



CY 2014 Adopted Budget



Yesler Terrace Redevelopment






SEATTLE HOUSING AUTHORITY

2014 ADOPTED BUDGET

Presented to
SEATTLE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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September 11, 2013

SHA Board of Commissioners
2014 Proposed Budget

Dear Commissioners:

Today, I present to you the Seattle Housing Authority's 2014 Proposed Budget. The total expense budget proposed for 2014 equals **\$212.5 million**, with the operating budget (including service grants) at **\$70.3 million**, the Housing Assistance Payments at **\$85.7 million**, the capital budget at **\$16.8 million** and the redevelopment budget at **\$39.7 million**. In total, the proposed budget increases **7.9 percent** over 2013, with the budget growth driven by the capital and redevelopment budgets which increase by more than **30 percent**. By contrast, SHA's core operating budget increases 2.2 percent and Housing Assistance Payments – the largest single component of the budget – are basically flat at +0.3 percent. Thus, **our non-capital uses for housing programs and rental assistance, services, maintenance and administration advance only 1.1 percent over the 2013 Budget.**

Our increases on the capital and development side of the budget derive from four sources:

- SHA's success in competing for federal and local grants, limited investment partners, and lenders;
- Our good credit that allows SHA to refund existing bonds and sell new bonds at favorable terms and with added equity to provide for needed capital repairs;
- Our prudence in putting aside replacement reserves from operating revenues for many of our properties that are available when our capital needs require increased funds; and
- Our persistence in resolving our dispute with HUD related to public housing operating and capital funding for the Senior Housing Program.

On the Operating side of the budget, we rely on federal Move to Work (MTW) block grant funds for approximately 75 percent of our resources for program operations and maintenance, rental assistance, and administration. The last two years has seen Congress put in place about \$2 trillion dollars of deficit reduction measures for the next ten years, and nearly all of the reductions have been spending cuts in discretionary programs as opposed to cuts in mandatory spending or increases in revenues.

Adapting to Leaner Times

SHA has stayed ahead of the federal funding reductions since they started in 2011-12 by recognizing the weight of the government reductions favored retrenchment in federal funding, especially for discretionary programs, and that this would usher in a long-term shift in federal social policy and funding.

We have reduced more than 100 staff positions between 2011 and 2013 and made every effort to change our business practices to be more efficient so we could absorb reductions while mitigating impacts on residents and participants. That has been our goal – to find ways to work smarter; ways to employ technology to allow us to increase productivity; ways to reorganize work to take best advantage of our resources; ways to create more partnerships to help us positively affect the lives of our residents and participants; and ways to prioritize our work so we focus on the most important and productive activities we can.

We know our cuts over the last few years have not been without service and response time impacts on our residents and voucher participants or without impacts on our staff, who have shouldered an ever-increasing workload as we all perform our best with fewer resources to meet our mission. It is a tribute to every SHA staff person that our collective allegiance to our mission is so strong and that we are adapting and changing to meet the challenges that federal retrenchment requires.

Unlike many other housing authorities, SHA has not cut any residents or participants out of housing, or turned them back because federal funds weren't enough. While we have not yet issued vouchers to the waitlist we created this summer, we will begin doing so in the coming months. And, where we find that changes we have made have too severe an impact on staff and service to our clients, we are making adjustments.

I am pleased to say that this is the first time in four years we will have a net increase in staff, instead of cuts. In total the full-time equivalent positions at SHA will increase from 485.25 this year to 492.93 positions in 2014, a net increase of 7.68 positions. This net increase is the result of a decrease of 5.12 FTEs – mostly through grant funds ending or as a result of increased efficiencies from technology – and an increase of 12.8 positions. Many of the increased positions will help us address workload increases, increase responsiveness in our focus on improving site-focused service delivery, and implement construction activities in Yesler Redevelopment.

SHA's Employees – Our Most Important Assets

It is important that we recognize that we have not reduced our services in proportion to the cuts we've made in our staffing levels. While we have changed business practices that have made our work more efficient and introduced more use of technology to gain efficiencies, we have also called on ourselves and all of our staff to do more, learn more, and work smarter. This has taken its toll in the form of increased stress for many employees.

We have the tremendous advantage of staff throughout and at every level of the organization who are dedicated to SHA's mission and values:

- ✓ ***Our Mission*** – Everyday, we work to enhance the Seattle community by creating and sustaining decent, safe, and affordable living environments that foster stability and increase self-sufficiency for people with low incomes.
- ✓ ***Our Values*** – As stewards of the public trust, we pursue our mission and responsibilities in a spirit of service, teamwork, and respect. We embrace the values of excellence, collaboration, innovation, and appreciation.

These are not just words on paper, they have a life in every SHA employee and it is and has been our common commitments to SHA's mission and values that are the wellspring of our strength to weather tough times and embrace change to build a better future for those we serve.

I am humbled to stand beside those I lead for I know that it is their dedication, their compassion, their ideas, and their incredible hard work that are the sustenance of SHA's day in and day out service to our low-income residents and participants. They make the difference and I'm incredibly proud of SHA's employees. Please join me in thanking them.

We Remain Bold in Pursuit of our Aims

In October 2010, when the Board of Commissioners adopted The 2011-2015 Strategic Plan, they anticipated that the agency would experience significant challenges due to the economic environment, our financial capacity, and the uncertainty of our future federal funding. The Strategic Plan continues to guide our investments and priorities and to provide direction as we navigate the changing fiscal landscape.

In the enclosed CY 2014 SHA Proposed Budget Book, we set forth the 2014 policy initiatives and the strategic priorities from the plan that will guide our aims for 2014 and we present the 2014 budget for each of our Departments and Funds.

Conclusion

We have both hard and exciting times ahead. We do important work for low-income people, about whose well-being and dignity we care deeply. Our Yesler Terrace Redevelopment project is the most important, most compelling, and most challenging enterprise SHA has yet undertaken. We will need all our collective dedication, energy, and boldness to weather the storms we will meet and succeed in the transformation of the Yesler Terrace neighborhood to meet the vision and principles recommended by the original Citizens Review Committee and adopted by the Board of Commissioners as the foundation for our work.

I have great confidence that the staff and Board of the Seattle Housing Authority have the dedication, the skills, the courage, and the fortitude to create the future we seek.

Sincerely,



Andrew J. Lofton
Executive Director
Seattle Housing Authority

cc: Cabinet Members

SEATTLE HOUSING AUTHORITY CY 2014 ADOPTED BUDGET 2

WHAT IS SEATTLE HOUSING AUTHORITY4
STRATEGIC CHOICES FOR 20145
OPERATING AND CAPITAL BUDGET COMPARISONS – 2013 VS. 2014.....22
NAVIGATING THE BUDGET: WHAT’S IN THIS DOCUMENT.....27

DEPARTMENT BUDGETS 29

EXECUTIVE BUDGET33
DEVELOPMENT BUDGET37
HOUSING FINANCE AND ASSET MANAGEMENT BUDGET43
ASSET MANAGEMENT COMMERCIAL FACILITIES45
FINANCE AND ADMINISTRATIVE SERVICES BUDGET.....48
INFORMATION TECHNOLOGY BUDGET55
HOUSING OPERATIONS BUDGET.....59
HUMAN RESOURCES75
HOUSING CHOICE VOUCHER PROGRAM BUDGET80

FUND SUMMARIES 85

INTRODUCTION86
MTW GENERAL FUND87
SEATTLE SENIOR HOUSING PROGRAM88
MARKET TERRACE89
COMMUNITY SERVICES FUND90
BAYVIEW TOWER91
REFERENDUM 3792
SPECIAL PURPOSE VOUCHERS93
SECTION 8 MODERATE REHABILITATION PROGRAM94
LOCAL FUND95
LOCAL HOUSING PROGRAM96
FOR SALE PROPERTIES.....97
PARKS.....98
DEVELOPMENT99
WAKEFIELD100
SHA TAX CREDIT PROPERTIES.....101
CENTRAL SERVICES OPERATING CENTER (CSOC).....102
IMPACT PROPERTY SERVICES103
IMPACT PROPERTY MANAGEMENT104
BALDWIN AND YESLER REDEVELOPMENT ACTIVITY105

CAPITAL IMPROVEMENT PROGRAM, GRANTS, AND LIMITED PARTNERSHIPS 106

CAPITAL IMPROVEMENT PROGRAM SUMMARY107
REDEVELOPMENT OF HOUSING COMMUNITIES.....108
CHOICE NEIGHBORHOODS IMPLEMENTATION: YESLER TERRACE – REDEVELOPMENT109
NEW ACQUISITION, DEVELOPMENT, AND PLANNING114
GRANT PROGRAM DESCRIPTIONS123
LIMITED PARTNERSHIP OPERATIONS126

Seattle Housing Authority CY 2014 Adopted Budget

Introduction

The Calendar Year (CY) 2014 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 CY 2014. The CY 2014 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.¹ 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 2014 Budget, we have faced the virtual certainty of reductions in our ongoing Move to Work federal funding sources. At the same time, we have little information to know the extent of cuts Congress and the President will make to domestic discretionary programs. Our budget reflects a modest reduction in our federal MTW resources, while some reports out of Washington D.C. warn of the potential for large reductions. What does seem likely is that we will again face another Continuing Resolution that would carry forward the 2012 federal budget with whatever additions or reductions to the 2012 base that Congress includes in the bill. The modest course we have steered is based on the Congressional Budget Office's projections of 2014 funding levels under the actions Congress took earlier this year to modify the Budget Control Act of 2011 and the ten year budget ceilings, inclusive of sequestration.

We will also likely face a confrontation within Congress over raising the debt ceiling by mid-October. The House leadership has already announced plans to embroil the 2014 budget in the debate over the debt ceiling, as they seek to reduce federal spending by at least as much as they increase the debt ceiling. While we should have some knowledge of Congressional action on the 2014 federal budget by this fall, we can expect that it will be well into next year before SHA will have funding allocations from HUD.

¹ 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.

We have prepared the 2014 Budget taking a modest approach to the potential level of reductions we could face. Whereas we have projected funding gaps of \$10.3 million and \$4.5 million in 2012 and 2013 respectively, we are estimating a shortfall in our revenues relative to the cost of sustaining existing programs and service levels of \$2 million. We addressed the projected \$2 million gap through targeted revenue and expense measures and otherwise asked SHA department directors to submit status quo budgets, including inflation in 2014 costs. And, in the 2014 Budget, we will not have other service cuts or layoffs resulting from federal funding reductions.

The 2014 SHA Budget has total expenses of **\$212.5 million**, with the Operating Budget (including service grants) at **\$70.3 million**; the Housing Assistance Payments at **\$85.7 million**; the Capital Budget at **\$16.8 million**; and the Redevelopment Budget at **\$39.7 million**. The 2014 Budget of \$212.5 million exceeds the total 2013 Adopted Budget by **7.9 percent** or \$15.5 million, \$13.7 million of which represents increases in resources for the Capital and Redevelopment budgets from dedicated external sources. The core operating and rental assistance programs in 2014 are only \$1.8 million or **1.1 percent** above the adopted 2013 Budget.

The increases in the Capital and Redevelopment budgets reflect four things. On the Redevelopment side, the increases reflect SHA's continuing success in securing federal, state, and local competitive grants and securing private investors and lenders to participate in mixed-finance development projects -- currently for Yesler Terrace Redevelopment and for the Leschi Senior Housing rehabilitation and expansion project.

The increases on the Capital budget side are due to three factors. First, we are refinancing several local housing portfolio bonds and achieving two aims -- to reduce annual debt service payments through lower rates and a longer amortization period, and to add funding for critical capital needs for several of these properties. Second, we have estimated an additional \$2.0 million in capital funds in 2014 for our Senior Housing portfolio long term capital plan to address building envelop and elevator rehab/replacement needs. This is based on our anticipation that we will resolve our funding dispute with HUD for inclusion of the SSHP units in the calculation of our public housing subsidy funding. Finally, we are using more of our capital replacement reserve balances in 2014 to address capital needs of the properties.

While there will be no layoffs due to federal budget reductions planned for the 2014 Budget, there will be planned staffing reductions resulting from time-limited or grant-funded positions expiring and from reduced workload based on conversion of administrative processes from manual to automated processes. We will also address a few key service needs and workload issues with added staff capacity, as well as authorize new grant-funded positions. In total, SHA will **add a net of 7.68 positions (FTE's)** in 2014 for a **total of 492.9 FTE positions**.

This is the first time we have been able to add a net number of positions since 2010. Over the period 2011 through 2013, SHA reduced 106 FTE positions, or 18 percent of our total capacity, in order to absorb federal funding cuts. At 492.9 positions for 2014, we remain 100 positions below our 2010 level.

Unlike 2013, when we felt we could not afford to cut more staff to fund a wage increase, we are proposing a cost of living increase in this budget for SHA employees, based on the Budget Office's projection of inflation of 2 percent. We have informed our Union representatives of this and are engaged in good faith bargaining to reach contract renewal with the Trades, Teamsters, and OPEIU. The outcome of these negotiations will finalize contract terms for our unionized employees.

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 and exceed this number in 2014 as a result of completing 35 new elderly units at Leschi House in later 2014; the addition of 35 vouchers in the Veterans Affairs Supportive Housing program (VASH); and, 181 new vouchers for Yesler replacement units. We will also issue vouchers lost by attrition through applications from the voucher waitlist. We will also serve more low income people in non-traditional ways through local partnerships to provide short subsidy, shallow subsidy, and/or rapid rehousing – and policies in tandem with rent reform that might allow us to help a broader range of low-income people needing housing.

