sites, homeWorks, &amp; Yesler Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
TOTAL OPERATING	\$ 23,903,000	\$24,307,000	\$23,029,000	(5%)

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	65.00	56.90

The Low Income Public Housing (LIPH) program consists of approximately 5,400 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. Of the 5,400 units, approximately 950 are HOPE VI properties serving low-income public housing residents. The budgets for these units are accounted for in the Limited Partnerships and New Holly sections. Low Income Public Housing serves low-income residents and households typically paying 30 percent of their income for rent and utilities.

The 2013 budget for LIPH is five percent below the 2012 level mainly because of efficiency and cost saving measures projected to reduce operating and administrative expenses. In 2013, the high-rise properties at LIPH will implement a pilot site-based property management structure. The pilot project is a shift from the current more centralized management and maintenance model to a more site based management model. The demonstration will involve elimination of the assistant resident manager job classification. The change will result in reduction of eleven full time Assistant Resident Manager positions and it will add two full time Resident Manager positions. The Resident Managers along with Maintenance Mechanics will be the core of the site-based management and deliver the vast majority of day-to-day services to the residents of their buildings. The proposed change is expected to result in a net saving of about \$524,000 in salaries and benefits. Housing Operations also proposed a realignment of security programs with greater flexibility in the deployment of community police teams, which has resulted in a lesser reliance on private security contracts. The change is anticipated to reduce contract budgets at LIPH by about \$250,000.

Utility expenses in total are anticipated to show a slight decline. The decrease mainly resulted in a saving from in-house solid, as well as units expected to be removed from operation due to the redevelopment of Yesler Terrace. The in-house solid waste saving is an outcome of implementing the recycling and organic program that reduced waste tonnage. Increases in utility rates are anticipated and offset most of the saving expected from solid waste. Seattle City Light proposes to increase electricity rates by about 4.7 percent and Seattle Public Utility anticipates an increase in water rates of about 10 percent.

Agency wide budget cuts taken in light of funding shortfalls are anticipated to lower Information Technology and Central Services cost for LIPH. Information Technology cost is reduced by about \$163,000 and the Central Service Cost Center fee for 2013 is about \$169,000 below the 2012 budget.

Low Income Housing Public Housing will continue to monitor the cost saving in maintenance because of the re-engineering of the vacate process and alignment of authority and budget

responsibility with property managers implemented in 2012. The 2013 maintenance budget is anticipated to be about the same as the 2012 level

### Public Housing Work Plan Highlights for 2013 include:

- Continue to prioritize work on vacates and reduce vacate costs and unit turnaround days. Property management staff will continue to work closely with Impact Property Services (IPS) staff and Admissions staff to improve procedures and processes.
- Property management supervisors will continue to work with field staff to oversee and manage work orders by having resident managers screen all requests and charge residents for repairs and damage caused by the resident. Work with IPS to ensure that the right level of staff is deployed to complete the work order task.
- Continue to participate in the interdepartmental team to address the excess interior moisture issues found in some properties. The Moisture Action Team (MAT) will complete its work on creating policy and procedures to address the issue.
- Continue to coordinate with Pest Control regarding the prevention and eradication of bedbugs and other pests in LIPH communities.
- Focus on reducing major cost drivers wherever practical, and examine alternatives and options to reduce expenses.
- Move all leasing tasks for the high-rises and Scattered Sites properties under one dedicated leasing agent - Assistant Property Manager (APM). This leasing work targets tasks aimed at decreasing lease-up days and increasing communication with Admissions and Property Management staff.
- Continue to manage and operate Yesler Terrace at current levels of service and mitigate construction related issues when redevelopment of the Steam Plant and other redevelopment activities begins.
- Conduct lease up activities and any other work to prepare for the Baldwin Apartments to come on line in late 2013.
- Work with other agency departments to meet all necessary requirements for the J. Epstein Employment and Training Facility coming on line in 2014. Help facilitate the move-in activities for staff and service providers.
- Work to minimize the impacts to residents caused by construction related to redevelopment at Yesler Terrace over the next few years. Work to educate and engage residents concerning redevelopment activities in the Yesler neighborhood.

### Seattle Senior Housing Program (SSHP)

<b>Seattle Senior Housing, includes Ravenna LP</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
Operating Expenditures	\$ 4,667,000	\$4,917,000	\$4,870,000	(1%)
<b>Full-time Equivalent Positions</b>		<b>2012 Approved</b>	<b>2012 Adopted</b>	
Total FTEs		19.0	19.0	

The Seattle Senior Housing Program (SSHP) along with the Ravenna Limited Partnership consists of over 990 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 Area Median Income and the head of the

household or spouse must be at least 62 years old or disabled. Residents pay affordable rent depending on their income. Rent increases are determined based on Social Security increases and Consumer Price Index changes in the Seattle area.

In 2012, most SSHP buildings and units were brought into the LIPH program in order to increase resources for capital rehab and repairs and increased operating support. HUD did provide capital grant funding in 2012, but has not yet provided operating subsidy. SHA continues to pursue resolution of this denial with officials at HUD.

The adopted budget (before allocated costs) is lower by 1 percent from the 2012 budgeted levels mainly because of lower Information Technology fees and Central Service Cost Center fee. Information Technology cost is reduced by about \$63,000 and Central Service Cost Center fee is below 2012 budget by about \$33,000. These decreases are partially offset by increases in utility costs that resulted from rate hikes and slight increases in other operating expenses.

### SSHP Work Plan Highlights for 2013 include:

- Continue to examine existing SSHP lease policies and procedures and make recommendations to Asset Management regarding any necessary changes. The changes may affect transfers and rent policy for SSHP.
- Work with Asset Management regarding the potential sale of South Park Manor.
- Continue to complete the conversion to the LIPH program by reviewing all resident files and reconciling all rents by working closely with Compliance and Accounting.
- Move all SSHP residents to a three-year recertification schedule.
- Continue to participate actively in the interdepartmental initiative to reduce unit vacate costs and turnaround time.
- Coordinate with the Development Department on the rehabilitation and construction of a new wing at Leschi House.

### Special Portfolio Housing Program (SP)

<b>Special Portfolio</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
Operating Expenditures	\$4,129,000	\$4,486,000	\$4,513,000	1%

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	17.0	16.0

The Special Portfolio group manages over 970 units at Local Housing Program facilities, Section 8 Project-based buildings, and Limited Partnerships at Alder Crest and South Shore Court. The portfolio serves households with various income levels and income limits vary by property. Depending on the property, limits can be 30 percent, 50 percent, 80 percent, or 100 percent of area median income. Most of these units were acquired using debt financing and the properties need to generate sufficient income to cover debt payment, in addition to meeting all other operating and capital expenses.

Budgets for the Limited Partnerships belonging to this portfolio are included in the final section of the Budget Book but are not included in the table above. The 2013 Adopted Budget for Special Portfolio will increase by 1 percent over 2012 mainly because of higher occupancy trends that translate into higher utility consumption trends, not to mention higher utility rates.

The portfolio will reduce one full time Property Manager position and reassign the management of properties between the remaining staff. To help the cost saving effort, Bayview Tower, a project-based property with 100 units, will be overseen by Low Income Public Housing. The budget for Bayview Tower is included in the Special Portfolio budget shown above.

### Special Portfolio Work Plan Highlights for 2013 include:

- Evaluate and implement maintenance and repair work order process through the Yardi work order system, and use the system to schedule preventive maintenance tasks. Continue to use site-based maintenance to reduce operating costs whenever possible.
- Evaluate properties that are not currently meeting Debt Coverage Ratio (DCR) and make recommendations on corrective actions and/or management structure.
- Continue to explore innovative ways to decrease costs to the portfolio. This may include finding products to use in the larger family units that are more durable and can last through multiple vacates.
- Continue to address interior and exterior appeal of units by replacing items that may be outdated and beyond their useful life.

### Admissions

<b>Admissions Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
TOTAL OPERATING	1,065,000	\$906,000	\$831,000	(8%)

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	9.0	8.0

The Admissions office manages LIPH and SSHP waiting lists. It draws applicants from the waiting lists and reviews their qualifications as to eligibility and suitability for housing programs. The 2013 adopted budget for Admissions is eight percent lower than the 2012 budget. The reduction resulted mainly from elimination of a Housing Counselor position.

### Admissions Work Plan Highlights for 2013 include

- Starting in late 2012 and continuing into 2013 review Admission's staffing structure, policies and procedures in order to create efficiencies throughout the department.
- Improve application process to support the agency efforts to reduce vacancies and unit turnaround time in the LIPH and SSHP portfolios.
- Implement the Yardi Voyager Admissions process across the entire agency. This will include the development of new business processes to replace existing software programs such as MLS, Tenant Selection and Assignment (TSAP), On-line Pre-application, and the IPM/HOPE VI Pre-application system.
- Provide approved application files to the LIPH and SSHP portfolios to support the agency efforts to reduce vacancies and unit turnaround time.
- Provide all customer service functions related to housing applicant intake. This includes staffing the agency call center and customer service facilities, as well as counseling for housing applicants, and outreach to community stakeholders and partners.
- Develop and implement the customer service process at the 190 Queen Anne location, which will include integration of services with HCV and the flow of business activity into various departments and divisions at the Central Office.

## Impact Property Services (IPS)

<b>Impact Property Services Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
TOTAL OPERATING	\$16,972,000	\$15,043,000	\$14,719,000	(2%)

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Operating Budget FTEs	120.6	116.5
Capital Budget FTEs	21.0	18.5

For CY 2013, the Impact Property Services' (IPS) operating budget will decrease by a net 2 percent to \$14.7 million. This change incorporates a number of relatively small reductions in landscaping, janitorial, vacate, and building maintenance expenses. The FTE count above includes the HazMat and Capital Construction portions of IPS as well as the staff funded in the operating budget. The 2012 count reflects 3.0 FTE landscapers transferred to HOPE VI early in fiscal year, and one FTE Pest Control Technician transfer at the end of the year to Yesler Terrace. For fiscal year 2013, there is an addition of 1.5 FTE from the Capital to the Operating IPS Budget. Reductions in IPS Operations include one Floor Coverer and one FTE Janitor; an Industrial Cleaner has been increased from part time to full time, for an increase of 0.4 FTE. Changes in the Capital Funded staffing include the transfer of 1.5 HazMat workers dealing with mold to the Operating Budget and the reduction of a vacant Assistant Construction Program Manager.

IPS advances the Agency's mission by providing services that maintain SHA properties to high standards in an efficient manner to the numerous housing portfolio managers. IPS, comprised of nine business units, provides high-quality, bundled property maintenance, repair and renovation services to Seattle's affordable housing industry, both SHA-owned properties and non-SHA owned properties. IPS's lines of business include Maintenance and Repair; Construction; Hazardous Material; Landscape; Janitorial; Pest Control; Fleet Management; Solid Waste; and IPS Administration.

### IPS Work Plan Highlights in 2013 include:

- Continue participating in Yardi implementation in the project areas of work orders, inventory, vacate management, preventive maintenance, warranty tracking, building assets, chargeback billing, project management, production and billing data reporting. Not all functions available in the Yardi system will be implemented at the October 1, 2012 go-live date; some IPS functions will be added in the second phase of the project.
- Work with other departments to expand the Preventive Maintenance Program to include building specific plans, cost packages, construction standards and closeout guidelines. Develop data reports using the new Yardi system to support effective preventive maintenance and asset management.
- Continue to implement solid waste recycle programs and develop the City's organics program. Expand recycling program to more communities in order to reduce the amount of high cost garbage tonnage and convert it to lower cost organic product. SHA has already seen a substantial decrease in the cost of City of Seattle solid waste by reduced tonnage.
- Continue to develop and implement successful solid waste diversion and reduction strategies, including monitoring and evaluating the waste stream and educational programs and presentations.

- The Solid Waste program will effectively mitigate the impact of the closure of the North Transfer Station for the next two years. The closure will cause the trucks servicing our North end customers to drive further to the South Transfer Station, increasing time to the routes, fuel, and truck maintenance costs. Solid Waste will accommodate this closure within existing revenues.
- Increase the number of solid waste customers. When feasible, actively market and provide fee services to non-SHA affordable housing providers.
- IPS will work with Finance and Administration to evaluate the costs and benefits of solid waste financial software. Work in tandem with the Routeware system, and how such a system could interface with SHA's Enterprise One accounting system to record and allocate all revenues and expenses of Solid Waste.
- Provide bed bug expertise and support property management's communication and education plans with residents. Provide inspections and treatments for infestations. Continue to stay on the cutting edge of strategies, treatments and equipment for bed bug control.
- Network with other government agencies, public housing authorities, and the pest industry. Further develop and implement advances in SHA's bedbug control programs.
- Examine the possible options to increase fleet utilization efficiency and reduce the fleet size and to use more green vehicles.
- Continue IPS review and audit of each monthly Voyager fuel invoice. Initiate a Voyager card committee, composed of members of IPS and Finance, to ensure process compliance with outside audit expectations.
- Perform Uniform Federal Accessibility Standards (UFAS) modifications and capital improvements in scattered site buildings and provide responsive renovation services for fire jobs and other casualty incidents. Undertake capital project repairs and improvements throughout the housing portfolios consistent with the available budget.
- Provide hazardous materials consulting, management, abatement, disposal and regulatory permitting, reporting and compliance services for: mold, lead, asbestos, biohazards, air quality, and generated hazardous wastes.
- Support the Housing Choice Voucher program by providing Lead Based Paint (LBP) compliance expertise to Section 8 staff and LBP assessment and mitigation services to private owners to maintain safety and compliance.
- IPS will research, analyze, and pursue new technologies that may be available to improve workflow processes and better meet business needs.