What is Seattle Housing Authority

The Seattle Housing Authority (SHA) is a municipal corporation, created under Washington state law that provides affordable housing to more than 29,000 low-income people in neighborhoods throughout Seattle. Over 10,800 residents are elderly or disabled and over 9,600 are children. More than 85 percent of the households served by SHA have incomes below 30 percent of the Area Median Income (AMI). The average income for SHA households is just under \$13,000 per year.

SHA owns, manages, or supports over 18,000 housing units in several programs. Approximately 6,300 units are subsidized by HUD's Public Housing program serving families and individuals with very low-incomes, including nearly 900 housing units serve seniors and people with disabilities as part of the Seattle Senior Housing Program. SHA operates 130 units funded with HUD's Section 8 New Construction Program, targeted for people below 30 percent of AMI. In addition, SHA provides about 1,000 other locally funded units of work force and affordable rental housing, about half of which are tax credit units in HOPE VI communities targeted for residents with income between 40-60 percent of AMI. SHA administers more than 9,885 Housing Choice Vouchers which provide rental assistance in privately owned units. SHA also contracts for nearly 760 Section 8 Mod Rehab units operated by non-profit providers in the community.

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.

Strategic Choices for 2014

STRATEGIC POLICY INITIATIVES

During the current year, the Executive Director and the Leadership Cabinet developed and discussed with the Board of Commissioners an agenda of policy initiatives. We expect that four of those initiatives will require decisions by the Board in 2014. The four are:

- Rent policy;
- Admissions policy – criminal background;
- Scattered site repositioning; and
- Considering the goal of serving more people every year.

The common impetus underlying most of these initiatives is threefold:

1. How do we serve the growing need for low-income housing at a time resources are more and more constrained?
2. How do we operate more efficiently and raise new revenues to become more locally self-reliant in sustaining our housing stock and housing services?
3. In light of fewer resources and increasing demand, how can we change our policies, programs, and operations to address the broader need at lower cost?

Each of the four policy initiatives is described briefly below, including background on the issue, goals and objectives, and activities expected in 2014.

RENT POLICY

❖ **BACKGROUND**

Since first becoming a Move to Work (MTW) agency, SHA has used its MTW authority to make changes to the HUD-prescribed methods of calculating tenant rent in the public housing program. In the past few years, we have also added changes to the Housing Choice Voucher tenant rent calculation. In the past, our changes have been relatively minor in scope and impact. With the current federal financial forecast calling for continuing declines in subsidies for HUD programs and in light of our growing waiting lists for housing assistance, SHA is considering additional changes to its rent policies. The renewed look at SHA's rent policies for low-income public housing and Housing Choice Vouchers began in 2011 and will continue throughout 2014, with the possible schedule for implementing changes to start in 2015.

❖ **GOALS/OBJECTIVES**

At this writing in August 2013, we are engaged in clarifying the goals to achieve with a new rent policy; evaluating alternative rent policies of other MTW housing authorities to learn from the experience of others; defining the questions we want to ask and answer about how any potential changes in our rent policies would align with different goals; and beginning the assessment of how potential changes would impact SHA, our current and future residents, and Housing Choice Voucher participants. Four goals underpin the staff's work in evaluating rent policy changes:

- Create and administer a fair, equitable rent policy;
- Create and administer a rent policy that encourages self-sufficiency;
- Strive to provide housing assistance to more low-income people; and
- Create a system where SHA can assure that it can maintain our housing stock in a safe and decent condition and sustain our core housing programs and services.

In addressing these objectives, the staff also seeks to simplify and streamline the rent determination processes, so it is more efficient, more understandable, and less intrusive in the lives of the low-income people we serve.

❖ **2014 ACTIVITIES/STATUS**

During the remainder of 2013, we hope to complete research, finalize the goals we seek to achieve, identify potential changes to current rent policies, and undertake initial consultation with stakeholders about the goals and how to achieve them. In 2014, we anticipate asking the Board for approval to draft new rent policies for broad and robust discussion with stakeholders and the community. Following that process, we will recommend new rent policies for the Board's consideration and action. The remainder of 2014 will be devoted to communicating the new policies to tenants and voucher participants; training staff to administer the new policies; and modifying our electronic rent calculation system to prepare for implementation in 2015. We will also, as needed, amend our MTW Plan to reflect the final decisions of the Board.

ADMISSIONS POLICY – CRIMINAL BACKGROUND

❖ **BACKGROUND**

In 2011, HUD Secretary Shaun Donovan asked public housing authorities to review their admissions policies and use discretion regarding people who have criminal records in light of mounting data and research showing mass incarceration rates have disproportionately impacted low-income people of color. In addition, earlier this year HUD adopted a final rule that codifies long-standing legal theory that neutral policies having a disparate impact on protected classes may constitute a violation of Fair Housing laws.

Locally, Seattle's Office of Housing has convened a stakeholder group comprised of SHA and other low-income housing providers to examine barriers to housing for people with criminal records in light of the community goal to end homelessness. SHA is involved in the Committee to End Homelessness in King County, and we continue to be active in this effort with our local partners. In addition, we have formed an internal staff workgroup to evaluate our admissions policy and develop any proposed changes.

❖ **GOALS/OBJECTIVES**

There are passionate advocates on behalf of ex-offenders seeking to break down barriers to new opportunities for people who have served their time. Access to housing is an

acknowledged cornerstone for stability. There are also genuine fears and concerns of existing residents and voucher landlords about altering current admissions policies for those with criminal backgrounds. This is an emotional issue on both sides; one where data and education are critical components; and one where open honest engagement of all stakeholders – staff, residents, landlords, advocacy and civil liberties groups, and ex-offenders – will help set the basis for any new policy to succeed. The goals and objectives for SHA’s effort include:

- Examine our current admissions policy on criminal history to meet the intent of Secretary Donovan’s letter and compliance with the recent HUD rule on implementation of the Fair Housing Act’s Discriminatory Effects Standard;
- Conduct a robust public process with staff, residents, and other stakeholders regarding potential changes to SHA’s policy on criminal history and admissions;
- Draft proposed changes to SHA’s admissions policies regarding criminal background and suitability criteria for the Board’s consideration and action;
- Effectively implement any changes in admissions policy, ensuring that residents are aware of changes and how they will be implemented;
- Train all property management staff to make sure the policies are consistently and effectively implemented; and
- Consistently apply the same policy and procedures regarding admissions for people with criminal history for all properties owned, managed and operated by SHA.

❖ **2014 ACTIVITIES/STATUS**

In 2014, we expect to conduct an outreach process with stakeholders about any proposed changes to our admissions policy regarding criminal history. We will report on and take account of the feedback in formulating the proposed policy presented to the Board of Commissioners for consideration. We will continue to participate in external groups to support the community goal of preventing and ending homelessness by focusing on certain populations facing higher barriers to housing. Likewise, we will seek partnerships with service providers to support residents through the Landlord Liaison project, Pioneer Human Services, and other non-profits working to provide stable housing for the reintegration of people who have criminal records.

SCATTERED SITE REPOSITIONING

❖ **BACKGROUND**

From 2004 through 2009, SHA sold 196 Scattered Site units and replaced 188 of the units in projects throughout Seattle. This left the Scattered Site portfolio with 715 remaining units located throughout the City in properties ranging from single-family residences to a twenty-four unit apartment building. As operating and capital subsidies have tightened and the Scattered Site homes and buildings have aged, this portfolio is financially unsustainable with its current number of units and buildings. In 2012, a staff team began to examine how we might further reposition this portfolio to reduce operating and capital costs.

Embedded in this process are a number of policy questions – what criteria should be used to select units/buildings we would dispose of? With the redevelopment of our family communities, do we need to maintain all the large single-family homes in this portfolio? Should we reduce the physical portfolio to a more manageable size and replace some units with vouchers? To what extent should we make choices on which properties to keep or where to buy/build replacement units with an intention of locating Scattered Sites in high opportunity neighborhoods? To what extent should we consolidate around other SHA

properties where social service opportunities exist and where proximity could reduce operating and maintenance costs?

❖ **GOALS/OBJECTIVES**

A primary consideration in thinking about repositioning the Scattered Site portfolio is the significant per unit cost of this portfolio. Because the portfolio is so large and scattered in single-family homes and small apartment buildings across the city, it is inefficient to manage, capital needs far outpace resources, and there are few economies of scale in the operating costs. Aside from reducing our future costs, however, consolidation of this portfolio provides opportunity to help achieve other goals. Some of the objectives under review include:

- Reduce operating and capital costs associated with owning and operating Scattered Sites;
- Consolidate the portfolio around other SHA properties to decrease management and maintenance costs;
- Consolidate the portfolio around other SHA properties to increase the potential to provide the same social service opportunities to the residents of this portfolio that we provide today at Yesler Terrace, NewHolly, Rainier Vista and High Point;
- Define an optimal portfolio size and composition from the standpoints of the high demand needs of residents and low-income people seeking housing, and of management efficiency and effectiveness;
- Reinforce housing choice and mobility for low-income residents by considering high opportunity neighborhood locations in consolidating the portfolio; and
- If feasible, work in partnership with other agencies to make properties available as affordable homeownership opportunities.

❖ **2014 ACTIVITIES/STATUS**

In 2014, staff will bring to the Board a proposal for further consolidating the Scattered Site portfolio. We will recommend a policy framework for properties identified for disposition and for replacement alternatives. We will also undertake community outreach for review of the plan. Once the Board has adopted a framework for sales and replacement and authorized the properties for disposition, we will seek HUD's approval to dispose of the properties. As part of the framework, we will recommend whether SHA replaces the units with hard units, applies to HUD for Housing Choice Vouchers, or does a combination of these. Once all approvals are obtained, we would begin implementation by relocating tenants and selling the designated properties.

CONSIDERING THE GOAL OF SERVING MORE PEOPLE EVERY YEAR

❖ **BACKGROUND**

The Board has long had a policy that calls for continually increasing both SHA's housing stock (number of hard units) and the number of low-income households served. This policy is embedded in the Strategic Plan and in the Executive Director's accountability goals. As with rent policy and scattered site repositioning, SHA is looking at its mission and the resources available to implement the mission in an environment where we expect our core federal resources to be flat or declining for the foreseeable future. While SHA will continue to avail itself of funding opportunities to add more low-income units to our housing stock, it will continue to be a significant challenge to maintain and sustain the housing we currently have.

Using MTW authority and SHA staff creativity, we continue to look for ways to leverage our resources to enable SHA to touch more people needing housing assistance. We have been very successful in competing for new vouchers when they become available and will continue to apply at every opportunity. In the recent past, this has meant special purpose vouchers for which specific groups, such as homeless veterans, are eligible. The federal government has not been increasing the number of authorized Housing Choice Vouchers and we have been very fortunate to increase our vouchers through conversion of Tenant Protection Vouchers to Housing Choice Vouchers. However, as of this year we have exhausted that source of additional vouchers.

SHA and other MTW agencies across the country are looking for ways to stretch their dollars and serve more people in non-traditional ways. Such methods include short-term subsidies, shallow subsidies, and rapid rehousing. We are using some of our HCV funds to participate in such programs in partnership with United Way, King County, and the City. There are also some housing authorities building projects with very small units (“micro” units) to be able to provide more units at a lower cost per unit. And, there are more agencies offering a fixed-term subsidy in their housing, in order to give the thousands of low-income people on their waiting lists a chance for housing assistance.

❖ **GOALS/OBJECTIVES**

The historical methods to serve more people – build more units and issue more rental assistance vouchers – are limited in the future by virtue of fewer public dollars to support low-income housing. We need to recalibrate our expectations to reflect this reality, while doing everything we can to leverage our resources, to participate in new approaches to housing assistance, and to capitalize on any new opportunities for funds. Our objectives are to:

- Maximize the funding and resources we currently have to sustain the number of households we currently serve;
- Leverage or locate new resources to serve more families, including in non-traditional manners; and
- Continue to implement operational efficiencies that increase our productivity and cost effectiveness.

❖ **2014 ACTIVITIES/STATUS**

During the coming year, we’d like to engage the Board, other MTW agencies, and the community in a dialogue about the challenges the future brings and how we can expand our options for serving people in need in the current environment. If we are to serve the housing needs of more people in the future, we have to think about how our model changes. We have to think outside the box of what we know and be willing to try promising ideas that are untested. Meanwhile, the staff will continue to look at our real estate assets and their uses in light of the current needs of the low-income residents of Seattle; refinance current properties to lower bond/mortgage payments; assess the opportunities with current real estate to add or reconfigure units; and monitor the effectiveness of the short-term subsidy for families program and the short-term subsidy for youth.

RESPONDING IN 2014 TO SHA’S STRATEGIC PLAN 2011-2015

SHA’s Leadership Cabinet defined the eight highest priorities for 2014 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 are being 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 2014, the eight priorities from the 2011-2015 Strategic Plan are delineated below (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, transforming 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 housing 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)

The discussion that follows presents each of these goals and the work plans and products that are planned for 2014. Following the eight priorities is a section highlighting some of the activities in 2014 that will advance other Strategic Plan directions.