## Community Services

<b>Community Services Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
TOTAL OPERATING	\$ 3,287,000	\$3,343,000	\$3,390,000	1.4%
<b>Full-time Equivalent Positions</b>				
Total FTEs		28.0	27.0	

Historically, funding for Community Services (CS) has come from SHA funds and a variety of external sources, including federal, state and local grants, foundations, and other agencies. This external funding is reflected in 2013 with 11 of the 27 CS FTEs being entirely grant funded. For more information on grant funded initiatives, please see the grants section later in the budget book. In addition to direct funding, CS has augmented its services through agreements with many state and local agencies and non-profit organizations that provide services to qualified SHA residents and Housing Choice Voucher participants.

SHA continues to assume greater financial responsibility for directly funding the CS budget, as grant funding decreases, and the need for supportive services grows. SHA funding for CS has risen over the years to more than \$3.4 million from approximately \$2.2 million spent in 2008. However, with cuts in overall funding from MTW funding sources this growth has slowed in the last couple of years. Because SHA values its commitment to its residents and the goals in the Strategic Plan, it is funding Community Services at a status quo level despite decreases in overall funding.

In 2013, the 2012 reorganized Economic Opportunities Staffing model will be fully implemented. This new model places staff members at various properties to improve access and consistency of services to our residents. Through these and other efficiencies, we hope to improve community outreach and support in 2013 despite stagnant funding levels. The Choice Neighborhoods Initiative funds will expand community services at Yesler Terrace in 2013 to help residents through the early phases of redevelopment. Grant funded initiatives are discussed in more detail in the final section of the budget book.

Despite the difficult funding climate, the reorganization and new strategic plan for the Community Builders will better enable CSS staff to accomplish SHA's mission in five key areas: 1) Economic and Educational Opportunities; 2) Community Building; 3) Services Coordination and Contracting; 4) Grant writing; and, 5) Youth Services Programming. These key areas of focus will enrich the lives of SHA residents and program participants in achieving economic self-sufficiency and stronger communities.

### **Work Plan Highlights for Community Services in 2013 include:**

- Through the Community Builder program, continue to support leadership development, resident and neighborhood councils and associations, and trainings for staff to increase cultural competency and better relationships with housing participants. Implement new initiatives developed in 2012 strategic planning process to support Agency Strategic Plan, Direction Number Five.
- Continue to implement the Yesler education initiative with Seattle University and other partners (e.g. Seattle Public Schools, College Success Foundation, and Neighborhood House) under the Choice Neighborhoods grant. Increase job placement services and access to quality healthcare with Phase II Choice Neighborhoods Initiative grant.
- Grow opportunities for direct workforce training and job placement through partners that include Port Jobs, the Workforce Development Council, Seattle Vocational Institute and private sector employers including those in construction, healthcare and higher education.
- Through our Economic Opportunity team, assist residents to increase financial stability through various asset-building strategies that include job placement, vocational training, savings accounts, and financial literacy training.
- Meet all performance targets for grant-funded positions (11 FTEs) and increase external funding support for SHA and partner agency community services initiatives.



- Strategically manage our portfolio of social services contracts to maximize impact of services and ensure they are responding effectively to target population needs and are aligned with agency's strategic plan priorities.
- Pursue a partnership with nearby area hospitals to train Yesler residents for jobs in the healthcare industry, as part of the Phase II Choice Neighborhoods Initiative grant.
- Help residents and participants access programs funded through the City of Seattle's Family and Education Levy.
- Continue to work with partners to support SHA youth residents academic success through youth tutoring, computer labs, and access to educational information and support.
- Continue to develop partnerships with public and non-profit agencies providing financial benefits and services, including Social Security Administration, Department of Social and Health Services, Employment Security and organizations offering credit counseling and financial literacy classes.
- Implement a new financial matching program to support savings opportunities for residents working toward moving from subsidized housing.
- Increase the number of participants depositing savings through the HCV Family Self-Sufficiency program.

## Impact Property Management – HOPE VI Communities and Parks

<b>Impact Property Management – HOPE VI Administration, New Holly and Others Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2011-2012</b>
<b>TOTAL OPERATING</b>	\$3,748,000	3,306,000	\$3,452,000	4.4%

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	51.0	52.1

The above chart accounts for the expenses for Impact Property Management (IPM) administration for the HOPE VI sites, including the Campus of Learners at New Holly, Parks maintenance for HOPE VI communities, and New Holly Phase I. Employees funded by the limited partnerships and working in the HOPE VI communities are included in the FTE numbers above but their expenses are carried on the partnership books. The change in FTE's is the result of several factors. A 0.9 temporary position was classified as an FTE in 2012. To be consistent with how FTE's are considered in other departments, we removed this position from the 2013 count above. HOPE VI reduced two FTE's and received 3.6 FTE's transferred from Impact Property Services to improve service while maintaining cost. IPM reduced 0.5 FTE by sharing an employee with another department. For more details see the FTE write up earlier in the budget book.

Except for a technical accounting change being made in 2013, these budgets would show a decrease, not an increase. In prior years, reimbursements received from New Holly tenants for their water sewer payments were used as an offset to the water sewer expense. In 2013, reimbursements will be tracked separately as revenue. This change has the effect of increasing both expenses and revenues by the amount of the tenant water expenses and payments, which are budgeted at \$329,000.

Internal service fees were reduced in 2013. The biggest reduction seen here is due to a change in the Information Technology fee allocation method. New Holly I saw labor savings from the reduction of the Property Management Associate trainee that was shared by all phases of New Holly. Parks reduced their landscaping costs by utilizing new timing strategies.

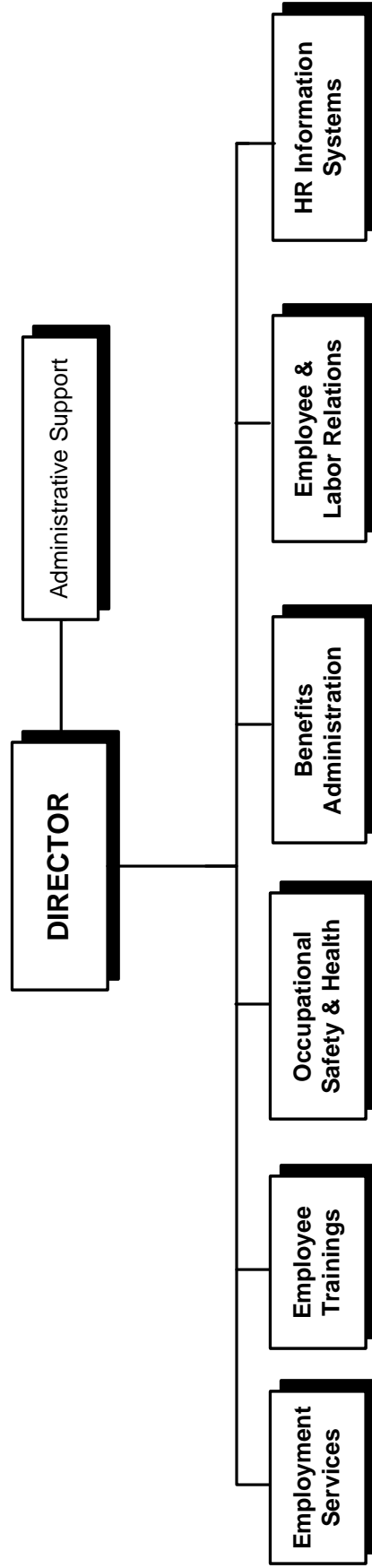
IPM manages HOPE VI housing units owned by several limited partnerships, for which SHA serves as the General Partner and Managing Agent – New Holly (Phases I, II, III), Rainier Vista, Lake City Village, and High Point. In 2013, IPM-HOPE VI will manage about 1,680 public housing and tax credit units in these communities, including SHA's New Holly I Tax Credit property. IPM also oversees operation of the parks and common amenities in these communities. In addition, the Yesler Terrace public housing family community, New Holly Campus of Learners, Special Portfolio and the Ritz Apartments are also managed by IPM. Budgets for the Limited Partnerships are included in the final section of the Budget Book and Yesler's budget appears in the budget numbers in the Low Income Public Housing section. The budget for Special Portfolio is separately presented.

### **IPM – HOPE VI Work Plan Highlights for 2013 include:**

- We will engage Asset Management in discussions about refinancing options for High Point South, Phase II to take advantage of lower interest rates to reduce its mortgage payments. In addition, we will pursue discussions regarding a possible buy-out of Othello LP, Phase II.
- We will participate in a workgroup focused on rent reform policy in order to simplify the rent determinations and make the rent calculation more understandable for residents.
- We will complete the remodel of the High Point Management Office and Maintenance facility.
- We will work with IPS Solid Waste and community partners to ensure a smooth transition to the organics program for the rental units at New Holly and Rainier Vista.
- We will work in partnership with the Economic Opportunities staff to improve residents' access to case management and supportive services with respect to educational opportunities, job readiness training and employment.
- We will support efforts to build safer communities by working with residents and the Seattle Police Department's Community Police Team Officer, Crime Prevention coordinator, private security and Block Watch activities.
- We will complete our work on procurement for the replacement sub-metering equipment for the HOPE VI communities. In 2013 we expect to work closely with a contractor to complete installation of the equipment and have a successful operation. We expect to implement the new utility allowance schedule for HOPE VI communities this year, and we expect the work to continue in 2013 as we transition to a third party vendor to handle the monthly billing for water. We will continue to work on building better relationships with our residents regarding this issue.

# Human Resources

# HUMAN RESOURCES DEPARTMENT



## Human Resource Budget

Department Expenditures	2011 Actual	2012 Budget	2013 Adopted	% change 2012-2013
Admin Salaries & Temp Help General and Administrative Expense	\$1,294,185	\$1,600,527	\$1,584,124	(1%)
Tenant Services	322,722	294,506	280,358	(5%)
Maintenance & Contracts	--	--	--	0%
Utilities	116,370	92,039	92,039	0%
<b>TOTAL OPERATING</b>	<b>\$ 1,733,277</b>	<b>\$1,987,072</b>	<b>\$1,956,521</b>	<b>(2%)</b>
Less Internal Agency Fees	(\$133,920)	(\$118,717)	(\$125,511)	6%
Capital, Grant and Partnership Salaries & Benefits	--	--	--	
<b>TOTAL</b>	<b>\$1,599,357</b>	<b>\$1,868,355</b>	<b>\$1,831,010</b>	<b>(2%)</b>

Full-time Equivalent Positions	2012 Approved	2013 Adopted
Total FTEs	9.0	9.0

For CY 2013, the Human Resources (HR) Department's operating budget is \$1.96 million, this represents a decrease of 2 percent from 2012 Human Resources' budget level. Most non-labor operating costs, including employee recognition, remain at the 2012 budget level. However, for 2013, less funding will be set aside for unemployment compensation and early retirement because the level of agency-wide staffing reductions proposed for 2013 will not be as severe as the one experienced in 2012. Please see the "Department Budgets" summary section at the beginning of this tab for a complete agency-wide review of FTEs. For 2013, a portion of the agency-wide training budget held by HR was cut by 25 percent. To minimize the impact of this reduction, HR will rely less on outside contractors by using staff to teach a greater number of courses. When hiring an outside contractor is warranted, less expensive consultants will be used.

## Department Purpose and Function

Human Resources' mission is to provide progressive and comprehensive programs to meet the needs and expectations of SHA employees and contribute to the achievement of SHA's strategic goals. This department is responsible for Employment Services, which includes recruitment, classification and compensation, agency wide temporary staffing, and performance evaluation. In addition, HR is accountable for Benefits Administration, Workers' Compensation, Labor and Industries, Employee and Labor Relations, Safety and Wellness, Training and Staff Development, Rideshare Program, and Employee Recognition. These responsibilities entail administration 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 giving assistance to departments in the recruitment, hiring, and on-going development of staff. The goal of HR is to ensure employees are working in a safe, productive, and non-discriminatory environment. HR investigates means of operation to reflect the "best business" practices of comparable public agencies. The efforts for best business practices are activities such as implementation of SHA University, an online training application system that will reduce the time and cost for course scheduling, registration

and data input. In addition, HR staff will be analyzing demographic data for staffing safety concerns and costs and continually examining technology for process improvements.