Redeveloping Yesler Terrace

- **Partnerships** -- Maintain and develop new strategic partnerships with the City, County, private sector partners, non-profits, labor, philanthropic organizations, and stakeholders to implement the Yesler Terrace/Choice Neighborhoods Initiative vision.
- **Infrastructure** – Gain approval of the Final Plat and Street Improvement Plan in 1st quarter 2014; finalize design and undertake initial stages of Phase II infrastructure projects; plan and undertake design and permitting for 2015 projects; coordinate with the Parks Department neighborhood park design process; and, work with residents and neighbors on the Hill Climb design and construction.
- **Master Planning/Development** – Finalize plans and methods for private developer participation in the project; begin implementing a process for sale of parcels to be developed by private sector participants; begin work on establishing the branding and marketing program for Yesler Redeveloped; successfully implement the Community Workforce Agreement (CWA) in SHA's Phase I residential projects.
- **Affordable Housing Production**
 - ✓ Complete construction of the Baldwin Apartments in mid-2014 and 1105 East Fir in early 2015, providing 98 very low-income replacement units and 20 tax credit units. Complete the design and financing for the first building in Phase II (Building IIa) and begin

construction in the summer of 2014 with completion by end of 2015. Building IIb will be under design in 2014.

- ✓ The first privately developed work force housing, *Anthem on 12th*, located at 12th Ave. and Yesler will be under construction in 2014 and completed in 2015. This will be a six-story mixed use building with 120 apartments and 4,000 square feet of ground floor commercial space.

- **Community Facilities**

- ✓ Complete the Steam Plant adaptive reuse project, relocate services into the center, and begin community use of a new job training and early childhood education center.
- ✓ Work with the Parks Department and stakeholders on design of the Yesler Terrace community park expected to be underway in 2014.
- ✓ Complete design of the Hill Climb and begin construction in the summer of 2014.
- ✓ Participate in the Little Saigon Landmark feasibility study for a mixed-use development proposal.

- **Community Services**

- ✓ Continue implementing the “People Initiatives” of the Choice Neighborhood grant focused on education, economic opportunity, and health of Yesler residents. This includes:
 - ✓ An education collaborative that aims to help all Yesler school age children graduate from high school and go to college or gain vocational education.
 - ✓ Implement the Community Workforce Agreement (CWA) and help residents access jobs through the Section 3 program for the estimated 60 job openings in association with construction of the 1105 East Fir building.
 - ✓ Implement the Yesler Employment Pathways Initiative with neighborhood employers like Harborview, Swedish Hospitals and Seattle University; in 2014 initiate a program for Yesler high school youth to explore careers in healthcare and other technical careers.

- **Relocation**

- ✓ Relocate 139 households from Yesler Terrace into other housing options in 2014.
- ✓ Plan for relocation moves to occur in 2015 and provide timely notice to tenants and work with residents on their housing choices.
- ✓ Move some households in 2014 to the Baldwin Apartments and prepare to move others into 1105 East Fir St. when it opens in early 2015.

- **Yesler In Transition – Management Challenges**

- ✓ Maintain vacant units in a safe and attractive manner for the benefit of the community for remaining residents and so as not to blight the neighborhood.
- ✓ Determine the project management and maintenance model for redeveloped Yesler from an operational perspective in order to incorporate these requirements in the design of the residential facilities.
- ✓ Manage the new Steam Plant community facility, which will provide space for Head Start, Youth Tutoring, Community Services, and multi-purpose community space for use by residents and the public.
- ✓ Perform the lease-up of the Baldwin, scheduled to open in mid-2014 and prepare for lease-up of 1105 East Fir St. in 2015.

- **Financing**

- ✓ Close the financing for the first replacement housing building in Phase II (Building IIa).
- ✓ Secure the second increment of replacement vouchers for Yesler Terrace.

- ✓ Complete the selection of investors and lenders, finalize the all sources and uses budget and prepare for closing (in early 2015) for the Phase II (Building IIb) replacement housing building.
- ✓ Confirm funding sources and uses for SHA infrastructure work to occur in 2014.
- ✓ Finalize a financing plan for all SHA work scheduled to occur in 2014 and 2015 and determine the need for and confirm interim financing for cash flow purposes.
- ✓ Seek and secure the backing of a public financing guarantee to backstop SHA's borrowing requirements at the most favorable borrowing cost.
- ✓ Solicit and select lenders for construction financing and permanent financing where applicable.
- ✓ Solicit and select investors for Yesler Terrace Low Income Housing Tax Credit projects.

Preserving Existing Housing

- Complete the rehabilitation of **Leschi House** and construction of a new wing with 35 additional units serving seniors. Construct to Evergreen Sustainable Development Standards; construction started in 2013 and will be completed in late 2014.
- Begin the second phase of repositioning the **Scattered Site portfolio** to make management and maintenance of the portfolio more cost- effective and efficient.
- Re-use **South Park** via a long-term lease or sale to a community non-profit serving low-income or homeless individuals.
- Evaluate the option of converting **Denice Hunt** and **Aki Kurose** using the Rental Assistance Demonstration (RAD) program and of transferring these facilities to existing non-profit operators.
- In 2014, assess the opportunity to refund bond issues that are part of mixed finance transactions. In 2013, we will have refunded a majority of SHA's bonds previously issued to finance SHA-owned properties.
- Increase the emphasis on SHA Preventive Maintenance program as a cost effective means to preserve and extend the life of our buildings and systems; expand the program to all housing portfolios from the current concentration on LIPH/SSHP.
- In anticipation that SHA will resolve with HUD public housing funding for SSHP in 2013, update the SSHP 10 year capital and funding plan and work with appropriate parties for its adoption.
- At Jefferson Terrace, implement design plans for conversion of the heating system from steam to natural gas; upgrade the elevator and update the common areas; remodel the laundry room; and, return six units from social service use to residential use.
- Replace roofs at Tri-Court, Longfellow Creek, Main Street Apartments, Mary Avenue Townhomes, Wedgewood Estates, Westwood Heights East, and at several locations in the scattered sites, homeWorks I and homeWorks II portfolios.
- Replace exterior cladding system and windows to resolve building envelope and water intrusion problems at Pinehurst Court.
- Renovate one elevator in the Seattle Senior Housing Program portfolio and modernize Wedgewood Estates elevators in Buildings B and C.
- At Montridge Arms, replace the roof, wood siding, and windows and repair the decks; paint the exterior marblcrete and interior hallways; and replace common area carpeting.
- Perform mechanical reviews of ventilation systems to provide proper pressurization of the elevator shafts at Olmsted Manor, Nelson Manor, Sunrise Manor and Schwabacher House.

- Install access control and alarm monitoring (ACAM) system and security cameras at building entrances to Bitter Lake Manor, Pinehurst Court, and Blakeley Manor.
- Continue the NewHolly Phase III multi-year plans for washing siding, painting trim and doors, and/or staining exposed wooden stairs to preserve and extend the life of the building exteriors.
- Repair rot from water intrusion at Main Street Place.
- Implement repairs and redesign of canopies at 31 carriage houses in NewHolly I to address causes of water intrusion, creating rot.
- Design and replace two exterior stairways at the Alder Crest Apartments building to correct design flaws and address safety concerns.
- Replace the roof and the front gate and install a security camera on the front gate at Villa Park.
- Provide allowances at each portfolio for the following annual expenditure requirements, as applicable: cabinet; flooring; appliance replacement; hot water tank/boiler replacement; glazing replacement and tree trimming.

Expanding Choice and Opportunity for Voucher Participants

- Conduct targeted Ready to Rent classes that 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 SHA's mobility efforts.
- Provide more targeted information to participants and those on the waiting list about housing choice and the benefits of living in high opportunity areas - including school outcomes, crime rates, health status, and job/transit/services proximity.
- Increase our housing counseling services to reach more voucher participants. Through individualized housing counseling assistance, help voucher participants to make 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, educational and health outcomes for voucher recipients. 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.
- 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.
- Partner with the College Success Foundation to market College Bound and other scholarship opportunities to all SHA housed youth.
- Continue to work with partners to support SHA youth resident academic success through youth tutoring for 400 youth served in five tutoring centers, as well as support youth with five on-site computer labs, and access to educational information and support.
- Continue to ensure free WiFi-access in the four largest SHA family communities in order that youth can access educational information via the internet.
- Expand relationships with the education and workforce development communities, so all housing 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 Yesler neighborhood youth under the Choice Neighborhoods grant.
- Pending private foundation approval of our grant application, conduct an analysis of how SHA may be most impactful and create a strategic work plan to promote academic success across SHA housing portfolios, particularly for tenants where there are not extensive placed-based education resources. Continue to support some 30 youth summer internships with partner agencies so youth may gain work experience, on-the-job training and earn wages.
- Partner with Yesler neighborhood employers like Harborview and Seattle University to coordinate summer academic enrichment programming with internship opportunities with these and other local employers.

Advancing Educational and Employment Opportunities

- Continue improving HCV participant access to education, employment and training opportunities through FSS and with external partners, through a joint effort between HCV and Economic Opportunity specialists.
- Help residents and participants gain financial stability via access to employment, vocational training, financial literacy, and savings and banking services through partner organizations, including YearUp, Work Force Development Council, Office of Economic Opportunities, YWCA, and Seattle Community College.
- Implement the Yesler Employment Pathway Initiative with neighborhood employers like Harborview Hospital, Swedish Hospital, and Seattle University. In 2014, this initiative will include a new element to encourage Yesler high school youth to explore future careers in healthcare and other technical careers.
- Explore mechanisms/partnerships to more effectively promote economic and educational achievement for adults and youth living in the HOPE VI communities and those in the HCV program.
- Work with the Development Department and others on the implementation of the Section 3 initiative for Yesler Terrace. 2014 will be a critical year in terms of the implementation of the Yesler Community Workforce Agreement and filling the projected 60 Section 3 job openings for 1105 E. Fir project.
- Continue to implement the Community Services economic opportunity strategic plan. At the core of this effort is a goal of helping people we house to obtain financial stability through employment, vocational training, financial literacy, savings and establishing credit.

Increasing Efficiency and Cost Effectiveness of our Services and Operations

- Redesign SHA's external and Ourhouse websites to gain efficiencies, communicate more effectively, enable staff to perform updates more easily, reduce the delays in getting information posted, and expand user choices for communicating with SHA.
- Reposition selected Housing Operations programs to sharpen focus, gain workflow efficiencies, improve service delivery, and enhance quality assurance:
 - ✓ Admissions – increase workflow efficiency; provide expert resource to all portfolios on admissions policies and procedures
 - ✓ Compliance – enhance focus on timely compliance auditing and issuance of internal compliance alerts to enhance conformance of files with regulatory requirements.
 - ✓ Training – Add this focus for the department in the Director's Office for development and coordination of critical department training needs on an ongoing basis.
 - ✓ Conservation and Sustainability – Broaden the focus of the utilities group to be more holistically agency-wide: Track and evaluate new HOPE VI communities' water/sewer management plans; centralize recycling programs; provide more data analysis across departments.
- Continue to work with employees and unions to assess and implement promising strategies for greater site-focused service delivery:
 - ✓ Develop and implement an improved job description for Maintenance Mechanics that aligns skills, capacity, and service delivery effectiveness and efficiency;
 - ✓ Continue to improve the new site-focused Property Assistants' program by modifying assignments to be based on number of units instead of number of buildings and by adding two floater positions to provide backfill for Property Assistant absences or vacancies.
 - ✓ Work with the Trades to address concerns over erosion of skilled trade capacity – look for expanded opportunities to bid on SHA work or that of other housing authorities.
- Overhaul the Housing Operations Admissions Continued Occupancy Plan (ACOP) and Standard Operating Procedures Manual to create an updated set of operating standards that are consistent with processes in our Yardi property and tenant management system.
- Renew efforts to design and implement a cost effective electronic rent payment capacity to increase the efficiency of rent collection while at the same time addressing a longstanding tenant request.
- Continue to realign the HCV department staffing model to promote efficiency, program excellence and enhanced service to participants. The goals are to establish a predictable monthly workload with fewer spikes, and to maintain work-focused and elderly/disabled staff teams to increase the level of engagement with families served. Based on experience to date, we recognize that we under-estimated the intensity of the caseload for the staff team working with elderly and disabled participants; in 2014 we are adding a Certification Specialist to reduce caseloads of that staff group.
- Work with Labor and Industries (L&I) to close open claims of employees who have been out of work for an extended time and assign injured staff to light duty assignments they can perform and remain on the job. Seek reimbursement from L&I for light duty assignments through their "Stay at Work" program.
- Plan, activate, and test modules within the EnterpriseOne system that will enable Human Resources to make several employment processes and data collection/change transactions fully electronic to reduce cost, increase efficiency, enhance data security, and streamline workflow.

- Focus on reducing paper usage and subsequent costs to the agency by utilizing the document imaging system put in place in 2008.
 - ✓ Housing Choice Vouchers will make a major push on imaging files in the project-based program to reduce paper usage and free-up space in the department's filing system.
 - ✓ Housing Operations will begin a document imaging process to convert tenant records to electronic files to facilitate auditing, access by multiple authorized parties simultaneously, and to improve security of tenant files.
- Work with business staff to replace SHA's twenty-year-old antiquated telephone system. Replacement parts are no longer manufactured and must come from eBay.
- Enhance SHA's data control, security, and privacy protection through policy and procedural changes and access controls.
- Continue to evaluate and then implement solutions for electronic rent collection either through lockbox or possibly using capabilities within Yardi.
- 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.
- Consider cost effective methods to reduce the incidence and cost of tenant-caused property damage to SHA residences. Conduct a survey of other housing agencies and private non-profits to determine their policies – renter insurance requirements; waivers of claims for damage; and educational programs.