## Work Plan Highlights

The HR Department's CY 2013 work plan includes:

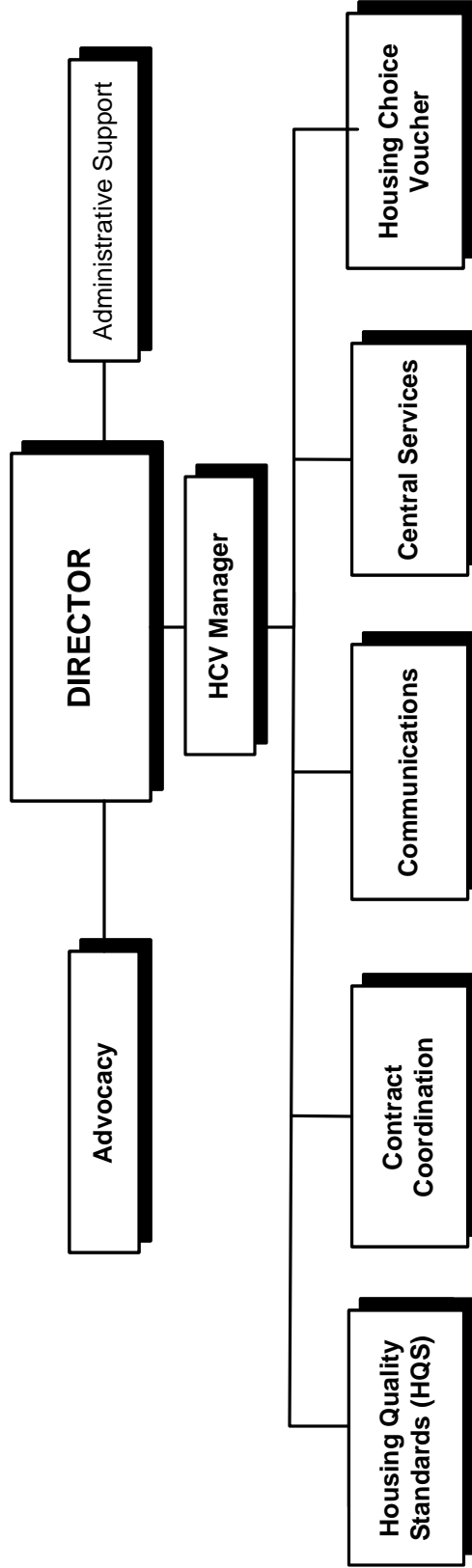
- Implement and support the SHA and HR Strategic Plans, which includes advancing the use of technology to increase efficiency and effectiveness within the department. Continue efforts to implement employee career-development training and succession planning, as well as process improvement efforts. Participate and test system functionality in Enterprise One, Cybertrain, and Kronos for many core HR data actions. Test system functionality and develop new processes using these Information Technology tools.
- Continue to monitor, review, and implement new federal, state and local laws that are relevant to the Authority's employment practices. Provide on-going training for HR staff to ensure the Authority's ability to comply with employment laws and regulations.
- Continue efforts to increase supervisory skills by offering training classes for supervisors and managers. Continue training to meet the needs of staff, improve employees' skills, and comply with federal, state and local employment laws and regulations. Continue utilization of the SHA University to advertise in-house training and to implement training information for individual employees.
- Implement new employee and new supervisor orientation training processes that reflect unique job responsibilities and requirements.
- Work with managers and directors to create career development and career paths for employees based on agreed upon goals. To assist in this effort, HR will be working with NEOGOV on the continued implementation of an online performance evaluation tool for all staff. This tool will allow managers and supervisors to create and store performance evaluations electronically.
- Work with managers and directors to utilize Housing TeleVideo Network (HTVN) webinars for employee development. HTVN is offered by the Housing Authority Insurance Group (HAIG) and provides the housing industry with online classes in public and affordable housing management and operations.
- Work with our Employee Assistance Provider to coordinate training, referrals, and special interventions regarding incidents affecting SHA staff.
- Develop programs and processes that will continue to reduce the accident rate; thereby, reducing lost time and reducing Workers' Compensation costs. Develop safety and wellness programs that will reduce work-related injuries and illnesses by increasing awareness via training programs and communication media. These efforts also include the implementation of a dynamic and static stretch program to reduce over exertion claims.
- Audit facilities and staff in the field to ensure safe work locations and practices.
- Work with Labor and Industries (L&I) to close open claims of employees who have been out of work for an extended period and assign injured staff to "light" duty for potential reimbursement by L&I. Continue to process claims to the "Stay at Work" program for payment reimbursement.
- Continue to provide training (in-house or external trainers) such as ladder safety, blood borne pathogens, hazardous waste, and workplace violence prevention.
- 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 our workforce.

- Continue to strengthen the relationship with labor unions to enhance communications, reduce grievances and partner to implement SHA's mission and goals.
- Negotiate contract extensions with OPEIU, Teamsters and the Trades beyond December 31, 2012. Work with the unions to ensure the contracts are consistent with SHA's financial capacity and efforts to create efficiencies in operations and cost containment.
- Continue updating the Employment Section of SHA's Manual of Operations, to reflect the latest employment laws and regulations to ensure compliance and prevent litigation. Human Resources will be developing a systematic review process that will ensure all policies are reviewed for relevancy.
- Coordinate annual agency meetings and campaigns, such as the All Staff Meeting, Holiday Brunch, Service Anniversary Luncheon and Combined Charities Campaign.

# Housing Choice Voucher Program



# HOUSING CHOICE VOUCHER PROGRAM



## Housing Choice Voucher Program Budget

<b>Department Expenditures</b>	<b>2011 Actual</b>	<b>2012 Budget</b>	<b>2013 Adopted</b>	<b>% Change 2012-2013</b>
Admin Salaries & Temp Help	\$4,494,099	\$4,353,497	\$4,342,290	0%
General & Administrative Expense	4,576,950	4,049,760	3,898,429	(4%)
Tenant Services	14,519	13,000	13,273	2%
Maintenance & Contracts	79,465	48,701	54,009	11%
Utilities	-	-	-	-
<b>TOTAL OPERATING</b>	<b>9,165,033</b>	<b>8,464,958</b>	<b>8,308,001</b>	<b>(2%)</b>
Less Internal Agency Fees	(2,800,447)	(2,706,381)	(2,472,127)	(9%)
Housing Assistance Payments	76,942,437	81,480,791	85,427,012	5%
<b>TOTAL</b>	<b>\$83,307,023</b>	<b>\$87,239,368</b>	<b>\$91,262,886</b>	<b>5%</b>

<b>Full-time Equivalent Positions</b>	<b>2012 Approved</b>	<b>2013 Adopted</b>
Total FTEs	55.4	54.85

For CY 2013, the **HCV Program's operating expenses** will decrease 2 percent below CY 2012 to \$8.3 million. Personnel were reduced by 2 vacant FTE positions. The vacant Data Supervisor position will be reduced to a .75 FTE and reclassified to a senior analyst grade. A 0.5 FTE was added for a Housing Counselor, which is scheduled to start full time in July 2013. The Mail Assistant was transferred to HCV from Finance and Administration. The mail assistant serves the entire agency and is managed by the HCV staff. See the "Department Budgets" summary section at the beginning of this tab for a discussion of FTE reductions agency-wide.

The most significant reduction in the non-labor operating budget is due to reduced rental expenses and IT fees. The first full year that the HCV will be at the newly consolidated central office is 2013. HCV benefits from this office move more than other departments because they no longer bear the financial burden of owning their own office space. Labor expenses are also lower due the staffing changes mentioned above. Partially offsetting these savings, SHA anticipates portability cost will rise due to increased port outs associated with the lease up of vouchers that were awarded in 2012. Finally, it is anticipated that the Housing Choice Voucher Wait List will open in 2013 slightly increasing administrative expenses. To control these costs, SHA has sought out efficiencies through a more dynamic staffing model, better workflow processes, and new MTW activities such as reduced frequency of inspections at SHA owned and managed sites.

The budgeted increase in overall **Housing Assistance Payments (HAP)** from the 2012 budget to the 2013 budget results from two main factors:

1. *Increased Rental Expenses driven by a tight rental market.* Vacancy rates in Seattle continue to drop. This decline has allowed landlords to increase rents. We anticipate the average Seattle renter will have their rent increased by approximately 4.0 percent in 2013. Due to Voucher Payment Standards, income review timing, and project based contracts, we anticipate the effect of rent changes on HAPS will be an increase of approximately 2 percent for existing vouchers on a year-over-year basis.
2. *Voucher Awards and Lease up in 2012:* 394 new vouchers were awarded in 2012, many of which were not awarded until later in the year. In 2013, these vouchers will be in service for a full year, which has a significant cost impact. Not only are these vouchers

authorized for the full year in 2013, but also it is expected that they will be utilized at a higher rate (especially in the special purpose program).

New issuances of vouchers are expected to increase which translates to greater HAPS costs in 2013. The budget contemplates maintaining a 97 percent voucher utilization rate on average over the year.

## Department Purpose and Function

The primary responsibility of SHA's Rental Assistance & Advocacy Department is to administer over \$85million annually in federal housing assistance payments serving households in the Housing Choice Voucher (HCV) and Mod-Rehab programs.

The Housing Choice Voucher program provides rental assistance to more than 10,400 very low-income households. The overwhelming majority of participants in the HCV project-based and tenant-based programs and the Mod-Rehab program have incomes below 30 percent of area median income. Each participant pays 30 percent of income for rent and utilities in the Mod-Rehab and project-based program and a minimum of 30 percent of income in the tenant-based voucher program. In the tenant-based program, participants may select units where they pay up to 40 percent of income for rent and utilities.

The Department is responsible for managing all aspects of the voucher program. It could start with a wait list that results in project and provider based vouchers and Mod Rehab contracts. Participant or applicant eligibility is determined. The level of subsidy is estimated. Next vouchers are issued to applicants. Landlords are recruited and screened. Units are inspected to ensure they meet housing quality standards. Both applicants and landlords must maintain compliance with HUD and SHA program requirements. The applicant must re-establishing eligibility at the designated review period cycle and during interim household changes. Staff provide information and counseling to assist participants seeking a home in their choice of neighborhoods and leading advocacy efforts often in coalitions with others, on behalf of low-income housing and support programs with federal, state, and local governments.

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

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

## Work Plan Highlights

The HCV department has developed a five-year plan for its activities that aligns with SHA's Strategic Plan and that will guide the 2013 work plan. The primary HCV goals in relation to the Plan are:

- ***Expand housing for low-income residents across Seattle by maintaining and expanding low-income housing stock.***
  - ✓ SHA has expanded the city's low-income housing stock by committing up to 500 project-based vouchers to support projects developed with capital dollars through the 2009 City of Seattle Housing Levy. SHA is committed to providing 50 vouchers in 2013 for this purpose.
  - ✓ In order to preserve low-income housing in the city, the department will apply for vouchers in Seattle buildings eligible for conversion to market rate properties.
  - ✓ The department will apply for VASH and other special voucher programs that are appropriated by Congress.
- ***Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers.***
  - ✓ The department will build upon the work of the past three years to expand housing access and choice. In 2013, staff will continue this work by identifying service providers by geography, creating long-term linkages with the service provider community, and using more strategies that are active discussed below to increase our mobility efforts at SHA. Specific efforts in 2013 include:
    - Revise our voucher briefings to provide more targeted information about housing choice and the benefits of living in a high opportunity area - including school outcomes, crime rates, job/transit/services proximity.
    - Increase housing counseling services to reach more voucher participants. Through individualized housing counseling assistance, we are able to help identify and assist voucher participants in making informed decisions about housing selection.
    - Conduct a combination of targeted Ready to Rent classes, along with offering the series to a general pool of interested participants.
    - Pursue increasing the supply of affordable units in medium and high opportunity areas through targeted and increased landlord recruitment and retention and monitor changes in rental supply dispersion across the city.
    - Expand Ready to Rent trainings in 2013 using culturally appropriate materials for Somali, Vietnamese, and young adult communities. While continuing to serve the general voucher participants, target Ready to Rent trainings to participants seeking high opportunity areas and participants interested in moving toward unsubsidized housing.
    - Explore housing choices and child welfare outcomes by working in partnership with the MacArthur Foundation and the Urban Institute on a multi-year study.
- ***Assist housing participants in gaining access to education and employment opportunities so they can improve their lives.***
  - ✓ In 2013, expand relationships with the education and workforce development communities, so participants will receive information about job fairs, job training programs and career development services.
  - ✓ Improving linkages to schools and strengthening our organization's ties to the schools across Seattle. We will build upon the successes of the Economic Opportunity Division's relations in this arena.

- ✓ In 2012, we contacted 1,135 voucher recipients with children age 12-14, informing them of the opportunity to enroll in the College Bound scholarship program. In 2013, we will collaborate with the College Success Foundation and SHA's Community Services Division to market College Bound and scholarship opportunities to HCV participants as well as individuals on our Housing Choice Voucher wait list.
- **Provide additional services and increase the stock of housing for low-income seniors.**
  - ✓ The department will continue to respond to HUD requests to administer vouchers when buildings are converted to market rate properties. In 2013, we anticipate 2 buildings converting to market rate, which would need vouchers issued to households living in those buildings.
- **Collaborate with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities.**
  - ✓ HCV will continue advocacy efforts to educate elected officials at city, state and federal levels about the needs of those individuals we serve. In 2013, the Department will continue to advocate for federally funded programs that create healthy SHA communities, such as the Choice Neighborhoods Initiative, and ROSS grants.
  - ✓ In 2013, continue to promote positive activities for youth in communities where SHA has a significant presence. Activities may include hosting events to sign-up participants for College Bound Scholarships and collaborating with Neighborhood House and SHA Community Builders to hold workshops on college financing and college applications. Staff will participate on the Higher Education Project, an inter-agency community coalition providing youth and their families in SHA's public housing and Housing Choice Voucher programs with services to help them pursue higher education.
  - ✓ Continue to collect and analyze data on duration of housing searches, location of residences pre and post voucher issuance, repeat moves and family outcomes, and other descriptive household data.

## 190 Queen Anne Central Office

190 Queen Anne Central Office Expenditures	2011 Actual	2012 Budget	2013 Adopted	% Change 2012-2013
TOTAL OPERATING	NA	\$1,208,000	\$1,586,434	31.3%

In late March of 2012, the Seattle Housing Authority consolidated the PorchLight and Wakefield building staff into one central office building at 190 Queen Anne Avenue North. Moving to the new office has yielded several management efficiencies due to the decreased upkeep associated with renting versus owning two separate office spaces. Staff is also finding workflow efficiencies associated with decreased travel time, improved communication, and equipment sharing. It was determined that the Housing Choice Voucher department was best suited to manage the facility **and** the intercompany mail function. The FTE's that are associated with 190 Queen Anne administration and the mail function are accounted for in the HCV budget above.

The main reason for the 31.3 percent increase in 2013 is due to having rental expenses for 12 months in 2013 as opposed to 9 months in 2012. The 190 Queen Anne Budget now pays \$122,000 for off site server storage. In prior years, the servers were on site at the Wakefield building. This budget is expected to remain relatively stable for several years to come because the vast majority is comprised of non-discretionary rental expenses.