Strengthening our Financial Condition and Creditworthiness for the Long Run

- Engage an expert consultant to review SHA's projection of limited partnership exit taxes; to advise on ways to reduce/mitigate exit taxes; to recommend exit strategies; and, to negotiate exit terms in 2014 with two limited partnerships that have or will reach their 15th year.
- Continue implementing plans to pay down the current combined balance of \$12.8M on the Operating, Real Estate, and Taxable Lines Of Credit (LOCs) over the period 2014-2016 from disposition of properties, permanent financing of properties currently on an LOC, or pay downs from SHA reserves. Pay-down at least \$4 million in 2014.
- Negotiate extensions of current credit instruments or restructuring of SHA borrowings for SHA's three lines of credit – Operating, Real Estate, and Taxable.
- With Standard and Poors, complete a surveillance process to update S&P financial credit data and evaluate SHA's creditworthiness. Maintain SHA's A+ Rating.
- Participate in a national MTW effort to complete negotiations with HUD on financial performance measures for MTW agencies, including an agreed Reserve definition and provision for Board-authorized Committed Funds.
- Evaluate property reserve levels for special portfolio properties and recommend changes to better provide stable reserve funding at all properties.
- Determine sources for the Development Reserve with a goal of building the balance to \$15M by 2015-16.
- Actively monitor and evaluate MTW HCV funding options throughout the year to ensure optimal funding. Track any deficits in federal funding of Veterans Affairs Supportive Housing/Family Unification Program (VASH/FUP) vouchers and implement all possible actions to ensure full federal funding of VASH/FUP.

- 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.
- Report on a regular quarterly basis to the Board of Commissioners on the status of "Committed Funds" and seek their approval of commitments as needed.
- Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios (DCRs); where there are chronic problems with meeting DCRs, conduct a thorough review and develop corrective action plans.
- Develop strategies to maximize investment earnings, while ensuring that SHA cash flow needs can be met. Specifically, review options and, if prudent, move more unrestricted cash into 2-3 year short-term investments.
- Preparing a Comprehensive Annual Financial Report (CAFR) that is confirmed by the independent auditor to be a reliable statement of SHA's financial condition and that is recognized as an excellent example of comprehensive financial reporting by the Government Finance Officers Association.

Partnering with our Unions and Employees

- Work with the unions to bring all contract negotiations to an agreed conclusion no later than the end of 2013 or very early in 2014.
- Enhance SHA's capacity and focus on labor - management relations by hiring a dedicated experienced labor relations/negotiations person. This full-time capacity is intended to expand communications with union bargaining agents; to enable greater interaction and timely response in labor-management issues; and streamline and improve the effectiveness of bargaining.
- Address changing expectations and job requirements through relevant, effective, ongoing training. Today's work environment reflects the fast pace of change in technology, job requirements, and the tools and skills needed to perform work duties.
- Continue a focus on four areas of training: career and leadership development; supervisory training; skills training, particularly for proficiency in use of electronic tools and programs; and safety training, including workplace violence.
- Continue new employee and new supervisory trainings that focus on understanding job responsibilities and requirements.
- Survey employees and their representatives to gauge the degree of stress from work that staff are experiencing and solicit feedback on methods to help employees manage and reduce stress. Develop and implement training programs for supervisors and staff in better handling workload stress.
- Implement HCV staff training on motivational interviewing and how to work with voucher participants in crisis. These trainings are designed to increase staff knowledge and better equip them both to address needs of participants and deal with stresses in their jobs.
- Continue working with our employee representatives to move to greater site-focused flexible maintenance and property management capacities; to address job security issues with the skilled trades -- contracting out and contracting opportunities; and, to implement a new wage structure for OPEIU employees.
- Audit SHA facilities and work sites to promote a safe working environment, safe use of equipment and safe working practices, and compliance with regulatory requirements to increase the health and safety of employees, reduce time-lost to injury, and reduce worker compensation claims.

Other 2014 Activities in Furtherance of the Strategic Plan

The 2014 activities below represent work expected to occur in furtherance of other Strategic Plan Objectives and Management Strategies.

- ***Expand housing for low-income residents across Seattle by maintaining and expanding low-income housing stock.***
 - ✓ Contribute to expanding the city's low-income housing stock by committing project-based vouchers to support projects developed through the 2009 City of Seattle Housing Levy. To date, SHA has committed 500 project-based vouchers to this cooperative effort.
 - ✓ Continue to apply for Veterans Affairs Supportive Housing (VASH) and other special voucher programs that are authorized and appropriated by Congress; SHA has competed successfully in every opportunity to date.
 - ✓ If opportunities arise, apply for and administer Tenant Protection vouchers. SHA received 771 Tenant Protection vouchers to preserve the affordable housing stock in the City of Seattle over the last four years.
- ***Complete current plans for mixed-use and residential development at High Point, Rainier Vista and New Holly***
 - ✓ Over the period 2014 and 2015, move toward final completion of home construction and sales at Rainier Vista and High Point. Nearly all property has been sold to developers and construction on un-built sites will occur at Rainier Vista throughout 2014 and into early 2015, and at High Point through 2015.
 - ✓ Aim to complete the sale of Lake City Court low-rise site that has a capacity of 14-16 townhomes by the end of 2014.
 - ✓ Continue to pursue strategies for selling remaining multi-family/mixed use sites in Rainier Vista, Othello, and Henderson, including working with City agencies interested in seeing these projects move forward. Projects of this scale are highly susceptible to market conditions and it can take 3-4 years to move from initial agreements through review of design proposals, permitting, and construction.
 - ✓ Transition the Rainier Vista NE Home Owners Association from SHA control to homeowner control in mid-2014 when 75 percent threshold for sold homes is reached. At full build-out there will be 110 homes.
 - ✓ Transition the High Point Home Owners Association to homeowner control when the 75 percent threshold is expected to be achieved towards the end of 2014. The High Point HOA will include nearly 600 homes at full build out and will add over 200 homes over the next three years.
 - ✓ Complete assessing the feasibility and financing of an option to build a commercial building on the Mixed Use site at High Point that would house the High Point management office as well as other retail and office uses. The office building design would be coordinated with the residential developers' plans for the site.
- ***Work with partners to take advantage of opportunities to develop new low-income and workforce housing.***
 - ✓ Participate in regional planning opportunities: ***Northgate Park and Ride*** with the City and Sound Transit; ***Fort Lawton*** redevelopment with the City; ***Transit-Oriented Development*** with the City focused around light rail stations in the southeast; and,

Growing Transit Communities with the Puget Sound Regional Council. None of these planning efforts are expected to result in developments being undertaken in 2014.

- ***Work in partnership with agencies and nonprofits across the city to end homelessness in Seattle and King County.***
 - ✓ Continue working with community partners on pilot programs offering short-term rental assistance to homeless youth and families. Programs include funding for short-term rental assistance, connections to employment navigators, and short-term case management.
- ***Provide additional services and affordable housing for low-income senior residents and participants***
 - ✓ Increase staffing capacity on the occupancy specialist team in HCV working with elderly/disabled voucher participants to enable staff to better provide service to clients with unique needs.
 - ✓ Reach out to senior community organizations to build partnerships so HCV staff can refer participants, as appropriate, for relevant services.
 - ✓ Incorporate senior voucher participants into HCV's financial stability outreach in 2014.
 - ✓ Open the 34 rehabilitated plus 35 new construction units at Leschi House to provide increased senior housing opportunities in late 2014.
- ***Promote a healthy, engaged and productive workforce.***
 - ✓ Implement the agency's recently completed Emergency Preparedness Plan by completing the set-up and equipping the central and satellite command centers and by designing and implementing training for all staff.
 - ✓ Address succession planning for senior management positions and complete a leadership transition approach for each Cabinet position.

ADOPTED BUDGET SUMMARY

The following summary presents Seattle Housing Authority's (SHA) adopted operating and capital budgets for Calendar Year (CY) 2014 in comparison to the CY 2013 Budget for all housing programs and business activities. It also describes changes in staffing levels from the CY 2013 budget to CY 2014.

CY 2014 Adopted Budget

	CY 2013 Budget	CY 2014 Adopted Budget	Percent Change
Program Operations and Administrative Expenses	\$67,990,000	\$69,750,000	2.6%
Housing Assistance Payments (HAPS)	85,430,000	85,700,000	0.3%
Grant-Funded Expenses	804,000	543,000	(32.5%)
Capital & Non-Routine Expenses	12,500,000	16,830,000	34.6%
Redevelopment	30,260,000	39,660,000	31.1%
Total	\$196,984,000	\$212,483,000	7.9%

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

- Overview** -- The adopted CY 2014 combined operating and capital budget totals \$212.5 million and is 7.9 percent higher than the 2013 budget. The level of this year-to-year increase is driven by 30+ percent increases in Capital and Redevelopment expenses. Grant funds are projected to decline by over 30 percent, and core Operating (including service grants) and Housing Assistance Payment expenses to increase by only 1.1 percent.
- Program Operations and Administrative Expenses** increased by 2.6 percent from 2013 to the adopted 2014 budget. A good portion of this increase is due to budgeting employee wage increases in 2014, whereas no increases were budgeted in 2013, and to the cost increases in employee benefits, especially for health care and pension. Also, a net increase of 7.68 full time employees will be added to the agency in order to keep up with our growing voucher stock, to improve onsite management services to our communities, and to support Yesler Terrace redevelopment.

In order to further our strategic objective of serving more people, several new contracts will be established for pilot programs, such as short term rental assistance for families at risk of homelessness; short term rental assistance for formerly homeless youth; an interagency program to help victims of domestic violence; and a revolving fund for security deposit assistance. In addition, we have continued consulting resources to assist in advice on and design of successful site focused service models for property management.

- Housing Assistance Payments (HAP)** cost appears to remain steady from the 2013 budget to the 2014 adopted. Although our budgeted utilization goal in 2013 was 97%, we do not expect to achieve this due to sequestration. For 2014, voucher utilization is expected to be at an average of 93% and per unit costs are expected to increase from 2013 levels.

SHA was awarded 181 vouchers associated with the Yesler redevelopment and 35 Veteran Affairs Supportive Housing (VASH) vouchers during 2013. This will increase our average authorized voucher count to 10,644 in 2014 (including mod rehab vouchers) from an average of 10,536 in 2013. With these additional vouchers, we expect to increase the number of households served in 2014 compared to 2013 expected levels. We will begin

sending invitations to the voucher waitlist to apply for a voucher in fall of 2013 and issue resulting vouchers in early 2014. We expect to be able to maintain new enrollments at approximately the rate of attrition of vouchers or about 20 per month.

Recent experience has shown that vouchers issued off the waitlist are significantly more expensive than our existing stock of vouchers, due to the tightening rental market. As a result, we have assumed a higher per voucher cost for all new issuances in 2014.

- **Grant Funded Expenses** decreased from a budgeted \$804,000 in 2013 to a budget of \$543,000 in 2014 due to the anticipated loss of several grants. The Resident Opportunities and Self-Sufficiency (ROSS) Service Coordinators grant may not be received in 2014 due to the uncertainty of the federal budget and the lottery award system put in place by HUD. For 2014, we anticipate that existing ROSS funds will end in June 2014. If a new ROSS grant is awarded to us, we expect to be able to continue employment assistance and other essential resident activities at the 2013 level. The expiration of the Robert Wood Johnson Foundation and Lake City Village HOPE VI grants also contribute to the decline in grant funding available in 2014.
- **Capital and Non-Routine Expenses** increased in most expense categories from 2013 to 2014. Nonetheless, capital needs continue to be underfunded and current levels only increase the accumulating backlog. The largest increases are in the Special Portfolio program and in the Senior Housing portfolio. The Special Portfolio increase results from refinancing existing bonds and adding more financed capital to address specific repair needs.

The increase in the SSHP portfolio is due to an assumption that \$2 million can be added to this capital funding in anticipation of resolving federal public housing funding for the SSHP portfolio. One of the major projects budgeted for 2014 takes place at Pinehurst Court where exterior cladding and windows will be replaced to address significant water intrusion problems in the building envelope.

The 2014 Adopted Capital and Non-Routine Budget also includes management improvements through technology applications, facility repairs, and new equipment acquisitions.

- **Development and Redevelopment Expenses** represent projects that include various types of outside financing, from a simple mortgage to a more complex mixed financing, including grants, tax credit equity, and bond proceeds. The three largest redevelopment activities for 2014 include the continuation of Leschi House rehabilitation and new construction; construction of Yesler Redevelopment Phase I projects -- 1105 East Fir Street and the Baldwin Apartments; and, initiation of construction on Yesler Redevelopment Phase IIa. These projects combine for over 90 percent of the redevelopment budget in 2014. All are multi-year projects that will add 236 units when completed.

Other projects include construction completion of the Yesler Steam Plant, completion of final design of the 10th Avenue Hill Climb at Yesler Terrace; and ongoing design work on Building IIb.

Staffing Levels

Full-time equivalent (FTE²) regular positions will increase by 1.6 percent in 2014, to an adopted total of 492.93 FTEs. The net staff increase of 7.68 FTEs results from the addition of 12.8 positions and the elimination of 5.12 regular FTE positions.

Program Element	FTE's CY 2013	FTE's CY 2014	Change 2013 to 2014
Housing Operations	326.50	326.21	(0.29)
Housing Choice Voucher Program	54.85	57.85	3.00
Other Departments ³	103.90	108.87	4.97
Total	485.25	492.93	7.68

Operating and Capital Budget Comparisons – 2013 vs. 2014

Program Expenditures	2013 Budget	2014 Budget	Percent Change
Operating Funds			
MTW General	\$111,965,000	\$113,962,000	1.8%
Local Housing Development	6,428,000	6,517,000	1.4%
Seattle Senior Housing Program	2,790,000	3,013,000	8.0%
Other Operating Funds	5,437,000	5,248,000	(3.5%)
	26,801,000	26,713,000	(0.3%)
Total Operating Expense	\$153,421,000	\$155,453,000	1.3%
Service Grants	\$804,000	\$543,000	(32.5%)
Capital Projects			
Redevelopments	30,260,000	39,656,000	31.1%
LIPH Capital	10,114,000	11,718,000	15.9%
Other Capital Projects	2,381,000	5,112,000	114.7%
Total Capital & Non-Routine	\$42,755,000	\$56,486,000	32.1%
TOTAL OPERATING AND CAPITAL	\$196,980,000	\$212,482,000	7.9%

² 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.

³ "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:

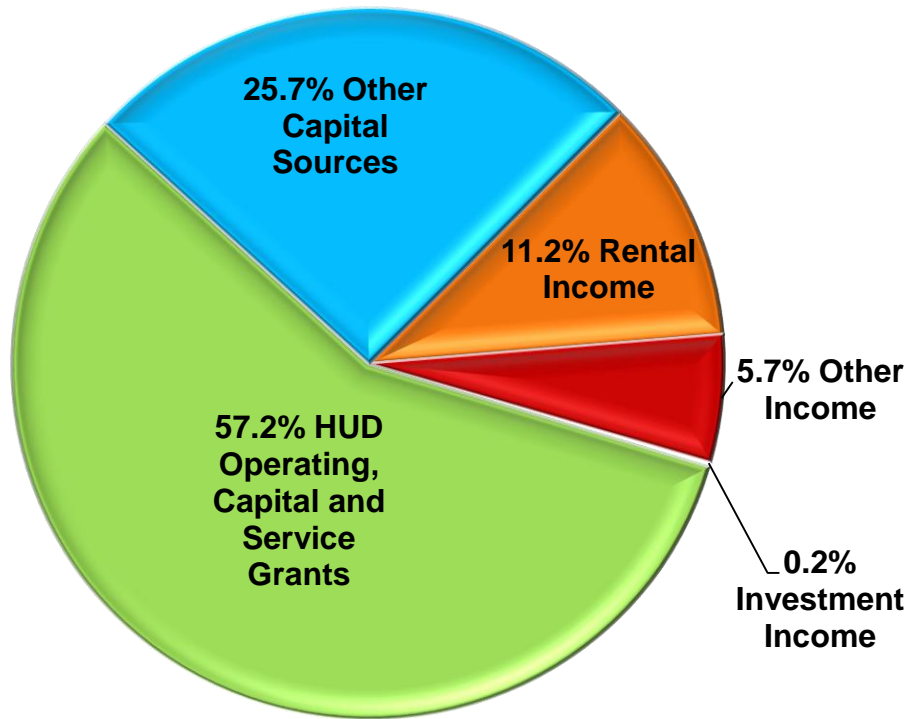
<u>Projected Sources</u>	<u>CY 2014</u>
Dwelling Rental Income	\$ 26,480,000
Investment Income	494,000
Other Income/Sources	13,535,000
MTW Block Grant and Non MTW	
Operating Subsidy	134,568,000
Service Grants	543,000
Other Capital	3,215,000
Redevelopment	30,800,000
New Capital Projects	26,805,000
<u>Grand Total</u>	<u>\$236,440,000</u>

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 2014 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 -- 57 percent -- comes from HUD. The next largest share is 26 percent in other federal and local capital sources associated with major capital or redevelopment activities. Dwelling rental income contributes about 11 percent of total revenues. Along with investment earnings, other revenue such as developer and administrative fees, plus Impact Property Services enterprise income comprise the remaining revenues for CY 2014.

2014 Operating and Capital Sources \$236.4 million

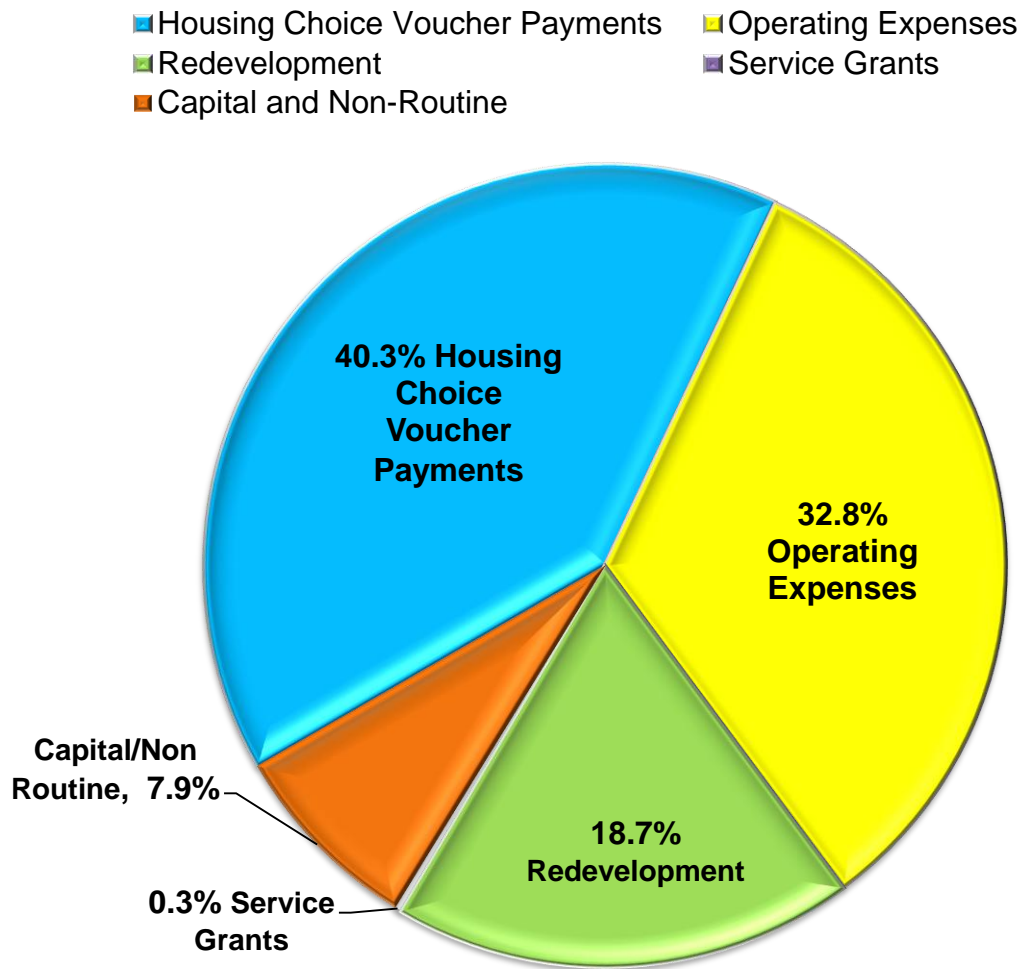
- Rental Income
- Other Income
- Investments
- HUD and Service Grants
- Capital Financing



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 \$85.7 million and, at 40 percent, represents the largest portion of uses. Capital and redevelopment projects total \$56.5 million at 27 percent. LIPH, SSHP, Local Housing and other operating programs make up the remaining 33 percent in CY 2014.

2014 Operating and Capital Program Expenses \$212.5 million



How the Budget is Prepared

Development of the budget begins each year in early spring with the preparation of financial forecasts of revenues and expenses based on projections of federal funding actions, forecasts about the economy, and estimates of cost changes for major expense items. The federal emphasis on reduced spending for “discretionary” programs begun in 2011 is expected to continue in 2014. However, the budget for 2014 has again this year been developed in a vacuum of information – we don’t have complete information on the federal funds supporting our 2013 budget and Congress has taken no action on a 2014 federal budget scheduled to take effect October 1, 2013. This has meant preparing a balanced budget based on our best professional estimates of costs and revenues for next year, but without any certainty on our core MTW federal block grant revenues.

At its annual March Budget Retreat, the Executive Director and Cabinet take account of the Budget Office’s initial forecast of the coming year’s revenues and the cost increases we are likely to face. This gives the Cabinet an initial look at how the cost of continuing to perform at current service levels for current residents and participants compares to estimated revenues. For 2014, our estimates showed a gap of \$2 million between current service levels and projected revenues. This gap compares to those of the past two years of \$10.3 million and \$4.5 million, respectively. The Cabinet resolved to target specific expenditure and revenue items to close the \$2 million gap, instead of making across the board reductions in department expenses. SHA’s Executive Cabinet also reaffirmed the agency’s commitment to eight priority goals or sub-goals of the Strategic Plan. These directions form the basis of instructions to Departments on their targets for budget submittals.

A continual review of the forecast of federal revenues occurs throughout the budget process, but this year no new information that would significantly alter the forecast – either on the revenue or the expense side – occurred to change the basis for balancing the 2014 budget. Accordingly, department budget targets were based on preparation of status quo budgets with the specific actions determined by the Cabinet to bridge the \$2 million gap.

The Moving To new Ways (MTW) Proposed Annual Plan for 2014 and the Summary of the 2014 Budget were published August 30, 2013, distributed to stakeholders, and posted on www.seattlehousing.org for public review and comment. With the 2014 Proposed Budget book, the Executive presents the recommended budget to the Board of Commissioners for their review and action. A public hearing is held annually in mid-September – this year on September 16th – and written comments are accepted through October 1, 2013. A first reading of the 2014 Budget Resolution is presented to the Commissioners at the September 16, 2013 Board meeting. Approval and adoption of the CY 2014 Budget, along with the 2014 MTW Annual Plan, occurs at the Board’s meeting on October 14, 2013.

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 policy and program plans for 2014; summary comparisons of the 2013 Budget versus the 2014 Budget, and of staffing levels. That is followed by a comparison of operating and capital budgets and a summary of funding sources expected in 2014. Two pie charts present the overall sources of funds and uses of funds in the 2014 Budget.

Department Budgets: This section displays adopted CY 2014 expenditures by SHA department, as well as changes in staffing levels from CY 2013 to CY 2014. Budgets for each department and major sub-divisions are presented, along with highlights of their 2014 work plans. Departments and groups covered are Executive, Asset Management, Development, Finance, Information Technology, Housing Operations, with breakouts for each of their divisions, 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 2014 total \$24.5 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 these funds and compares 2012 actual revenues and expenses with the 2013 adopted and 2014 adopted budgets for each fund. Under MTW, SHA has created a "General Fund" 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 SHA's housing portfolios and other facilities. This section is organized according to the housing programs: Redevelopment activities such as the Steam Plant, and other Yesler Terrace redevelopment activities; rehabilitation of existing units and new construction of a wing at Leschi House; Public Housing, Seattle Senior Housing Program, Local Housing/Special Portfolio asset preservation 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 2014.

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 seventeen limited partnerships formed to invest in, own, and manage rental housing in mixed-income communities. The limited partnerships are formed to take advantage of federal law and IRS regulations allowing private parties to invest in affordable housing through the purchase of low-income housing in exchange for tax benefits. For SHA and other non-profit housing developers, the sale of federal low-income housing tax credits has become a principal source of funds for redevelopment of low-income housing communities and rehabilitation of existing low-income buildings. This final section of the Budget Book presents the preliminary 2014 budgets for each limited partnership.

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 2014 budgets for each of the fifteen tax credit partnerships that will be operational in 2014. For accounting purposes, these entities are treated as “Component Units”. In total, the 2014 Budgets for the limited partnerships are \$24.5 million. Partnerships that will be under development in 2014 are not included in this section of the budget book but can be found in the Capital Improvements program section.

Limited Partnerships in CY 2014

Othello	Ravenna School Apartments
Desdemona	The Ritz Apartments
Escallonia	Alder Crest 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	
Leschi Apartments -- Under construction	1105 East Fir Apartments – Under construction

Department Budgets

The table below shows total operating expenditures for departments and housing assistance payments. The CY 2014 operating expenditures (excluding service grants) of **\$155.45 million** represent an overall increase of just **1 percent** above the 2013 budget. Direct operating expenses increased by 3 percent, while Housing Assistance Payments (HAP) funding shows minimal change. Part of the rise in direct operating expenses is due to employee wage and benefit increases and a net change in the total number of Full-Time Equivalent (FTE) employees. The tables below summarize changes in Departmental budgets and staffing levels.

SHA DEPARTMENT BUDGETS COMPARISON OF 2012-2014 OPERATIONS

Departments and/or Divisions Expenditures	CY 2012 Actual (000)	CY 2013 Adopted (000)	CY 2014 Adopted (000)	Percent Change 2013-14
Executive	\$2,517	\$2,549	\$2,532	(1%)
Development and Asset Mgmt.				
Asset Management	1,146	1,041	1,151	11%
Asset Management Facilities	648	692	722	4%
Development	1,240	1,325	1,371	3%
Finance and Administrative	11,999	11,713	12,153	4%
Information Technology	3,420	3,100	3,212	4%
Housing Operations:				
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	19,433	20,230	21,613	7%
Yesler, Baldwin and Steam Plant	2,734	2,800	2,723	(3%)
Seattle Senior Housing Program	4,658	4,870	4,671	(4%)
Special Portfolio	4,293	4,513	4,693	4%
Admissions	836	831	727	(13%)
Community Services	3,047	3,390	3,381	0%
IPM, Parks, COL, New Holly Phase I	3,517	3,452	3,289	(5%)
Housing Operations Admin	1,304	1,385	1,522	10%
Facilities	363	300	315	5%
Impact Property Services	14,706	14,719	14,932	1%
Human Resources	1,879	1,956	2,049	5%
Housing Choice Vouchers	8,024	8,308	8,717	5%
190 Queen Anne Central Office	1,091	1,586	1,598	1%
DIRECT OPERATING	86,855	88,760	91,371	3%
Plus Housing Assistance Payments	79,478	85,427	85,703	0%
Less Internal Agency Fees	(20,857)	(20,766)	(21,625)	4%
TOTAL OPERATIONS	145,476	153,421	155,449	1%

The total adopted full-time equivalent staff positions (FTEs) for 2014 equals **492.93**; this represents a net increase of **+7.68** positions over the 2013 adopted level. This increase results from the addition of 12.8 FTE and the elimination of 5.12 FTE. The positions scheduled for reduction are either grant-funded positions whose funding is expiring during 2014 or reductions due to technological improvements that have automated previously manual processes. The added positions generally reflect responses to increased workload; modifications of staffing where we have implemented operational changes and find we need to adjust staffing to maintain the service levels we intended and reasonable caseload levels; and the addition of grant-funded project positions.