## Work Plan Highlights for 190 Queen Anne in 2013 include:

- Implement mail function efficiencies such as acquiring a new mail machine and relocating the mail truck. A mail machine could automate the inspection letter process and free up staff time in several departments. Locating the mail truck closer to the office will save the mail assistant several hours a month.
- Building-wide composting started at the Queen Anne office in 2012. It will continue in 2013. SHA is diverting 1.5 tons of garbage from landfills annually through composting.
- Work with departments to communicate and practice emergency preparedness and safety drills. Regular fire drills will be performed and safety bulletin boards will be displayed in the central office lunchroom.
- Promote a healthy and engaged workforce by supplying onsite, safe, and secure bike storage and locker rooms. Work with HR to promote resources such as health club discounts and the wellness newsletter.
- Ensure the maintenance of our office and reception areas by working with the Management Company and staff. Provide a clean, safe, welcoming environment for our staff and visiting residents.

# Fund Summaries

## Introduction

SHA organizes its finances by eighteen different Funds, in addition to the organization by Departments reported in the previous section. Each Fund accounts for activities as defined in the Fund descriptions on each of the following pages. The relationship of the Funds to Department budgets is that a Department may have revenues or expenses accounted for in more than one fund. Each fund may have multiple departments some or all of whose revenues or expenses are accounted for in the Fund. The lists below are the titles of SHA's budgeted funds presented in the subsequent pages.

### *CY 2013 Operating Budgets by Funds*

Fund MTW (480)	MTW General Fund
Fund 104	Seattle Senior Housing Program
Fund 122	Market Terrace
Fund 125	Community Services
Fund 127	Bayview Tower
Fund 137	Referendum 37
Fund 139	Special Purpose Vouchers
Fund 168	Section 8 Mod Rehab Program
Fund 190	Local Fund
Fund 193	Local Housing Program
Fund 194	For Sale Properties
Fund 195	Parks
Fund 198	Development
Fund 199	Wakefield – General and Facility Operations including Campus of Learners
Fund 351	SHA Tax Credit Properties
Fund 400	Central Services Operating Center
Fund 450	Impact Property Services
Fund 470	Impact Property Management



## MTW General Fund MTW Fund

*Under SHA's Moving To new Ways (MTW) contract with HUD, the MTW General Fund (MTW Block Grant). This fund combines revenues from three sources of federal housing support: public housing operating subsidy, public housing capital grant and MTW Housing Choice Vouchers (MTW Block Grant). The fund also accounts for rental income, investment earnings, and other revenue sources for use in public housing operations, capital improvements, Housing Choice Voucher payments, or other activities consistent with the MTW contract and SHA's mission. The fund forecast consolidates these activities and homeWorks limited partnerships. In 2010, SHA established a new MTW Fund for purposes of our Local Asset Management Plan and the Federal Data Schedule reporting requirements. The new fund will be used to record MTW revenue, transfers to other funds, and expenses of direct-shared activities and services. In 2012, the Seattle Senior Housing Program was incorporated into this fund.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual <sup>1</sup>	CY 2012 Budget <sup>2</sup>	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 11,380,000	\$ 15,344,000	\$ 15,315,000
Investment Income	45,000	57,000	21,000
Other Income	1,683,000	1,959,000	2,061,000
MTW Block Grant	122,096,000	121,064,000	119,808,000
<b>Total Revenues</b>	<b>\$ 135,204,000</b>	<b>\$138,424,000</b>	<b>\$137,205,000</b>
<b>EXPENSES</b>			
Admin. & General	\$19,999,000	\$ 23,653,000	\$ 22,246,000
Housing Assistance Payments	\$70,225,000	72,148,000	76,095,000
Utilities	5,426,000	7,171,000	7,183,000
Maintenance & Contracts	10,843,000	11,372,000	11,181,000
<b>Total Expenses</b>	<b>\$106,493,000</b>	<b>\$ 114,344,000</b>	<b>\$ 116,705,000</b>
<b>Net Income (Loss)</b>	<b>\$28,711,000</b>	<b>\$ 24,080,000</b>	<b>\$ 20,500,000</b>
Capital and Non Routine	(10,877,000)	(12,179,000)	(10,640,000)
Transfers	(13,671,000)	(8,983,000)	(8,938,000)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 4,163,000</b>	<b>\$ 2,918,000</b>	<b>\$ 922,000</b>

<sup>1</sup> The CY 2011 capital amount represents the value of the projects budgeted over multiple years.

<sup>2</sup> The CY 2012 budget was revised to reflect updates to subsidy and some other miscellaneous technical adjustments.

## Seattle Senior Housing Program Fund 104

*Seattle Senior Housing Program (Fund 104) was established to account for the activities of housing units acquired and developed for elderly and disabled persons. Originally funded by proceeds of a \$48.1 million senior housing bond issue in 1981, the Seattle Senior Housing Program (SSHP) represents the operations of 23 buildings, consisting of 994 housing units managed directly by SHA. Two other buildings, consisting of 67 housing units managed by not-for-profit housing partners. The figures below include Ravenna School Limited Partnership. In 2012, about 900 units were moved into the MTW portfolio and became eligible for federal funding. The additional funding will be used to meet operating and capital program needs. The MTW funding will be part of SHA's single fund authority but will be initially dedicated to the future needs of the SSHP.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 5,380,676	\$ 4,372,774	\$ 4,591,077
Investment Income	4,937	9,760	3,865
Other Income	239,243	215,439	240,073
Subsidy	-	3,563,000	931,220
<b>Total Revenues</b>	<b>\$ 5,624,856</b>	<b>\$8,160,973</b>	<b>\$5,766,235</b>
<b>EXPENSES</b>			
Admin. & General	\$ 2,823,909	\$ 3,022,155	\$ 2,872,166
Utilities	736,935	875,024	910,175
Maintenance & Contracts	1,629,526	1,606,857	1,654,536
<b>Total Expenses</b>	<b>\$ 5,190,370</b>	<b>\$ 5,504,035</b>	<b>\$ 5,436,877</b>
<b>Net Income (Loss)</b>	<b>\$ 434,486</b>	<b>\$ 2,656,938</b>	<b>\$ 329,358</b>
Transfers	594,379	906,062	613,562
<b>Net Reserve Contribution (Loss)</b>	<b>\$ 1,028,865</b>	<b>\$ 3,563,000</b>	<b>\$ 942,920</b>

## Market Terrace Fund 122

*Market Terrace Apartments (Fund 122) is a 30-unit building located in Ballard. The building was acquired in 2002 using tax-exempt bond funds and operates under a building-based Section 8 subsidy contract from HUD. The acquisition of this building is intended to preserve affordable housing for low-income people over the long term. A private management company manages this building for SHA.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 90,026	\$ 76,597	\$ 94,920
Investment Income	255	223	250
Other Income	3,106	2,880	2,988
Subsidy	198,078	209,412	199,200
<b>Total Revenues</b>	<b>\$ 291,465</b>	<b>\$ 289,112</b>	<b>\$ 297,358</b>
<b>EXPENSES</b>			
Admin. & General	\$ 178,081	\$ 175,966	\$ 170,508
Utilities	20,939	20,544	21,876
Maintenance & Contracts	17,783	25,260	23,160
<b>Total Expenses</b>	<b>\$ 216,803</b>	<b>\$ 221,770</b>	<b>\$ 215,544</b>
<b>Net Income (Loss)</b>	<b>\$74,662</b>	<b>\$ 67,342</b>	<b>\$ 81,814</b>
Less Debt Principal	(38,612)	(41,829)	(41,829)
Transfers	0	-	(32,485)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 36,050</b>	<b>\$ 25,513</b>	<b>\$ 7,500</b>

## Community Services Fund Fund 125

*The Community Services Fund (Fund 125) accounts for the revenue and expenses associated with the delivery of community services benefiting SHA residents and program participants.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	974	164	795
Other Income	42,153	-	-
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 43,127</b>	<b>\$ 164</b>	<b>\$ 795</b>
<b>EXPENSES</b>			
Admin. & General	\$ 3,198,809	\$ 3,305,735	\$ 3,342,474
Utilities	-	-	-
Maintenance & Contracts	48,726	47,000	69,687
<b>Total Expenses</b>	<b>\$ 3,247,535</b>	<b>\$ 3,352,735</b>	<b>\$ 3,412,161</b>
<b>Net Income (Loss)</b>	<b>(\$ 3,204,408)</b>	<b>(\$ 3,352,571)</b>	<b>(\$ 3,411,366)</b>
Transfers	\$ 3,333,300	\$ 3,352,571	\$ 3,411,366
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 128,892</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Bayview Tower Fund 127

*Bay View Tower (Fund 127) was established to account for the operations of a 100-unit low-income apartment building located in the Denny Regrade neighborhood. Originally constructed with the assistance of a private mortgage insured by the U. S. Department of Housing and Urban Development (HUD), this project currently receives rent subsidies under HUD Project Based Section 8 Contract program.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 259,053	\$ 300,912	\$ 310,564
Investment Income	641	206	150
Other Income	(881)	(2,949)	(1,067)
Subsidy	695,250	673,344	673,344
<b>Total Revenues</b>	<b>\$ 954,063</b>	<b>\$ 971,513</b>	<b>\$ 982,991</b>
<b>EXPENSES</b>			
Admin. & General	\$ 416,171	\$ 423,749	\$ 408,803
Utilities	86,883	112,895	117,833
Maintenance & Contracts	212,341	221,469	205,473
<b>Total Expenses</b>	<b>\$ 715,395</b>	<b>\$ 758,113</b>	<b>\$ 732,109</b>
<b>Net Income (Loss)</b>	<b>\$ 238,668</b>	<b>\$ 213,400</b>	<b>\$ 250,882</b>
Less Debt Principal	(54,660)	(54,660)	(58,304)
Transfers	(120,000)	(\$120,000)	(\$ 134,827)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 64,008</b>	<b>\$ 38,740</b>	<b>\$ 57,751</b>

## Referendum 37 Fund 137

*In 1979, voters of the State of Washington approved the Referendum 37 program, which provided \$25 million for the construction of community-based residential facilities for the physically and mentally disabled. The Seattle Housing Authority, using funds awarded under this program, constructed twelve units. Three properties remain in this fund after the sale of three buildings in FY 2004. Two are leased and operated by not-for-profit agencies and one building is directly managed by SHA.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 45,316	\$ 50,733	\$ 53,449
Investment Income	1,023	1,655	779
Other Income	399	1,094	518
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 46,738</b>	<b>\$ 53,482</b>	<b>\$ 54,746</b>
<b>EXPENSES</b>			
Admin. & General	\$ 14,313	\$ 18,668	\$ 17,235
Utilities	7,748	9,906	10,360
Maintenance & Contracts	15,698	9,603	12,150
<b>Total Expenses</b>	<b>\$ 37,759</b>	<b>\$ 38,177</b>	<b>\$ 39,745</b>
<b>Net Income (Loss)</b>	<b>\$ 8,979</b>	<b>\$ 15,305</b>	<b>\$ 15,001</b>
Transfers	-	-	( <b>\$ 15,001</b> )
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 8,979</b>	<b>\$ 15,305</b>	<b>\$ 0</b>

## Special Purpose Vouchers Fund 139

*Housing Choice Special Purpose Vouchers are awarded to Seattle Housing Authority in various increments and are not included under the Moving To new Ways agreement. For the CY 2013 budget year, Special Purpose Vouchers include those for the Family Unification Program, Veterans Affairs Supportive Housing, Tenant Protection, and the Mainstream Disability program.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	389	-	11,190
Other Income	497,967	591,067	476,445
Subsidy	2,393,350	5,518,116	4,677,669
<b>Total Revenues</b>	<b>\$ 2,891,706</b>	<b>\$ 6,109,183</b>	<b>\$ 5,165,304</b>
<b>EXPENSES</b>			
Admin. & General	\$ 317,558	\$ 523,596	\$ 539,763
Housing Assistance Payments	2,393,353	5,518,116	4,677,669
Utilities	-	-	-
Maintenance & Contracts	7,263	2,696	4,211
<b>Total Expenses</b>	<b>\$ 2,718,174</b>	<b>\$ 6,044,408</b>	<b>\$ 5,221,643</b>
<b>Net Income (Loss)</b>	<b>\$ 173,532</b>	<b>\$ 64,775</b>	<b>(\$ 56,339)</b>
Transfers	<b>(\$ 170,000)</b>	<b>(\$ 64,775)</b>	<b>\$ 56,339</b>
<b>Net Cash Surplus (Deficit)</b>	<b>\$3,532</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Section 8 Moderate Rehabilitation Program Fund 168

The Section 8 Moderate Rehabilitation Program (Fund 168) was established to account for SHA's administration of rent subsidy contracts awarded to low-income housing projects whose rehabilitation was carried out with financial assistance from HUD's Moderate Rehabilitation Program. Under this program, HUD provides project-based Section 8 rent subsidies to assist property owners with operating expenses and debt service payments. SHA receives a fee for its administration of the rent subsidy contracts.