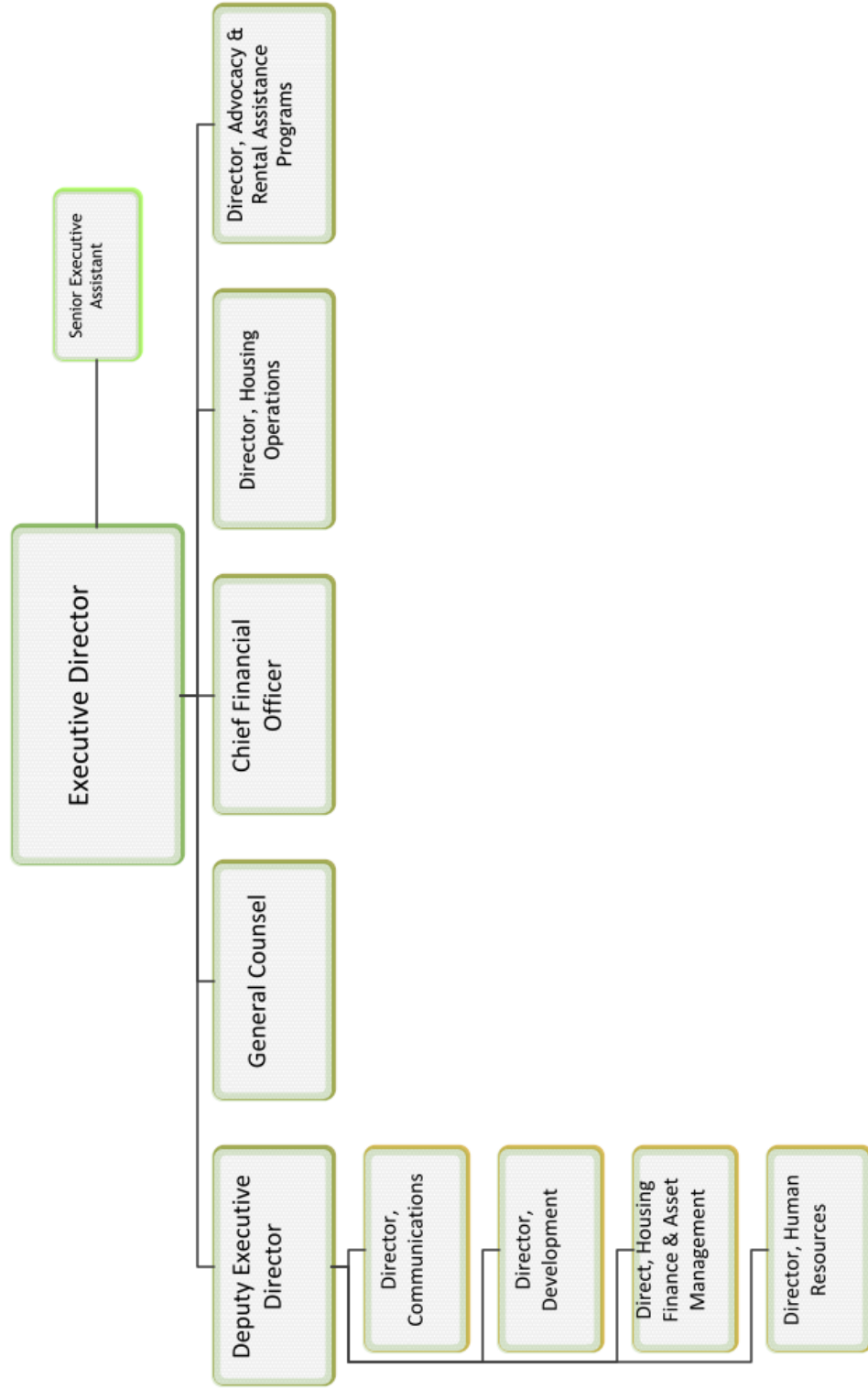
At an adopted 492.93 FTE's for 2014, SHA will have exactly 100 fewer FTE's than we did in 2010. The comparison of FTE's in 2013 and 2014 by Department is presented in the table below; the change you see in the right hand column is a product, potentially, of position additions, position reductions, and position transfers from one Department to another. Please see Department write-ups that follow for more specific information on their staffing changes.

SHA DEPARTMENTS – NET CHANGE IN FULL-TIME EQUIVALENT POSITIONS 2013 TO 2014

Full-time Equivalent Positions	2013 Adopted	2014 Adopted	Change 2013 to 2014
Executive	14.0	13.5	(0.50)
Asset Management	14.6	15.1	0.50
Development	11.6	13.3	1.70
Finance & Administration	36.7	39.8	3.10
Housing Operations	326.5	326.21	(0.29)
Human Resources	9.0	9.17	0.17
Information Technology	18.0	18.0	0.00
Housing Choice Vouchers	54.85	57.85	3.00
TOTAL	485.25	492.93	7.68

Executive

EXECUTIVE DEPARTMENT



Executive Budget

Executive Department Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Admin Salaries & Temp Help	\$2,041,763	\$1,871,271	\$1,802,129	(4%)
General and Administrative Expense	388,553	470,390	450,957	(4%)
Tenant Services	--	--	--	--
Maintenance & Contracts	86,251	207,500	279,110	35%
Utilities	--	--	--	--
TOTAL OPERATING	\$2,516,567	\$2,549,161	\$2,532,196	(1%)
Less Internal Agency Fees	(179,371)	(212,619)	(175,591)	(17%)
Capital, Grant and Partnership Salaries & Benefits	--	--	--	--
TOTAL	\$2,337,196	\$2,336,542	\$2,356,605	1%

	2013 Approved	2014 Adopted
Full-time Equivalent Positions		
Total FTEs	14.0	13.5

In 2014 the Executive and Deputy Executive budgets have been combined and this combination is reflected in both 2013 and 2014 numbers in the table above. In CY 2014, the adopted operating budget for the Executive Department is \$2,357,000, representing an increase of 1 percent from 2013. Department staffing will be reduced by 0.5 FTE, with that position now being split with the Asset Management Department. The department is budgeted at 13.5 full-time equivalent positions for 2014. The position of Deputy Executive Director has been merged into the Executive Department, with primary oversight responsibility for Communications, Development, Housing Finance and Asset Management, and Human Resources Departments.

Additional funds have been included in contracts for consultant assistance on the redesign of the agency website in conjunction with the Information Technology Department and for assistance in negotiations with the general developer team for the Yesler Terrace redevelopment project.

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 Deputy Executive Director, General Counsel and legal staff that provides legal advice, represents the Authority in legal proceedings; investigates fraud claims; and oversees 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.

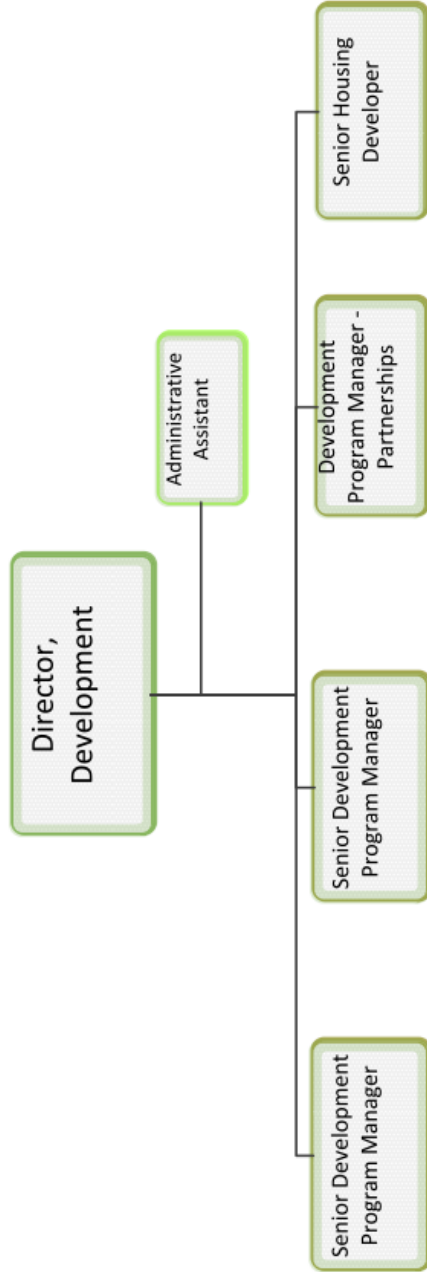
Work Plan Highlights

The Executive Department staff will continue to: provide executive leadership; coordinate the work of the agency across departments; provide oversight and direction on strategic policy initiatives; and 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 will provide communications and legal advice and counsel to the Executive and to colleagues in other departments as needed. Priorities for the Executive's attention in 2014 include:

- The Executive Director's Office will provide leadership and strategic guidance in the agency's policy priorities, such as: Rent Policy, Admissions Policy/Criminal Background, and Asset Repositioning.
- 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 and sequestration 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. With other MTW agencies, seek Congressional authorization for the extension of existing MTW contracts beyond 2018.
- Within the framework of the Board's policy guidance, provide overall direction and leadership to the agency to ensure accomplishment of strategic goals to serve low-income people. Ensure that commitments to advance the Strategic Plan are regularly monitored and that progress against performance indicators is reviewed with the Board at least annually.
- Oversee the redesign of the Seattle Housing Authority website. This redesign will enable customers to access web content and interact with the agency using the latest social media tools and allow staff to perform timely web updates with more accessible software.
- 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.
- 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.
- 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.
- The Executive Department will lead the stakeholder outreach associated with the policy priorities mentioned above.

Development

DEVELOPMENT DEPARTMENT



Development Budget

Development Department Expenditures	2012 Actual	2013 Budget	2014 Adopted	% change 2013-2014
Admin Salaries & Temp Help	\$874,367	\$915,033	\$1,048,541	15%
General and Administrative Expense	109,280	124,579	180,062	45%
Tenant Services	--	--	--	
Maintenance & Contracts	255,931	247,200	128,000	(48%)
Utilities	0	38,000	14,365	(62%)
TOTAL OPERATING	1,239,578	\$1,324,812	\$1,370,968	3%
Less Internal Agency Fees	(82,675)	(66,795)	(86,663)	30%
Capital, Grant and Partnership Salaries & Benefits	453,097	446,869	493,348	10%
TOTAL	\$1,610,000	\$1,704,886	\$1,777,653	4%

Department Totals	2013 Approved	2014 Adopted
Full-time Equivalent positions		
Development Department	11.6	13.3

The Development Department's total operating expenditures will increase by 3 percent to \$1,371,000 in CY 2014; when both operating and capital funding sources are considered, the overall increase for Development is 4 percent. Several projects are in progress and scheduled for completion. The department is proceeding with the Yesler Terrace (YT) redevelopment supported by capital funding sources and the Choice Neighborhoods Implementation (CNI) grant.

The expansion of implementation and construction activities for Yesler Terrace redevelopment requires significant staff effort in the areas of project financing, partnership development, project and construction management, and continuing community and governmental relations. As for-sale activity at High Point and Rainier Vista are nearly complete and as the transition of management for neighborhood/homeowner associations shifts to the homeowners, some staff capacity will be shifted to focus on other land sales, to assist with financing analyses, and to ensure the transition to homeowner leadership of the neighborhood associations at High Point and Rainier Vista go smoothly.

Shifts in resources include: decreased expenses for vacant land maintenance; reduced contributions to neighborhood associations; and movement of project staff across capital and MTW fund sources as their work assignments change. Development staff funding sources includes planning funds on the Capital Grant; For Sale program revenues; federal grant and mixed financing project funds; and SHA MTW revenues.

The Development Department had an increase of 1.7 FTE from 2013 to 2014, which includes increased hours for one staff person and two new construction management staff for Phase II residential housing projects, scheduled for hire after the first quarter of 2014. These additional positions, a 0.75 FTE Construction Project Manager and a 0.75 FTE Assistant Construction Project Manager, will be fully funded through the Choice Neighborhoods Implementation Phase II grant.

General Administrative expenses increased by 45 percent due to increases in outside training and travel for Choice Neighborhood grantees, in office supplies (previously budgeted in the Deputy Executive budget), in information technology fee assessment, and in Neighborhood Association dues at Rainier Vista. Maintenance and Contracts expenses decreased 48 percent and utilities decreased 62 percent due to reduced landscaping and grounds maintenance and utility needs as the vacant lots are sold. The 10 percent increase in Capital, Grant and Partnership labor expenses is a result of the implementation and construction activities associated with Yesler Terrace redevelopment.

Department Purpose and Function

The Development Department reports to the Deputy Executive Director. The Development Department is responsible for new or re-development planning, for community processes surrounding development visions; for implementing development projects; for overseeing the sale of land and the development by private developers of market rate or workforce housing; for managing and financially supporting the neighborhood associations until property owners in the communities take the reins; and for participating in local and regional planning involving potential new low income and affordable housing development opportunities. The department is accountable for advancing the Strategic Plan's goal to increase SHA's low income, work force, and affordable housing.

The Development Department serves the Seattle Housing Authority's Mission 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 area median income. In this role, the Department evaluates opportunities for future developments with both public and private partners, looking especially for opportunities that have minimal financial risk to SHA and good promise for desirable affordable housing.

Work Plan Highlights

In 2014, the Development Department will focus on the strategic goals of maintaining and expanding the supply of low-income housing stock, increasing housing stock for low-income seniors, and partnering with others to create healthy, welcoming and supportive living environments in SHA communities through Yesler Terrace redevelopment, Leschi House rehab and addition, private developer participation at all redevelopments, and participation in regional planning efforts. The Department will advance the Strategic Plan management strategies by continuing to improve project planning and controls; implementing lessons learned from previous projects and other agencies; designing buildings to sustainable standards; and providing engaging work assignments and appropriate training.

MAJOR PROJECT ACTIVITY IN 2014

- Continue construction on the occupied rehabilitation of Leschi House and construction of a new wing with 35 additional units serving seniors. The projects will add high demand new units for seniors in a popular location, as well as solve long-standing issues of water intrusion in the existing building envelope. The new wing will be built to the Evergreen Sustainable Development Standard. Funding for this project has been secured from the City, State Housing Trust Fund, and Low-Income Housing Tax Credit investors.
- Oversee closings on sale of all remaining properties at High Point and Rainier Vista which are under contract and scheduled for closing in 2014, when private construction will begin. Staff will remain involved in the land sale closings, design review and construction monitoring, and final house sales through 2015. Staff will also be involved in assisting in coordinating the completion of miscellaneous projects, such as park completion and final paving, remaining at Rainier Vista and High Point.
- The for-sale team will continue to market and sell land at 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.
- Yesler Terrace redevelopment is underway on the ground with resident relocation, education, and workforce development programs and infrastructure, community facility, and rental housing construction. In 2014 key activities will include:
 - ✓ Master Developer - Maintain and develop strategic partnerships with the city, county, private sector partners, non-profits, labor, philanthropy, and stakeholders to implement YT/CNI vision. Manage overall budget, schedule, planning, and communication.
 - ✓ Infrastructure - Complete Final Plat in first quarter of 2014, undertake Phase II infrastructure projects, plan and undertake design and permitting for 2015 projects, coordinate with Parks Department on neighborhood park design.
 - ✓ Affordable Housing Production - Phase I projects, Baldwin Apartments and 1105 E Fir, will be completed and occupied providing 98 replacement units and 20 tax credit units. Phase IIa building financing will be completed and construction started. Phase IIb building will be under design.
 - ✓ Market Rate Housing Production – Anthem on 12th, the first privately developed project of Yesler Terrace redevelopment, is a six-story 118,000 square foot mixed use building consisting of 120 apartments and 4,000 square feet of ground floor commercial space. All apartments are intended to be workforce housing with 25% of the units committed to households earning 80% or less of area median income. The apartment mix will be comprised of studio, one and two bedroom apartments. Construction is expected to begin in 2014 with completion in 2015.
 - ✓ Community Facilities – The Steam Plant adaptive reuse project will be completed, bringing into use a new job training and early childhood education center.
 - ✓ Complete design and begin construction in the summer of 2014 of Hill Climb a direct, accessible, and safe walking route linking Yesler Terrace to the adjacent neighborhood.
 - ✓ Complete the Little Saigon Landmark feasibility study in preparation for a mixed-use development proposal.

- ✓ Building renovations will be underway to Historic Seattle's community development project, Washington Hall, a historic, non-profit neighborhood community building, supported by a CNI Critical Communities fund contribution.
- ✓ Resident Relocation – Continue coordinating effectively with Housing Operations on resident relocation.
- ✓ Economic Opportunities - Coordinate with Community Services on workforce development and economic opportunities programs.

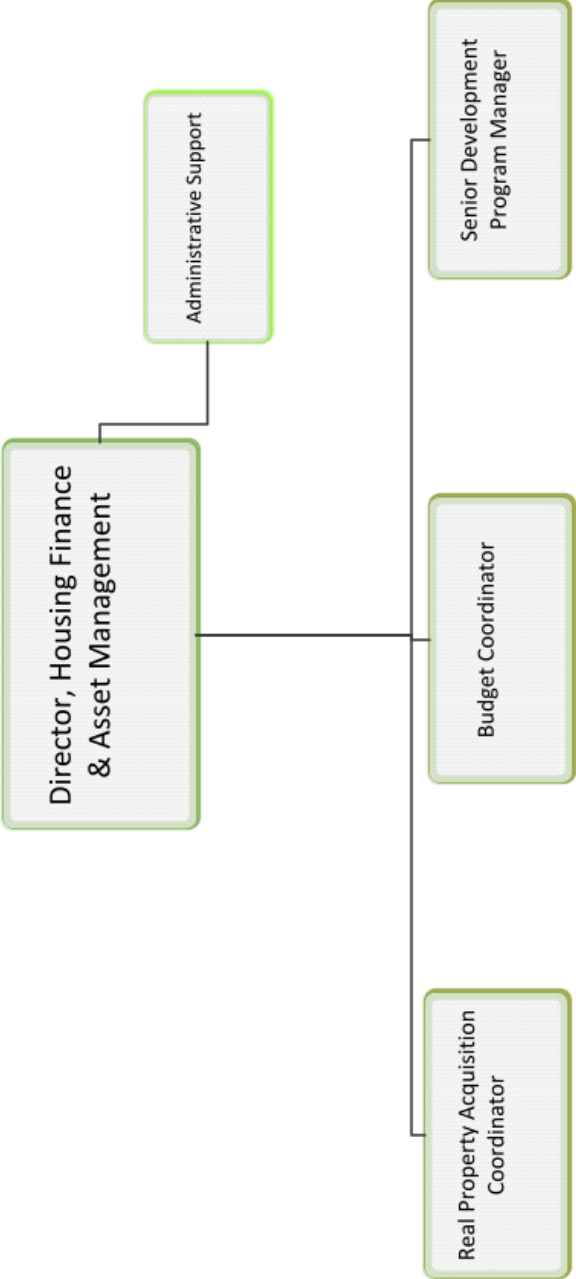
PIPELINE PROJECTS

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 2014 include:

- Fort Lawton - SHA has continued to advise the Office of Housing on the potential for redeveloping Ft. Lawton and may continue as an advisor to the city as the project moves through the entitlement phase.
- Northgate - The city and Sound Transit will continue to study master planning options for the Northgate Park and Ride. These options may include providing low income and affordable housing in the area which may be an appropriate location for Scattered Site replacement housing.
- Transit Oriented Development (TOD) - The city is ramping up their efforts to help move the development of area surrounding several Light Rail stations including Mt. Baker, Othello, Rainier Beach, etc. As an owner of land and as a potential provider of affordable housing in some of these stations, SHA may be asked to participate in the city's planning and implementation efforts.
- Growing Transit Communities - The Puget Sound Regional Council (PSRC) plans to continue regional equitable Transit Oriented Development planning/coordination. SHA will continue to participate on the Oversight Committee, Affordable Housing Committee, and appropriate taskforces.
- Scattered Site and Holly Court replacement housing - Asset Management plans to reposition a portion of the Scattered Site portfolio. Development will coordinate with this effort to explore feasibility of options. Development will also continue to look at options to develop Holly Court replacement housing perhaps in conjunction with development of the Red Brick site.

Housing Finance and Asset Management

HOUSING FINANCE AND ASSET MANAGEMENT



Housing Finance and Asset Management Budget

Housing Finance & Asset Management Department Expenditures	2012 Actuals	2013 Budget	2014 Adopted	% Change 2013-2014
Admin Salaries & Temp Help General and Administrative Expense	\$902,552	\$857,537	\$944,249	10%
Tenant Services	--	--	11,280	
Maintenance & Contracts	24,008	40,000	27,500	(31%)
Utilities	40,667	--	--	
TOTAL OPERATING	\$1,146,466	\$1,040,961	\$1,151,300	11%
Less Internal Agency Fees	(66,303)	(60,027)	(56,193)	(6%)
Capital, Grant and Partnership Salaries & Benefits	468,289	615,601	663,978	8%
TOTAL	\$1,548,452	\$1,596,535	\$1,759,085	10%

Department Totals	2013 Approved	2014 Adopted
Full-time Equivalent positions		
Asset Management	14.6	15.1

The Housing Finance and Asset Management Department's total expenditures are projected to increase 10 percent in CY 2014 when both operating and capital fund support are included. This increase is due to an operating staff transfer and increased capital and grant expenditures. Staffing is increased by 0.5 FTE positions; this position is split with the Executive department. The extensive group of commercially leased facilities is not included in the information above and is listed separately.

The Capital, Grant, and Partnership support of labor cost shows an increase of 8 percent. This is the result of increased administration funding from the capital budget, expected new funding from the CNI phase II grant, and administrative costs for the repositioning effort in Scattered Sites.

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 forum for cross-departmental discussions of issues and decisions regarding SHA assets. Discussions in 2014 are expected to include:
 - ✓ Consideration of rent policy and admissions policy changes;
 - ✓ Tracking of progress on Capital Budget performance; and,
 - ✓ Consideration of commercial property leases.
- Lead the effort on rent policy changes being contemplated in 2013 with public outreach, Board decisions, and preparation for implementation in 2014. This is a Move to Work (MTW) activity.
- Obtain Board decisions on the goals and objectives for repositioning the Scattered Sites portfolio and, in partnership with Housing Operations, begin implementing a program to make the management and maintenance of the portfolio more effective and efficient.
- Develop a more effective tool for performing updated capital needs analyses each year, in compliance with requests from our lenders and investors.
- 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.
- 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 Scattered Site units to make them compliant with UFAS, pursuant to SHA's compliance agreement with HUD.
- Complete rehabilitation or replacement of elevators in one Senior Housing building as part of a portfolio-wide program to address all the senior housing buildings having a single elevator that has reached the end of its useful life. These projects are complicated by the mobility of many of the residents who rely on the elevator for transport to and from their floor.
- Look for opportunities to re-fund bond issues that are part of mixed-finance transactions.
- Close the mixed-financing for the Phase IIa building at Yesler Terrace in second quarter of 2014. Begin the same process for the Phase IIb building.
- Work with Development and Housing Operations staff on a management/maintenance model for Yesler Terrace and possible surrounding SHA properties such as Jefferson Terrace and the Ritz.
- Continue to foster and develop other MTW activities as proposed by the Agency.
- Oversee completion of the rehabilitation of the Baldwin Apartments in 2014.

Asset Management Commercial Facilities

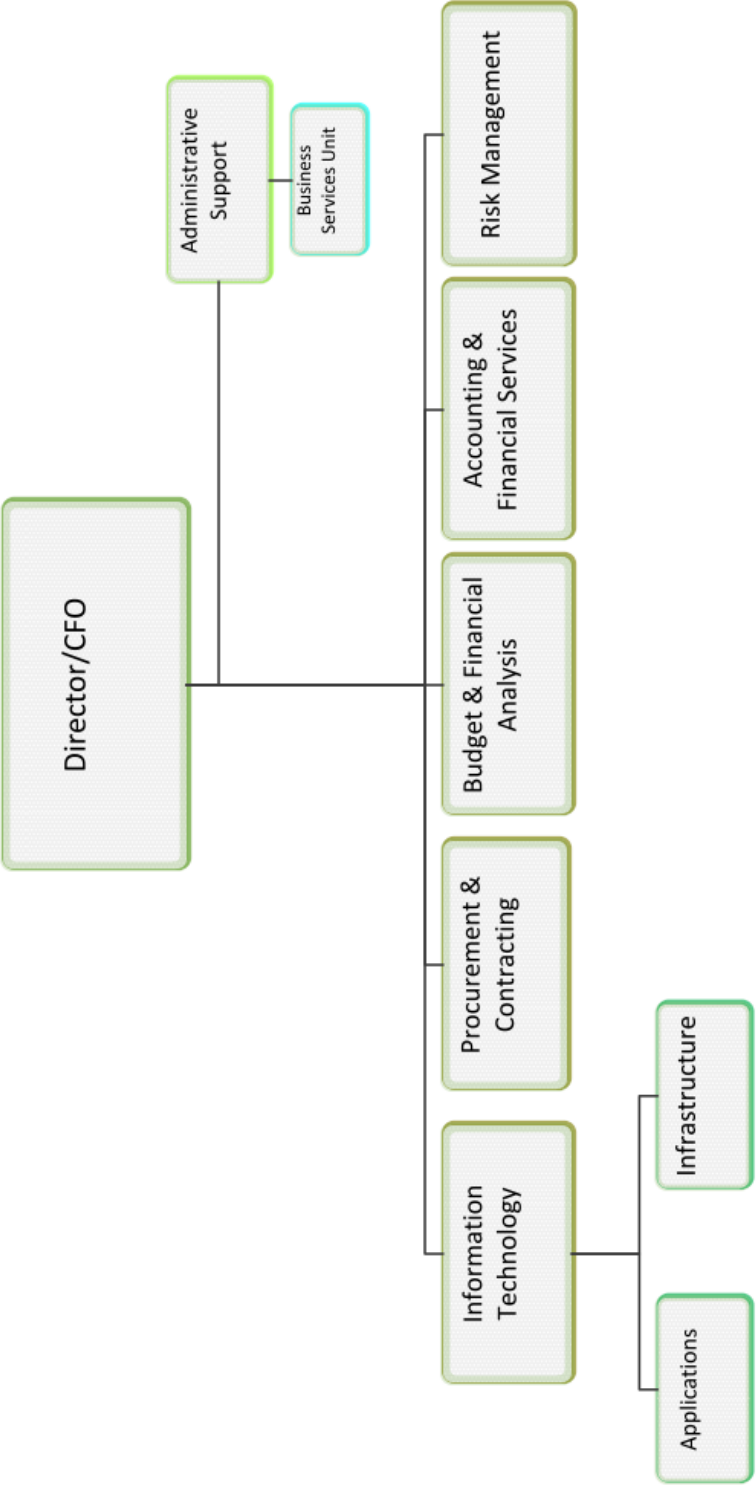
Asset Management Commercial Facilities	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Operating Expenditures	\$648,045	\$691,724	\$722,372	4%