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	150	805	165
Other Income	748,831	688,200	739,969
Subsidy	4,324,231	4,315,003	4,654,299
<b>Total Revenues</b>	<b>\$ 5,073,212</b>	<b>\$ 5,004,008</b>	<b>\$ 5,394,433</b>
<b>EXPENSES</b>			
Admin. & General	\$ 587,732	\$ 674,839	649,342
Housing Assistance Payments	4,324,231	4,315,003	4,654,299
Utilities	-	-	-
Maintenance & Contracts	12,000	15,000	15,315
<b>Total Expenses</b>	<b>\$ 4,923,963</b>	<b>\$ 5,004,842</b>	<b>\$ 5,318,956</b>
<b>Net Income (Loss)</b>	<b>\$149,249</b>	<b>(\$ 834)</b>	<b>\$75,477</b>
Transfers	(145,000)	834	(75,477)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 4,249</b>	<b>\$ 0</b>	<b>\$ 0</b>



## Local Fund Fund 190

*The Local Fund (Fund 190) was established a number of years ago with proceeds from furniture rentals to Seattle Housing Authority residents. The Local Fund derives all of its income from investment earnings and contributions. This fund is used to support SHA programs and activities not supported by other government grants or subsidies.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	694	1,261	549
Other Income	-	-	-
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 694</b>	<b>\$ 1,261</b>	<b>\$ 549</b>
<b>EXPENSES</b>			
Admin. & General	\$ -	\$ 1,000	\$ 1,000
Utilities	-	-	-
Maintenance & Contracts	-	-	-
<b>Total Expenses</b>	<b>\$ 0</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>Net Income (Loss)</b>	<b>\$ 694</b>	<b>\$ 261</b>	<b>(\$ 451)</b>
Transfers	0	0	451
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 694</b>	<b>\$ 261</b>	<b>\$0</b>

## Local Housing Program Fund 193

*The Local Housing Fund (Fund 193) was established to account for the development and operations of low-income and mixed-income housing units acquired with debt financing. This program accounts for about 25 communities with approximately 700 housing units. Transfers into the Local Housing Program Fund are typically from the MTW Block Grant and other funds to support operations and capital replacement-reserve requirements.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 7,365,499	\$ 7,456,709	\$ 7,609,183
Investment Income	1,124,517	1,045,237	215,602
Other Income	357,014	217,519	234,062
Subsidy	173,642	180,536	194,347
<b>Total Revenues</b>	<b>\$ 9,020,672</b>	<b>\$ 8,900,001</b>	<b>\$ 8,253,194</b>
<b>EXPENSES</b>			
Admin. & General	\$ 5,571,327	\$ 5,194,488	\$ 4,066,086
Housing Assistance Payments	-	-	-
Utilities	955,234	971,192	1,083,648
Maintenance & Contracts	1,075,684	1,296,236	1,277,970
<b>Total Expenses</b>	<b>\$ 7,602,244</b>	<b>\$ 7,461,916</b>	<b>\$ 6,427,704</b>
<b>Net Income (Loss)</b>	<b>\$ 1,418,427</b>	<b>\$ 1,438,085</b>	<b>\$ 1,825,490</b>
Less Debt Principal	( 1,363,962)	(1,373,100)	(1,068,748)
Transfers	166,199	192,000	44,377
<b>Net Contribution to Reserves (Uses)</b>	<b>\$ 220,664</b>	<b>\$ 256,985</b>	<b>\$ 801,119</b>



## For Sale Properties Fund 194

The For Sale Properties Fund (Fund 194) was established to account for the administrative expenses associated with the sale of buildable lots at the mixed-income communities of New Holly, Rainier Vista, Lake City, and High Point. The majority of net proceeds from such sales are transferred to support HOPE VI redevelopment activities and obligations. Portions of the proceeds are used to cover SHA administrative costs to support the For Sale program. The 2013 transfer for the For Sale development activity is from the MTW Block Grant

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	196,002	84,000	85,000
Subsidy	-	-	-
Total Revenues	\$196,002	\$84,000	\$85,000
<b>EXPENSES</b>			
Admin. & General	\$166,378	\$178,439	\$213,912
Utilities	48,117	48,000	38,000
Maintenance & Contracts	261,333	287,000	227,200
Total Expenses	\$475,828	\$513,439	\$479,112
<b>Net Income (Loss)</b>	<b>(\$279,826)</b>	<b>(\$429,439)</b>	<b>(\$394,112)</b>
Transfers	\$279,665	\$429,439	\$394,112
<b>Net Cash Surplus (Deficit)</b>	<b>(\$ 161)</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Parks Fund 195

*Parks (Fund 195) was established to account for the operations of several SHA owned parks and greenbelts located in the HOPE VI redevelopments. Originally constructed within the infrastructure development or separately funded budgets, these parks are currently supported by MTW subsidies. SHA would ultimately like to see the costs of maintaining these Parks integrated with the City of Seattle Parks budget.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	24	-	-
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 24</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>EXPENSES</b>			
Admin. & General	\$ 3,150	\$ 23,656	\$ 14,500
Utilities	22,970	28,475	25,910
Maintenance & Contracts	232,335	229,034	226,175
<b>Total Expenses</b>	<b>\$ 258,455</b>	<b>\$ 281,165</b>	<b>\$ 266,585</b>
<b>Net Income (Loss)</b>	<b>(\$ 258,431)</b>	<b>(\$ 281,165)</b>	<b>(\$ 266,585)</b>
Transfers	608,432	281,165	266,585
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 350,001</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Development Fund 198

*The Development Fund (Fund 198) was established to account for the real estate development and replacement housing activities of the Development Department. This fund is supported primarily by income derived from developer fees and other revenue associated with SHA's development and neighborhood revitalization activities. The fund is expected to accumulate a deficit that is repaid over time as the developer fees are paid, pursuant to the partnership agreements. For the past two years, SHA provided an MTW transfer to support costs in excess of expected developer fee revenues. For 2013, we propose to make a transfer to help support the projected current year deficit. This transfer will be refined in the future to represent a core level of MTW Block Grant funding for SHA's development activities.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 0	\$ 0	\$ 0
Investment Income	384,861	46,450	16,138
Other Income	756,077	1,380,041	1,106,702
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$1,140,938</b>	<b>\$1,426,491</b>	<b>\$1,122,840</b>
<b>EXPENSES</b>			
Admin. & General	\$2,497,280	\$2,728,262	\$2,608,637
Utilities	95,766	47,060	54,672
Maintenance & Contracts	116,844	104,988	126,305
<b>Total Expenses</b>	<b>\$2,709,890</b>	<b>\$2,880,310</b>	<b>\$2,789,614</b>
<b>Net Income (Loss)</b>	<b>(\$ 1,568,952)</b>	<b>(\$1,453,819)</b>	<b>(\$1,666,774)</b>
Less Debt Principal	(4,585)	(241,601)	(242,000)
Transfers	1,598,597	1,695,420	1,909,145
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 25,060</b>	<b>\$ 0</b>	<b>\$ 371</b>

## Wakefield Fund 199

The Wakefield Fund (Fund 199) was established to account for operations of the Wakefield Central Office Building, the PorchLight office building, the Operations Support Center, the South Operations Facility, and other non-residential operating or commercial facilities. Building operations and debt service are funded by rents charged to other SHA funds for the space attributable to their program. For presentation purposes, New Holly Campus of Learners facility is included in this fund. The Campus of Learners is a multi-purpose building owned by SHA and leased to building users. This fund also includes Wakefield General, a business unit that accounts for a portion of fee revenue generated from the issuance of tax-exempt conduit bonds. In 2012, SHA moved to a new central administrative office building located at 190 Queen Anne. The Wakefield building was sold in 2011 and PorchLight was sold in 2012. Neither building will be owned or occupied by SHA in 2013.

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	108,795	120	84,921
Other Income	2,846,597	3,712,671	3,633,453
Subsidy	66,091	-	-
<b>Total Revenues</b>	<b>\$ 3,021,483</b>	<b>\$ 3,712,791</b>	<b>\$ 3,718,374</b>
<b>EXPENSES</b>			
Admin. & General	\$ 1,205,472	\$ 2,381,549	\$ 2,787,450
Utilities	291,352	242,873	177,668
Maintenance & Contracts	807,690	610,045	485,655
<b>Total Expenses</b>	<b>\$ 2,304,514</b>	<b>\$ 3,234,467</b>	<b>\$ 3,450,773</b>
<b>Net Income (Loss)</b>	<b>\$ 716,969</b>	<b>\$ 478,324</b>	<b>\$ 267,601</b>
Less Debt Principal	(596,100)	(131,893)	(144,789)
Transfers	380,840	(\$201,507)	(\$ 122,812)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 501,709</b>	<b>\$ 144,924</b>	<b>\$ 0</b>

## SHA Tax Credit Properties Fund 351

*SHA Tax Credit Properties (Fund 351) was created in 2011 to account for operations of New Holly Phase I that converted from a limited partnership to an SHA Tax Credit Property in 2010. The property includes 305 residential units that were developed using HOPE VI redevelopment funds. This fund is supported by its rental revenue and subsidy for 177 LIPH units is provided by MTW as needed. As tax credit properties owned by limited partnerships reach the end of their compliance periods SHA and Limited Partners agree to dissolve the limited partnerships and convert the properties to SHA controlled ownership, the properties will be added to this fund, unless a different success or ownership structure is determined.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ 2,066,251	\$ 2,061,996	\$ 2,095,745
Investment Income	25,136	27,481	27,736
Other Income	17,022	27,052	357,477
Subsidy	0	0	0
<b>Total Revenues</b>	<b>\$ 2,108,409</b>	<b>\$2,116,529</b>	<b>\$2,480,958</b>
<b>EXPENSES</b>			
Admin. & General	983,363	\$ 984,554	\$899,580
Utilities	267,258	294,299	635,443
Maintenance & Contracts	828,655	568,209	571,753
<b>Total Expenses</b>	<b>2,079,276</b>	<b>\$ 1,847,062</b>	<b>\$2,106,776</b>
<b>Net Income (Loss)</b>	<b>\$ 29,133</b>	<b>\$ 269,468</b>	<b>\$ 374,182</b>
Transfers	245,235	-	(\$ 95,872)
Less Debt Principal	(130,000)	(135,000)	(140,000)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 144,368</b>	<b>\$ 134,467</b>	<b>\$ 138,400</b>



## Central Services Operating Center (CSOC) Fund 400

*In FY 2007, to follow HUD guidelines for Low Income Public Housing, SHA changed the method of accounting for indirect service costs. Previously, SHA allocated overhead expenses to programs and activities. This generally accepted method of accounting for overhead was replaced by a fee-based system. For CY2009, a fee-based system was developed to cover central service activities. Housing and non-housing programs are charged a fee for CSOC services, such as executive administration, human resources administration, central procurement, accounting, and legal. The fee complies with generally accepted accounting principles and HUD's requirements for a Local Asset Management Plan. The Local Asset Management Plan includes a detailed description of SHA's CSOC fee and is included in the 2013 MTW Plan.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	12,192,954	11,521,464	11,061,000
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 12,192,954</b>	<b>\$ 11,521,464</b>	<b>\$ 11,061,000</b>
<b>EXPENSES</b>			
Admin. & General	\$ 11,444,922	\$ 11,261,989	\$ 10,887,458
Utilities	738	367	-
Maintenance & Contracts	504,758	409,014	464,269
<b>Total Expenses</b>	<b>\$ 11,950,418</b>	<b>\$ 11,671,370</b>	<b>\$ 11,351,727</b>
<b>Net Income (Loss)</b>	<b>\$ 242,536</b>	<b>(\$ 149,906)</b>	<b>(\$ 290,727)</b>
Capital and Non-Routine	(147,805)	-	-
Transfers	200,000	149,906	200,000
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 294,731</b>	<b>\$ -</b>	<b>\$ (90,727)</b>

## Impact Property Services Fund 450

*Impact Property Services (Fund 450) was established to account for solid waste, janitorial, landscaping, fleet management, building maintenance, pest control and hazardous materials abatement services for SHA and other low-income housing providers and private Section 8 landlords. The amount transferred out in 2013 represents funding to the Central Service Operating Cost Center.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	855	2,814	601
Other Income	16,539,785	15,491,059	15,388,463
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 16,540,640</b>	<b>\$ 15,493,873</b>	<b>\$ 15,389,064</b>
<b>EXPENSES</b>			
Admin. & General	\$ 2,699,342	\$ 2,720,667	\$ 2,797,295
Utilities	682,025	703,372	626,750
Maintenance & Contracts	13,475,006	11,563,021	11,212,857
<b>Total Expenses</b>	<b>\$ 16,856,373</b>	<b>\$ 14,987,060</b>	<b>\$ 14,636,902</b>
<b>Net Income (Loss)</b>	<b>(\$ 315,733)</b>	<b>\$ 506,813</b>	<b>\$ 752,162</b>
Transfers	(200,000)	(149,906)	(200,000)
<b>Net Cash Surplus (Deficit)</b>	<b>(\$ 515,733)</b>	<b>\$ 356,907</b>	<b>\$ 552,162</b>

## Impact Property Management Fund 470

*Impact Property Management (Fund 470) accounts for direct expenses associated with the Impact Property Management (IPM) group. The IPM group manages a number of the low-income residential properties owned by SHA, non-profit partners and limited partnerships.*

### CY 2013 Operating Budget and Fund Forecast

	CY 2011 Actual	CY 2012 Budget	CY 2013 Adopted
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	166	-	-
Other Income	-	-	-
Subsidy	-	-	-
Total Revenues	\$ 166	\$ 0	\$ 0
<b>EXPENSES</b>			
Admin. & General	\$ 343,028	\$ 330,552	\$ 335,048
Utilities	311	-	-
Maintenance & Contracts	12,677	-	-
Total Expenses	\$ 356,016	\$ 330,552	\$ 335,048
<b>Net Income (Loss)</b>	<b>(\$ 355,850)</b>	<b>(\$ 330,552)</b>	<b>(\$ 335,048)</b>
Transfers	\$ 355,850	330,552	335,048
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

# **Capital Improvement Program, Grants, and Limited Partnerships**

## Capital Improvement Program Summary

The Capital Improvement Program describes SHA's CY 2013 plans in the following areas:

- Redevelopment of housing communities using federal grant funds and mixed financing; and
- Asset preservation through modernization, renovation, and rehabilitation of our housing portfolios and operating facilities; and,
- New acquisition, development, and pre-development planning.

The tables below describe the projected sources and expenditures for CY 2012 and CY 2013. Sources reflect a 10.5 percent increase in capital and redevelopment funding compared to 2012. Projected capital plus redevelopment expenditures in 2013 are 17.6 percent above 2012. The increases are mainly the result of redevelopment activities at 1105 East Fir Street, Baldwin Apartments, and Leschi House rehabilitation.

<b>Summary of SHA Capital Sources</b>	<b>CY 2012</b>	<b>CY 2013</b>
Public Housing (MTW portion)	\$ 11,267,000	\$ 11,267,000
Seattle Senior Housing (MTW portion)	3,563,000	1,010,000
Special Portfolio/Local Housing Reserves	831,000	107,000
Short and Long Term Financing	12,650,000	7,150,000
Tax Credit Equity to Leschi Project	2,300,000	6,624,000
Choice Neighborhood Implementation Grant at Yesler Terrace	3,446,000	4,230,000
Use of Prior Year Resources – Mixed Finances	9,755,000	17,884,000
homeWorks Reserves	577,000	668,000
Limited Partnership Reserves	768,000	636,000
Facilities and Impact Property Services Reserves	161,000	--
Prior Year Capital funding for Brownfield consultant	80,000	--
Other Funds	--	44,000
City, State and Federal Grants	<u>3,295,000</u>	<u>4,180,000</u>
<b>TOTAL SOURCES</b>	<b>\$ 48,693,000</b>	<b>\$ 53,800,000</b>

The following table compares 2012 and 2013 projected capital expenditures:

<b>Summary of SHA Capital Expenditures</b>	<b>CY 2012</b>	<b>CY 2013</b>
Mixed Finance HOPE VI Redevelopments	\$ 4,910,000	--
Public Housing (MTW portion)	9,554,000	8,891,000
Public Housing (Non-MTW portion)	4,671,000	22,114,000
Seattle Senior Housing Program (MTW portion)	1,982,000	1,221,000
Seattle Senior Housing Program (Non-MTW portion)	11,640,000	8,146,000
Special Portfolio/Local Housing	1,424,000	454,000
LIPH Tax Credit Partnerships	1,345,000	1,304,000
Management Improvement through Technology	643,000	526,000
Miscellaneous Capital	<u>182,000</u>	<u>96,000</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 36,351,000</b>	<b>\$ 42,752,000</b>

## Redevelopment of Housing Communities

### Yesler Terrace – Steam Plant Renovation

Seattle Housing Authority received a HUD award of \$3.1 million as "seed" funding toward development of early childhood education and adult training facilities for public housing residents. Along with SHA's local match of \$1.88 million, the rehabilitation budget totals \$4.98 million.

The grant will preserve the Steam Plant as Yesler Terrace's only uniquely modernist historic building. It will serve to remind us of the neighborhood's history and it will become a permanent home for important self-sufficiency services in the community. The new center will house Neighborhood House's Head Start program, Catholic Community Service's Youth Tutoring program, an Express Credit Union for affordable financial services, a job-training center and Seattle Housing's employment opportunity services. The Steam Plant is centrally located near transit, has big rooms with high ceilings, and western exposure with large windows to create light-filled spaces. Once completed, Head Start and Youth Tutoring will be able to re-locate from their current Yesler Terrace spaces. Construction is expected to begin in late summer of 2012 and take about a year.

The grant funding the steam plant rehabilitation is under HUD's Capital Fund Education and Training Community Facilities (CFCF) Program. This program provides capital funding to Public Housing Agencies for the construction, rehabilitation, or purchase of facilities to provide early childhood education, adult education, and job-training programs for public housing residents based on an identified need.

<b>Steam Plant at Yesler Terrace</b>	<b>Total</b>
CFCF Grant	\$ 3,109,000
SHA Matching funds	<u>1,875,000</u>
<b>TOTAL</b>	<b>\$ 4,984,000</b>

The project uses are budgeted as follows:

<b>Steam Plant at Yesler Terrace</b>	<b>Total</b>
Abatement and demolition	\$ 1,012,000
Construction	3,150,000
Design, Engineering and permitting	<u>822,000</u>
<b>TOTAL</b>	<b>\$ 4,984,000</b>
<b>2013 Expenditures</b>	<b>\$ 4,236,000</b>

## Choice Neighborhoods Implementation: Yesler Terrace – Redevelopment

Seattle Housing Authority was awarded \$10.27 million in Choice Neighborhoods Implementation grant funds to be used for redevelopment of Yesler Terrace and the surrounding neighborhood. The grant's purpose is to transform distressed neighborhoods into sustainable, mixed-income communities by linking affordable housing with quality schools, public transportation, good jobs and safe streets. We hope this is the first step of many in the redevelopment of Yesler Terrace.

CNI grant budgets for construction are estimated at \$6.0 million with 2013 expenditures of \$3.6 million; most of it for construction costs at 1105 East Fir Street and for rehabilitation of the

Baldwin Apartments. Part of the 10<sup>th</sup> Avenue Hill Climb critical community improvement funds are projected for expenditure in 2013, as well. The Baldwin's projected completion is 2013, while the other two projects, 1105 East Fir Street and the Hill Climb, are expected to be completed in 2014.

### **1105 East Fir Street**

Design work for new housing construction at 1105 East Fir Street started in 2012. The redevelopment project is planned to create 83 replacement-housing units for current Yesler Terrace residents and 20 tax credit units. The financing is expected to close at year-end 2012 with construction starting during the first quarter 2013.

The work on this project is also being coordinated with an adjacent private developer of a market rate property at 12<sup>th</sup> and Yesler. This mixed-use project expected to be completed in 2014 that will include ground level retail with affordable opportunities for local small businesses.

<b>1105 East Fir Street Sources</b>	<b>Total</b>
Construction Loan/Bonds	\$ 17,800,000
Choice Neighborhoods Initiative grant	4,942,000
Program Income	3,200,000
Deferred Developer Fee	500,000
City of Seattle, Office of Housing various	2,400,000
Tax Credit Equity	11,421,000
<b>TOTAL</b>	<b>\$ 40,263,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 28,963,000</b>
<b>Less Short Term Financing</b>	<b>\$ 11,300,000</b>

The project uses are budgeted as follows:

<b>1105 East Fir Street Uses</b>	<b>Total</b>
Construction	\$ 21,021,000
Design, Engineering and permitting	3,049,000
Financing costs	4,893,000
<b>TOTAL</b>	<b>\$ 28,963,000</b>
<b>2013 Expenditures</b>	<b>\$ 14,560,000</b>

### **Baldwin Apartments**

Renovation work started on the Baldwin Apartments in 2012 and completion is expected in 2013. The project will provide 15 replacement units for current Yesler Terrace residents.

<b>Baldwin Apartments Sources</b>	<b>Total</b>
Short and long term financing	\$ 1,490,000
Choice Neighborhood Initiatives grant funds	1,108,000
MTW Block Grant funds	225,000
<b>TOTAL</b>	<b>\$ 2,823,000</b>

The project uses are budgeted as follows:

<b>Baldwin Apartments Uses</b>	<b>Total</b>
Construction	\$ 2,310,000
Design, Engineering and permitting	353,000
Financing costs	160,000
<b>TOTAL</b>	<b>\$ 2,823,000</b>
<b>2013 Expenditures</b>	<b>\$ 2,320,000</b>

**Choice Neighborhood – Hill Climb**

Part of the grant structure includes critical community improvements and SHA has two improvements planned. The first, the Horiuchi Park and P-Patch, will be completed in 2013 and the second, the 10<sup>th</sup> Avenue Hill Climb, will take three years of expenditures. SHA is working with the City to implement this project through a City department. SHA plans to contribute \$350,000 to the Hill Climb development in 2013 and make its final contribution in 2014.

**Leschi House, Seattle Senior Housing**

SHA is planning a rehabilitation and addition for Leschi House with tax credit equity and mixed financing. The existing 34 unit building will be rehabilitated with a complete replacement of the exterior stucco wall system including new windows and the addition of a new wing. Other improvements to the existing building include limited upgrades to the site and building common areas. Unit interior work plans include replacing cabinet fronts, and counter tops, appliances and select plumbing fixtures. The addition will include 35 one-bedroom units including a minimum of five fully accessible units. The overall development costs are approximately \$18.1 million of which \$11.2 million is construction related. The project was delayed in 2012 until all financing sources were identified. Design work proceeded and financing is now expected to close in 2013 with construction starting soon after, with completion in 2014.

<b>Leschi House Sources</b>	<b>Total</b>
Construction Loan/Bond	\$ 8,000,000
Tax Exempt First Mortgage	4,150,000
SHA Loan	2,800,000
Deferred Developer Fee	300,000
City of Seattle, Office of Housing various	4,180,000
Tax Credit Equity	6,624,000
<b>TOTAL</b>	<b>\$ 26,054,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 18,050,000</b>
<b>Less Short Term Financing</b>	<b>\$ 8,000,000</b>

The project uses are budgeted as follows:

<b>Leschi House Uses</b>	<b>Total</b>
Site acquisition	\$ 2,000,000
Construction	11,246,000
Design, Engineering and permitting	1,400,000
Financing costs	3,404,000
<b>TOTAL</b>	<b>\$ 18,050,000</b>
<b>2013 Expenditures</b>	<b>\$ 8,146,000</b>

**Public Housing and Overall Asset Preservation Funding**

For CY 2013, SHA budgeted modernization and renovation projects. Public Housing capital spending for 2013, including capital planning, is \$8.8 million, a decrease of nearly \$1million from the CY 2012 budget; the decrease is due to a reduction in federal funding. Public Housing capital grant funds of \$0.9 million are expected to be brought into the Seattle Senior Housing Program in 2013. This is Seattle Senior Housing’s second year of their ten-year capital plan to address major rehabilitation of building envelopes and elevators; the 2013 budget is \$1.2 million.

Approximately \$450,000 is budgeted for the Special Portfolio/Local Housing Program. Low Income Housing Tax Credit partnerships will spend \$1.3 million of their reserves for major maintenance and non-routine activities. Miscellaneous capital expenditures have a budgeted of



\$96,000. SHA budgeted an Agency-wide reserve of \$250,000, with the bulk dedicated to installing newly required carbon monoxide detectors in housing units, this work will begin with those properties at high risk because of gas appliances or heating and enclosed garages.

Funding for capital needs in public housing communities comes from SHA's annual Capital Grant from HUD and from bonds, supported by future grants. The 2013 Capital Grant was allocated to the groups and in the amounts shown below. Project descriptions are in the chart at the end of this section.

## CAPITAL PROJECTS

### Summary of Capital Projects by Housing Type and Fund Source

	CY 2012 Budget	CY 2013 Budget
<b><i>MTW Funded Capital Budget for Public Housing</i></b>		
High-Rises	\$ 543,000	\$ 86,000
Scattered Sites	767,000	1,033,000
Jefferson Terrace	1,000,000	--
Yesler Terrace	55,000	142,000
Tri-Court	--	338,000
Jackson Park Village	--	196,000
Holly Court	--	50,000
Minor Repair, Replacement and Rehabilitation	243,000	75,000
Predevelopment – Yesler Terrace planning	1,425,000	1,200,000
Program Administration	1,391,000	1,391,000
Debt Service for homeWorks projects	3,004,000	3,004,000
Indirect Services Fee	<u>1,126,000</u>	<u>1,126,000</u>
<b>MTW Funded Capital Budget TOTAL</b>	<b>\$ 9,554,000</b>	<b>\$ 8,641,000</b>
<b><i>Capital Projects for Senior Housing Properties</i></b>		
Fremont	\$ 300,000	\$ 13,000
Michaelson Manor	--	12,000
Willis Manor	--	9,000
Multiple Properties	--	925,900
Daybreak	35,000	--
Gideon-Mathews Gardens	177,000	--
Phinney Terrace	992,000	--
Primeau Place	75,000	--
Wildwood Glen	28,000	--
Minor Repair, Replacement and Rehabilitation	274,000	160,100
Indirect Service Fee	<u>101,000</u>	<u>101,000</u>
<b>Capital Projects for Senior Housing Properties TOTAL</b>	<b>\$ 1,982,000</b>	<b>\$ 1,221,000</b>
<b><i>Capital Projects for Other Housing Properties</i></b>		
Special Portfolio	\$ 1,424,000	\$ 454,000
Limited Partnership Capital Projects	1,345,000	1,304,000
Agency-wide allowances	--	250,000
Management Improvements through Technology	643,000	526,000
Non-residential Facilities Projects	<u>182,000</u>	<u>96,000</u>
<b>Capital Projects for Other Housing Properties TOTAL</b>	<b>\$ 3,594,000</b>	<b>\$ 2,630,000</b>
<b>TOTAL ASSET PRESERVATION PROJECTS</b>	<b>\$ 15,130,000</b>	<b>\$ 12,492,000</b>

The last few years SHA budgeted an allowance for Minor Repair, Replacement, and Rehabilitation (MRRR) Projects for each SHA housing portfolio. Due to the limitation of funding SHA has reduced the 2013 allowances significantly.

### Seattle Senior Housing Program

In 2012, we proposed to HUD to bring Public Housing Operating and Capital grants into the Seattle Senior Housing Program. The Capital funding was awarded while the Operating funds were not so SHA is working with HUD to resolve this funding issue. Until this is resolved, the reduction in funding for SSHP will limit the progress SHA intended to make on a ten-year capital asset preservation plan. In the past, SHA combined MTW capital grant funds and SSHP capital replacement reserves with City grant funds to expand work to address building envelope and window replacement priorities. We project that substantial additional resources will be required to address these problems over the longer run. The CY 2013 HUD-funded capital improvement budget targets two yet to be determined buildings for elevator rehabilitation.

<b>Summary of SSHP Capital Projects</b>	<b>CY 2012 Budget</b>	<b>CY 2013 Budget</b>
Exterior Improvements	\$ 1,262,000	\$ 191,000
Interior Improvements	45,000	179,000
Elevator rehabilitation	450,000	750,000
Fire Hose replacement	--	--
Minor repair, replacement and rehabilitation	124,000	--
<b>Total Asset Preservation Capital Projects</b>	<b>\$ 1,881,000</b>	<b>\$ 1,120,000</b>
<b>Indirect Service Fee</b>	<b>101,000</b>	<b>101,000</b>
<b>TOTAL SSHP Capital</b>	<b>\$ 1,982,000</b>	<b>\$ 1,221,000</b>

Capital fund allocations from HUD for Senior Housing units will remain with this portfolio. We will continue to work with the SSHP Rent Policy Advisory Committee this year and in 2013 to transition to some revised policies and procedures from the Public Housing Program, while maintaining the distinctive features of the SSHP program and identity.

Overall, Seattle Senior Housing program project expenditures are estimated at \$9.4 million, including the asset preservation projects listed above and the redevelopment budget for Leschi House.

### Special Portfolio

SHA owns housing acquired with a variety of financing plans and two Section 8 New Construction buildings. Asset preservation and capital improvements budgeted for these buildings total \$454,000. Individual project descriptions are in the chart at the end of the section. The CY 2013 capital work focuses on exterior improvements to siding, doors, parking lots, sidewalks, dumpster areas, decks, fences, roofs, gutters, downspouts, windows, intercoms and signage improvements. Interior improvements in the CY 2013 capital budget include a kitchen and bathroom remodel and new vent lines to connect bathroom fans to roof.

Major repairs are planned for Montridge Arms, a 33-unit property. SHA plans to finance the repairs with a bank loan for \$200,000. The list of improvements include repair or replace siding and windows, investigate and repair water intrusion problems, repair parking lot drain.

## ***Low Income Housing Tax Credit and HOPE VI Limited Partnerships***

SHA is a general partner in fifteen tax credit limited partnerships and the owner of one tax credit property. Some of the partnerships have leveraged HOPE VI funding while others have leveraged grant funding. The tax credit and limited partnership properties have a capital repair, replacement and rehabilitation budget of \$1.3 million funded from replacement reserves required under the partnership agreements. Individual project descriptions are in the chart at the end of this section.

## ***Miscellaneous and Non-Routine***

Miscellaneous and non-routine capital expenditures of \$96,000 will support tenant improvements at High Point Management Office, a sealant application to the entire exterior of the Operations Service Center, and paint for the front of the South Operations Facilities building.

## ***New Acquisition, Development, and Planning***

### ***Replacement Housing***

As part of our redevelopment efforts, SHA has committed to replace all demolished public housing units in the redeveloped communities on a one-for-one basis, either on-site or off-site. Off-site replacement at Holly Park was completed in CY 2008 and Rainier Vista was completed in 2012. SHA will look at existing SHA-owned properties or partnership opportunities with non-profits to meet our Scattered Sites (eight units remaining) and High Point (sixty-nine units remaining) replacement-housing goals. SHA plans to replace units in 2013 and 2014 with project-based vouchers, which enable non-profit developers to commit to providing replacement units in low-income housing buildings they are constructing.

### ***Scattered Site Reconfiguration Program***

SHA is exploring another Scattered Site Reconfiguration project. The scope of the project has not yet been determined. In 2013, Asset Management, Housing Operations and Finance Staff will work together to evaluate opportunities for repositioning the portfolio to increase its cost effectiveness.

### ***Housing Acquisitions/Development***

SHA plans to continue to maintain and improve its current stock of housing. Property development continues in 2013 at the Leschi House wing addition, 1105 East Fir Street in Yesler Terrace, and the Baldwin Apartments. With the exception of the land adjacent to Leschi for the additional wing, no acquisition projects are planned for 2013.

### ***Predevelopment Working Capital – Pipeline Projects***

SHA has properties throughout the Seattle area and is discussing future housing development with potential partners. We have not budgeted new funds for feasibility studies or exploratory development planning in 2013. SHA created a revolving fund for reimbursable predevelopment activities in 2010 that may be used in 2013 in anticipation of mixed finance funding for initial work at Yesler Terrace. The funds will be used for planning work on projects that are ready for predevelopment, where permanent financing will repay the predevelopment cost and to bridge cash flow for receipt of payment of planning funds for projects.

## *Future Capital Financing*

SHA, along with housing authorities throughout the country, faces significant challenges to meet growing capital needs. Our challenge is finding adequate capital resources:

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

The economic uncertainty that includes the polarized chambers of Congress, the collapse of international and national credit markets, and the slow improvement of the national and local housing market has created new and added pressures. We will need to pay close attention to the changing realities of the credit markets, the evolving condition of the local housing market and our own overall financial capacity as we address financing to complete existing projects and think about future financing structures.

## ATTACHMENT 1 - 2013 Capital Activities

### SHA 2013 Capital Projects - MTW Grant-funded Activities

#### Low Income Public Housing Projects

LIPH - Scattered Sites	Tree trimming and removal, appliance replacement allowance, replace fans, repair sidewalks and walkways, replace flooring, abate hazardous materials, replace boiler, continue UFAS unit modernization per agreement, replace soffits, resurface balconies, replace flashing, repair entry, repair roof and balcony soffits, caulk windows, repair deck and apply coatings, investigate deck membranes for rot, replace rotted siding, paint exterior, repair doors, repair chimney and install cap, remove damaged ends of beams and flashing, replace windows and fascia, repair garage door, repair skylight, repair retaining walls, repair stairs, replace surface pipe with buried drain, install sheetrock to carport, repair slab, repair railings and bricks.	\$ 1,033,000
Jackson Park Village	Replace playground padding, paint equipment and add swings, resurface parking lot and strip, wash vinyl siding, repair siding with hardi planks and paint, build out new trash area and reconfigure existing trash area for ADA parking with ramp, remove and replace roof at Learning Center, add roof anchors where needed.	196,000
Holly Court	Repair or replace the baseboard unit heaters.	50,000
Tri-Court	Deck coating and sealing of brick as needed. Reseal façade, replace roof.	338,000
LIPH - High rises North	Seal and restripe parking lots.	10,000
LIPH - High rises Central	Abate hazardous materials, burnish interior stainless steel elevator doors, replace ceiling tile, install additional security cameras to enhance existing system, replace appliances, repair sidewalk, replace boilers at various buildings, and replace shower surrounds.	76,000
Yesler Terrace	Abatement and replace subfloor in three units, repair sidewalk and parking lot, replace appliances, water proof and repair wall in Y Sector, trim and remove trees, and repair roof.	142,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation	75,000
<b>Public Housing Capital Projects Subtotal</b>		<b>\$ 1,920,000</b>

### Special Portfolio Projects

Fir Street	Replace siding and windows.	\$ 14,000
Longfellow Creek	Repair roofs, gutters and downspouts, replace awnings and common doors.	41,000
Main Street Apartments	Repair exterior walkways, install interior fans, replace weather stripping at entry.	9,900
North 104 <sup>th</sup> Townhomes	Repair fence and siding, investigate retaining wall, repair porch.	2,000
Norman Street Townhomes	Repair fence and siding, investigate retaining wall, repair porch.	12,000
Roxhill Court Apartments	Repair sidewalks and un-level surfaces; install new vent lines to connect bath fans to roof.	4,100
Stone Avenue Townhomes	Repair or replace deck membranes and beams.	18,200
Wisteria Court	Replace signage.	2,800
<b>Special Portfolio Subtotal</b>		<b>\$ 104,000</b>

### Planning and Predevelopment Projects

Yesler Terrace	Redevelopment planning includes site infrastructure planning and permitting for the Final Plat, Street Improvement Plans for the Southwest sector, construction of Phase I rental housing, renovation of the Steam Plant, construction of Phase I critical community improvements, and design of Phase II housing, and Parks Department coordination for design of the neighborhood park.	\$ 1,200,000
<b>Planning and Predevelopment Subtotal</b>		<b>\$ 1,200,000</b>

### Non-residential Facilities Projects

High Point Mgmt. Office	Tenant improvements to upgrade the office space to improve staff efficiency and customer service.	\$ 50,000
OSC	Seal block for the entire exterior of the building.	40,000
SOF	Paint front of the building and chamfer the sills and trim.	6,000
<b>Non-residential Facilities Subtotal</b>		<b>\$ 96,000</b>

<b>Financing and Administrative Costs</b>		
Various	Asset Management administration	\$ 552,000
Various	Construction administration	271,000
Various	Hazardous materials abatement administration	131,000
Yesler Terrace	Yesler Terrace redevelopment administration	437,000
LIPH-LP High-rises	Debt service and costs for homeWorks I, II, and III	3,004,000
<b>Finance and Administrative Subtotal</b>		<b>\$ 4,395,000</b>
<b>Indirect Service Fee</b>		<b>\$ 1,126,000</b>
<b>Total 2013 MTW Block Grant Budget for LIPH</b>		<b>\$8,841,000</b>
<b>Seattle Senior Housing Program Projects</b>		
Fremont	Recoat balconies.	\$ 13,000
Michaelson Manor	Repair or replace intercoms.	12,000
Willis	Repair or replace intercoms.	9,000
Multiple properties	Appliance allowance, floor replacement allowance, outside bench replacement allowance, restripe and seal parking lots, trim trees, replace hot water heaters, repair sidewalks and walkways, repair or replace fences, repairs to correct/prevent water intrusion, repair or replace intercoms, repair or replace two elevators.	925,900
Portfolio wide	Allowance for minor repair, replacement and rehabilitation	160,100
<b>Seattle Senior Housing Program Projects</b>		<b>\$ 1,120,000</b>
<b>Indirect Service Fee</b>		<b>\$ 101,000</b>
<b>Total 2013 MTW Block Grant Budget for SSHP</b>		<b>\$ 1,221,000</b>
<b>Other MTW Funded Capital Projects</b>		
All Communities	Management Improvement through Technology	\$ 526,000
All Communities	Agency-wide allowance for Carbon Dioxide alarms and water intrusion studies	250,000
<b>Other MTW Funded Capital Projects</b>		<b>\$ 776,000</b>
<b>Total 2013 MTW Capital Budget</b>		<b>\$ 10,838,000</b>

### Special Portfolio Projects

Bay View Tower	Paint exterior cement overhang, install additional security camera on North side of building.	\$ 11,000
Fir Street Apartments	Repaid siding and windows, replace in two units.	3,000
Lake City Commons	Paint trim and add chamfer to windowsill trim to improve water runoff, replace or refinish bathtubs, install fence on South side.	32,000
Longfellow Creek Apartments	Repair roofs, gutters and down spouts, replace awnings at common doors.	41,000
Mary Avenue Townhomes	Coat deck and investigate soffit.	12,000
Montridge Arms	Major repairs to siding and windows for water intrusion damage, repair parking lot drain.	200,000
Spruce Street Townhomes	Repair siding, repair garage door, repair and paint roof tie offs, clean roof and gutters	8,000
<b>Special Portfolio Subtotal</b>		<b>\$ 307,000</b>

### Special Portfolio – Other Projects

Greenwood Apartments	Remodel kitchen and replace bathroom cabinets in vacant unit. Add vanities and medicine cabinets to bathrooms. Install heat lamps and fans in bathrooms	\$ 18,000
Roxhill Court Apartments	Sidewalk cracks and un-level surfaces through the property need repairs.	4,000
Main Street Apartments	Repair exterior walkways and install interior fans, replace weather stripping at entry.	19,000
924 Marin Luther King Way	Repair entry deck, reposition stair support post and install metal structure connectors at all major framing joints, review stair tread condition and replace as required.	2,000
<b>Special Portfolio Other Projects Subtotal</b>		<b>\$ 43,000</b>



**CY 2013 Limited Partnership and HOPE VI Capital Projects**

Holly Park LP (Phase I)	Replace whole house fans, replace hot water heaters, repair exterior lighting, appliance allowance, replace floor, replace circulation pumps, repair or replace mixing valves, repair sidewalks, repair roofs.	\$ 136,100
Othello LP (Ph II)	Appliance allowances, replace flooring, replace hot water tanks for Hillside units, replace CPVC and redirect down spout or gutters.	65,100
Desdemona LP	Appliance allowance, replace floor, replace wood fencing, and repair sidewalks.	46,800
Ritz Apartments LP	Replace carpet on front stairs and landings, paint windowsill caps and caulk.	21,000
Ravenna School LP	Replace roof, repair or replace rain gutters and downspouts.	75,000
Escallonia LP	Appliance allowance, replace doors, replace unit carpet, upgrade ACAM, replace hot water tanks, replace kitchen countertops, replace mixing vales and pumps, clean roofs and gutters, pressure wash all units, paint trim and doors.	182,000
High Point North LP	Appliance allowance, ongoing painting and upkeep of exterior trim, install carpeting, repair interior doors, repair boiler panels, replace stove- top element.	99,900
High Point South LP	Replace countertop, repair interior doors, laminate tub surrounds and replace durable elements.	8,600
LIPH LP (homeWorks I)	Abate hazardous materials, replace batteries, burnish interior stainless steel elevator doors, install additional security cameras to enhance existing system, replace appliances, repair sidewalk, replace boilers, seal and restripe parking lot, replace shower surrounds, repair sewer pipe, replace failing window seals, abatement and replace laundry room floor, bird proof Emergency Exit stairwells, replace gate at entrance to generator area.	276,200
LIPH LP (homeWorks II)	Abate hazardous materials, replace batteries, burnish interior stainless steel elevator doors, install additional security cameras to enhance existing system, replace appliances, repair sidewalk, replace boilers, seal and restripe parking lot, replace shower surrounds, paint interior hallways, clean and seal basement floor, seal brick exterior, repair exit door and area, replace fence, repair handrail, repair or replace metal ceiling panel supports.	215,400

LIPH LP (homeWorks III)	Abate asbestos, burnish interior stainless steel elevator doors, repair ceiling tie, install additional security cameras to enhance existing system, appliance allowance, repair sidewalk, replace boilers, seal and restripe parking lot, replace shower surrounds, replace baseboard heaters at Community Room.	177,900
<b>Total CY 2013 Limited Partnership Capital Projects subtotal</b>		<b>\$ 1,304,000</b>
<b>CY 2013 Redevelopment Capital Project Expenditures</b>		
1105 East Fir Street	Second year of a three-year construction project to build 103 low-income units to support the Yesler Terrace relocation effort.	\$ 14,560,000
Baldwin Renovation	Second and final year of rehabilitation of the 15-unit Baldwin Apartments.	2,320,000
Hill Climb	CNI funded project at Yesler Terrace.	350,000
Leschi House	Leschi House redevelopment is scheduled to close in mid-2013.	8,146,000
Steam Plant at Yesler Terrace	This is the second year of a three-year project to transfer the historic steam plant at Yesler Terrace into an early education empowerment center.	4,236,000
Community Services for Yesler Terrace	Choice Neighborhood Initiative funds will support various community services activities in 2013	648,000
<b>Total CY 2013 Redevelopment Capital Expenses</b>		<b>\$ 30,260,000</b>
<b>Total CY 2013 Non-MTW Capital Budget</b>		<b>31,914,000</b>
<b>Total CY 2013 Capital Expenditures</b>		<b>42,752,000</b>

## Grant Program Descriptions

In CY 2013, grant expenditures for community services and technical assistance activities are budgeted at \$803,551 as detailed below.

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2013 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>ROSS Service Coordinators Program Grant</b>	\$708,759	\$237,000	6/24/2011 to 6/23/2014
<p>Seattle Housing Authority received the Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators grant of \$708,759 from the US Department of Housing and Urban Development. This grant will help fund services to help low-income residents achieve their self-sufficiency goals. This grant is part of \$31 million awarded nationally to some 110 public housing authorities, resident associations and nonprofit organizations under HUD's Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators Program. The funding will support three full-time Economic Opportunity Specialist positions at the Seattle Housing Authority. This staff will provide case management which will assist public housing residents, particularly at New Holly and Yesler Terrace. Staff will work with residents to set goals pertaining to employment, education, savings accounts, budgeting or homeownership and then help them connect to the resources they need to achieve their goals. The grant will fund staffing for three years.</p>			

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2013 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>Housing Choice Voucher Family Self- Sufficiency (FSS) Coordinator</b>	\$345,000	\$345,000	1/1/13 to 12/31/13
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists participants in their efforts to become self-sufficient. FSS staff will provide one-on-one case management support to assist HCV participants in their efforts to: overcome barriers that prevent them from moving forward; identify services that are available to assist them; set goals and the steps to reach those goals; and obtain employment and training services offered by local providers. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home or for other approved self-sufficiency uses.</p>			

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2013 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>Public Housing Family Self-Sufficiency</b>	\$69,000	\$69,000	6/15/12 to 6/14/13
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists participants in their efforts to become self-sufficient. FSS staff provide one-on-one case management support to assist LIPH participants in their efforts to: overcome barriers that prevent them from moving forward; identify services that are available to assist them; set goals and the steps to reach those goals; and obtain employment and training services offered by local providers.. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home or for other approved self-sufficiency uses.</p>			

<b>Service Grant</b>	<b>Total Services Award</b>	<b>CY 2013 Budgeted Services Receipts</b>	<b>Grant Award Period</b>
<b>Sound Families Initiative</b>	\$400,000	\$19,840	2/1/07 – 12/31/17
<p>This grant award from the Gates Foundation under the Sound Families Initiative included \$400,000 of capital funding for 20 new public housing units at High Point, and \$400,000 for case management services for 30 formerly homeless families living in units at Wisteria Court (10 units) or High Point (20 units). The funding dedicated to services is used to support a ten year contract with Family Services which has two full-time case managers working with the 30 families.)</p>			

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2012 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>Robert Wood Johnson Foundation</b>	\$206,957	\$8,660	11/30/09-3/30/13
<p>The King County Housing Authority (lead agency) in partnership with the Seattle Housing Authority (SHA) and Seattle King County Public Health was awarded a Healthy Kids Healthy Communities grant from the Robert Wood Johnson Foundation to reduce childhood obesity through supporting healthy eating and active living for children. The SHA targeted communities are High Point and New Holly. SHA is using its portion of the grant award to cover the costs of a part-time Public Health Coordinator. An Extension will be requested for the Robert Wood Johnson Foundation grant.</p>			

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2013 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>Lake City Village HOPE VI Grant</b>	\$501,154*	\$124,051	12/9/2009-7/15/2013
<p>This funding will be used at Lake City Village to support employment services provided by the Economic Opportunities program and a contract with Children's Home Society in order to operate the onsite computer lab. Additional uses include community building activities, supportive services activities, and various other functions at the Lake City Village redevelopment.</p>			

\*A budget amendment is being negotiated with HUD.

Service Grant	Total Award	CY 2013 Budgeted Receipts	Grant Award Period
<b>Choice Neighborhoods Initiative at Yesler Terrace</b>	See Capital Section	\$647,647*	See Capital Section
<p>If awarded phase two of the Choice Neighborhood grant, the Seattle Housing Authority will continue our cradle-to-college education initiative in the Yesler neighborhood until at least the summer of 2019. We will also be able to financially support Neighborcare Health to hire two Yesler residents to serve as Community Health Educators for up to seven years, and we will increase job placement services on-site at Yesler Terrace for up to seven years.</p>			

\*This amount is not captured in the grants total. Please see the capital section of the budget book

### Seattle Housing Authority Grant Program CY 2013

Name	Date	Amount	CY 2011	CY 2012	CY 2013	Remaining
ROSS Service Coordinators Grant	2011	\$708,759	\$68,492	\$243,283	\$237,000	\$159,984
HCV Family Self-Sufficiency Coordinator Grant	2013	345,000	-		345,000	-
Public Housing Family Self-Sufficiency Grant	2012	69,000	-		69,000	-
Sound Families Initiative	2007	400,000	60,000	19,840	19,840	59,520
Robert Wood Johnson Foundation	2009	206,957	51,548	56,909	8,660	0
Lake City Village HOPE VI Grant	2009	501,154	85,312	291,791	124,051	0
Communities Putting Prevention to Work- Smoking Cessation	2010	168,668	89,428	13,835	0	0
<b>TOTAL</b>		<b>\$2,399,538</b>	<b>\$354,780</b>	<b>\$625,658</b>	<b>\$803,551</b>	<b>\$219,504</b>

Note: Grants supporting Family Self-Sufficiency programs are estimated amounts; grant awards have not yet been announced for 2013.

## Limited Partnership Operations

SHA has fifteen tax credit partnerships that are component units, as defined by GAAP. "Component units" are legally separate organizations, but for which the governing officials of the primary government (SHA) are financially accountable. In 2013, Rainer Vista Northeast will be leased up.

SHA is the General Partner, Developer, and Managing Agent for each of the tax credit limited partnerships; while each partnership has a common structure, the specific provisions of each partnership are represented in several documents unique to each partnership. An auditor agreeable to the limited partners audits each component unit annually.

When applicable, intercompany allocated costs will be incorporated into the final recommended budgets that will be sent to the various limited partners in October. In approving the 2013 SHA Budget resolution, the Board of Commissioners will approve the draft LP Budgets and recognize that final budget approval rests with the Limited Partners. Below are the 2013 draft budgets that were finalized in October and November of 2012 and submitted to the General Partner (SHA) and the Limited Partners for approval.

## Operations of Limited Partnerships where SHA is the general partner.

Name	Ravenna School LP	Othello LP	Desdemona LP	Escallonia LP	High Pt North LP	Ritz Apts LP	Aldercrest Apts LP	homeWorks Phase I
<i>First year of operations</i>	1998	2001	2002	2002	2003	2004	2005	2007
# of units	39	96	219	184	344	30	36	704
Rental Income	239,315	407,546	1,024,579	745,783	1,411,100	193,369	259,802	1,810,133
Operating Subsidy	8,200	203,198	526,610	270,412	591,041	-	-	1,949,292
HCV Subsidy	-	216,000	328,284	450,110	880,000	-	-	-
Other Income	25,802	89,362	214,909	154,164	411,826	(102)	10,877	222,480
Other SHA Funds	-	24,916	34,000	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>273,317</b>	<b>941,022</b>	<b>2,128,383</b>	<b>1,620,469</b>	<b>3,293,967</b>	<b>193,267</b>	<b>270,679</b>	<b>3,981,905</b>
<b>Administrative Expenses</b>								
Salaries	41,680	71,745	135,001	113,389	206,108	9,535	26,622	406,320
Other Admin Costs	45,442	120,553	228,696	212,920	540,335	29,874	34,659	647,526
Utilities	58,959	208,690	414,749	340,247	542,620	19,108	33,445	754,403
Tenant Services	100	1,200	2,630	660	3,000	-	32,277	4,628
<b>Maintenance &amp; Repair</b>								
Salaries	-	92,274	165,412	109,740	204,582	5,932	22,841	-
Supplies	-	24,800	48,600	63,648	103,000	1,174	2,500	-
Contracts	77,912	47,856	127,969	119,991	306,899	11,523	40,405	1,322,547
<b>General Administrative Exp</b>								
Property Insurance	8,787	31,314	58,238	62,527	113,256	9,179	11,917	201,206
Benefits, other	20,152	62,912	155,667	105,059	196,089	6,821	24,425	187,802
<b>Financial Expenses</b>	<b>8,585</b>	<b>154,870</b>	<b>533,583</b>	<b>292,680</b>	<b>519,720</b>	<b>56,663</b>	<b>2,105</b>	<b>155,457</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>261,617</b>	<b>816,214</b>	<b>1,870,545</b>	<b>1,420,859</b>	<b>2,735,609</b>	<b>149,809</b>	<b>231,196</b>	<b>3,679,889</b>
<b>NET INCOME (LOSS)</b>	<b>11,700</b>	<b>124,807</b>	<b>257,838</b>	<b>199,610</b>	<b>558,358</b>	<b>43,458</b>	<b>39,483</b>	<b>302,016</b>

## Operations of Limited Partnerships where SHA is the general partner.

Name	homeWorks Phase II	HighPoint South LP	homeWorks Phase III	South Shore LP	Lake City Village LP	Tamarack Place	Rainier Vista Phase III LP	TOTAL 2013 LP BUDGET
<i>First year of operations</i>	2008	2008	2009	2009	2011	2010	2011	
# of units	691	256	586	44	86	83	118	3516
Rental Income	1,762,027	863,864	1,462,400	348,520	285,710	180,037	265,729	11,259,914
Operating Subsidy	1,904,356	186,449	1,748,017	-	220,868	153,324	209,602	7,971,369
HCV Subsidy	-	1,756,832	-	-	167,133	301,240	468,343	4,567,942
Other Income	244,645	284,293	164,960	4,589	42,910	69,252	136,516	2,076,484
Other SHA Funds	-	-	-	-	-	-	-	58,916
<b>TOTAL REVENUE</b>	<b>3,911,028</b>	<b>3,091,438</b>	<b>3,375,377</b>	<b>353,109</b>	<b>716,621</b>	<b>703,853</b>	<b>1,080,189</b>	<b>25,934,625</b>
<b>Administrative Expenses</b>								
Salaries	385,622	154,722	329,883	24,532	70,984	55,805	71,982	2,103,930
Other Admin Costs	633,390	408,819	552,679	52,171	104,388	99,838	159,244	3,870,534
Utilities	739,911	384,602	648,266	40,490	141,617	115,423	233,443	4,675,973
Tenant Services	10,021	68,000	6,077	-	750	302	426	130,071
<b>Maintenance &amp; Repair</b>								
Salaries	-	160,452	-	19,738	69,379	53,486	72,116	975,951
Supplies	-	78,250	-	2,079	11,500	9,000	19,657	364,208
Contracts	1,364,467	255,257	1,179,098	29,199	51,903	20,784	70,947	5,026,757
<b>General Administrative Exp</b>								
Property Insurance	196,061	96,168	167,480	13,862	49,318	21,765	31,062	1,072,140
Benefits, other	178,622	174,829	158,170	22,490	66,160	66,696	68,238	1,494,131
<b>Financial Expenses</b>	<b>151,337</b>	<b>923,500</b>	<b>126,677</b>	<b>93,795</b>	<b>4,370</b>	<b>151,591</b>	<b>144,329</b>	<b>3,319,263</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,659,432</b>	<b>2,704,599</b>	<b>3,168,330</b>	<b>298,356</b>	<b>570,368</b>	<b>594,689</b>	<b>871,444</b>	<b>23,032,957</b>
<b>NET INCOME (LOSS)</b>	<b>251,596</b>	<b>386,838</b>	<b>207,047</b>	<b>54,753</b>	<b>146,252</b>	<b>109,164</b>	<b>208,745</b>	<b>2,901,667</b>



## More about our Economic Opportunity program

Seattle Housing Authority's Economic Opportunity program helps residents get the support they need to make positive changes in their lives.

Our Economic Opportunity staff helps residents achieve greater stability and financial independence by helping them:

- ✔ Overcome barriers to progress
- ✔ Determine their needs, interests and unique skills
- ✔ Set goals for the future and work toward them
- ✔ Connect to services
- ✔ Establish ongoing support to make positive, lasting life changes