Asset Management Commercial Facilities consists of eleven properties across several portfolios that are leased to commercial tenants. Six of these properties are associated with the various HOPE VI communities; at some of these properties, the HOPE VI management office is a lessee. The YWCA transitional housing program is included in this group, now that it has relocated from Yesler Terrace as part of the Phase I relocation for the redevelopment of the property. The goal of the program is to keep the commercial spaces leased and occupied at levels that allow SHA to cover expenses and any debt requirements for the building. Highlights of work plans for 2014 are as follows:

- Continue to work towards standardizing commercial leases and maximizing the revenue received from this function.
- Negotiate favorable antenna leases at communities to increase non-dwelling income.
- Manage the relocation of the Yesler Terrace maintenance staff and multiple agencies to the redeveloped Yesler Steam Plant. Negotiate leases with the agencies that will be located there.
- Working with the Senior Property Manager for the Scattered Site portfolio to address lease issues related to the SHA units that are leased to agencies.
- Negotiate new longer term leases for agencies renting space in SHA communities, which are currently on a month-to-month basis.
- Transition agency leases to have the agency pay for more of the utility cost. Currently they are paying for electricity; the plan is to include water, sewer and solid waste collection in the new leases.
- Set up more consistent bill-back invoicing to agencies for damages caused by agency residents.

Finance & Administrative Services

FINANCE AND ADMINISTRATION DEPARTMENT



Finance and Administrative Services Budget

Finance and Administrative Services Department Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Admin Salaries & Temp Help	4,104,485	3,696,929	4,023,634	9%
General & Administrative Expense	7,858,057	7,892,293	8,009,031	1%
Tenant Services	--	--	--	--
Maintenance & Contracts	36,226	124,244	120,500	(3%)
Utilities	--	--	--	--
TOTAL OPERATING	11,998,768	11,713,466	12,153,165	4%
Less Internal Agency Fees	(345,294)	(456,407)	(438,228)	(4%)
Capital, Grant and Partnership & Other; Salaries & Benefits	12,951	15,529	--	--
TOTAL	11,666,425	\$11,272,588	11,714,937	4%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	36.7	39.8

For 2014, the Finance operating budget will increase by 4 percent. The primary reason for the increase is due to the transfer of four staff members from Impact Property Management's Accounting department to Finance and Administration. This consolidation occurred following the implementation of the Yardi system and the migration of the HOPE VI properties to the EnterpriseOne accounting system. As a result of the automation of several transaction processes that were previously performed manually, one staff in Accounts Payable will be reduced. One part time FTE had their hours increased by 0.1FTE due to workload.

Most operating expenses remain the same or vary slightly in 2014 as in the 2013 adopted budget. Despite the growing number of units served, SHA's Finance and Administration department has been able to hold cost steady. Administrative efficiencies such as automated accounting practices, the implementation of lockbox, Yardi, and internet banking and payments allowed us to minimize expenses. At the end of 2013, several properties will be refinanced. Interest payments and other operating costs will remain approximately the same, but principal payments will be reduced. Intercompany service fees decreased due to a reallocation of costs that resulted from a new fee structure in 2014. Most of the other departments saw their internal agency fees increase due to this reallocation.

Department Purpose and Function

The Finance and Administrative Services Department oversees the financial stewardship of SHA. To this end, the department includes responsibilities for:

- **Financial Management:** Financial policies, accounting and reporting systems; banking relations; investments; treasury functions; overall debt management, including credit ratings; internal controls, and annual financial statements and compliance with financial reporting requirements from investors, trustees, funders, lenders, and city, state, and federal agencies.
- **Financial Accountability:** Annual audit reviews by the State Auditor, SHA's independent auditor, and auditor(s) for the tax credit limited partnerships; monitoring and implementing corrective actions as required to ensure SHA's conformance with bond and contractual financial performance obligations and compliance with state and federal regulations.
- **Budgeting:** Management of SHA's budget processes and preparation of recommended annual and multi-year operating and capital budgets; monitoring and reporting performance of actual revenues and expenditures and program accomplishments against approved budgets; proposing budget revisions and/or corrective actions to maintain the integrity of the annual budget.
- **Risk Management:** Placing SHA's insurance requirements and those of each of the seventeen tax credit limited partnerships; 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 and services and construction contracts; administration of Section 3, Davis-Bacon, and social equity programs; development and administration of SHA procurement policies and procedures to ensure fair and competitive purchasing practices and compliance with federal, state, and local laws and regulations.
- **Information Technology:** Providing efficient and creative technology solutions to business problems; supporting the application and operating system software in use at SHA and the computers, telephones and other ancillary equipment used by agency staff; ensuring a stable, reliable and secure computer infrastructure and software to support SHA's computing needs; maintaining, upgrading and supporting existing software systems; consolidating duplicative or redundant systems; addressing the highest priority needs of the agency for new software development or introduction of new applications; and providing training resources and expertise to support the computer literacy and competence of SHA staff; performs the records storage function for the agency. (See separate budget section on Information Technology)
- **Business Support Services:** Operation of the agency's central reception desk; travel policy and petty cash management administration for SHA as a whole; administrative support to the accounting group; supply ordering and budget management; and CFO executive support.

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

Work Plan Highlights

The department's central and lead responsibilities for the Strategic Plan address the Management Directions: to manage the Seattle Housing Authority as effectively as possible to meet the agency's mission; to ensure that our assets and operations are managed in an efficient and cost effective manner; and to strengthen the agency's financial position and ability to respond to shifting financial conditions.

- ***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, continue to work on processing and systems changes to reduce the number of "rejected payments" and the paper processing of such items.
 - ✓ Continue to evaluate and then implement solutions for electronic rent collection either through lockbox or possibly using capabilities within Yardi.
 - ✓ Continue expanding the use of e-payables and Automated Clearing House (ACH) for electronic payment of most SHA vendors in 2014 with implementation of ACH to occur in the 4th quarter of 2013 or during 2014. The goal is to move 75 percent of the largest 25 percent of our vendors to e-payables and 50 percent of the next 50 percent of our vendors to e-payables.
 - ✓ For all new contractors for development projects and major construction contracts implement a preferred payment policy for contractor participation in e-payables for payment of invoices. The policy will be in place the second half of 2013 and contractors will be enrolled beginning in 2013 and thereafter.
 - ✓ 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. Once implemented, eliminate all non-essential paper records and duplication of document copying; provide training as needed to implement the changes in Accounts Payable.
 - ✓ Continue a leadership role in the Yardi management team as we work through implementation and design issues; assist in identifying and correcting problems encountered and in training staff in the use of the new system. Continue to lead in defining policies and requirements for design of interfaces between Yardi and the EnterpriseOne general ledger.
 - ✓ To facilitate workload planning and improve project delivery, in collaboration with Departments, develop a joint procurement plan, including advertising strategies and procurement schedules for projects identified for 2014. As part of this collaboration, agree on a statement of roles, responsibilities, and timeline standards for the typical procurement process.
 - ✓ Work with Human Resources to support staff training using the Housing TeleVideo Network (HTVN) as a free vehicle for many classes. Offer brown bag lunch sessions introducing these classes for staff who have not yet used HTVN.
- ***Identify and help evaluate opportunities for operations and policy changes to reduce operating costs and achieve efficiencies and/or to increase revenues and/or improve service at a savings:***
 - ✓ Continue work with Asset Management and Development to refine the processes for assessing and 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. In 2013 and 2014, work with a consultant to successfully negotiate the exit of two limited partnerships.

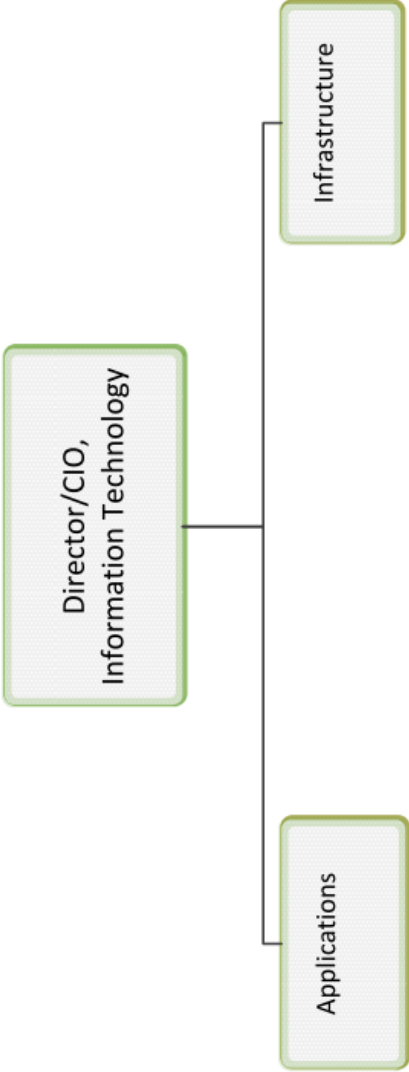
- ✓ Based on lessons learned from tax credit exit analyses, formalize a proposal to the Financial Policy Oversight Committee for policies and standard requirements to be incorporated in solicitations for future tax credit investors. These policies/standards would be designed to minimize the potential for tax liabilities for SHA when the investors exit the partnership.
 - ✓ In anticipation that SHA will resolve with HUD public housing funding for SSHP in 2013, work with Asset Management to update the SSHP 10 year capital and funding plan and work with appropriate parties for its adoption.
 - ✓ Continue working with Housing Operations to monitor and evaluate the effectiveness of changes in responsibilities, standards, time, and cost expectation for turn-around of vacant housing units. Determine methods of institutionalizing changes that have been most effective and continue to support changes in recordkeeping and electronic reporting to accurately track time and cost.
 - ✓ With Housing Operations and Asset Management assess the cost effectiveness of demonstrations of site-focused service in our housing portfolios; define options to improve/extend the benefits and methods of evaluating the changes; work collaboratively toward a policy framework to define the scope and objectives of site-focused service.
 - ✓ 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 develop and implement a plan for further repositioning of the Scattered Site portfolio, including criteria for selecting properties to dispose of; criteria for acquiring replacement housing capacity; a schedule and process for the repositioning; a disposition/acquisition budget; and projected proforma changes resulting from the repositioning.
 - ✓ Participate with the Rent Policy Work Group in evaluating fiscal impacts of alternative rent policy changes with respect to both revenues and costs and in forecasting needs for software changes to support implementation of new policies.
 - ✓ With the HCV program staff, continue to look at options and initiate potential HCV Administrative 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.
 - ✓ Work with Housing Operations and Asset Management to consider cost effective methods to reduce the incidence and cost of tenant caused property damage to SHA residences. Conduct a survey of other housing agencies and private non-profits to determine their policies – renter insurance requirements; waivers of claims for damage; educational programs, etc.
- **Strengthen Seattle Housing Authority's financial position and creditworthiness.**
 - ✓ Continue implementing plans to pay down the current combined balance of \$12.8M on the Operating, Real Estate, and Taxable LOC's over the period 2014-2016 from disposition of properties, permanent financing of properties currently on an LOC, or pay downs from SHA reserves.

- ✓ Negotiate extensions of current credit instruments or restructuring of SHA borrowings for SHA's three lines of credit – Operating, Real Estate, and Taxable.
- ✓ Participate in a national MTW effort to complete negotiations with HUD on financial performance measures for MTW agencies, including an agreed reserve definition and provision for Board-authorized Committed Funds.
- ✓ Conclude and implement an agreement with HUD to provide public housing funding for SHA's SSHP units. Implementation will take the form of a revised ten year capital plan for SSHP buildings.
- ✓ Increase efficiency and maximize MTW operating subsidy by implementing a consolidated and simplified funding calculation approach based on agreements reached with HUD for SSHP funding.
- ✓ Work with Asset Management and Housing Operations to evaluate property reserve levels and recommend changes to better provide stable reserve funding at all properties.
- ✓ Support Yesler Terrace Redevelopment financing, budgeting, and fiscal planning.
- ✓ Actively monitor and evaluate MTW HCV funding options throughout the year to ensure optimal funding. Track any deficits in federal funding of VASH/FUP and implement all possible actions to ensure full federal funding of VASH/FUP.
- ✓ 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.
- ✓ Report on a regular semi-annual basis to the Board of Commissioners on the status of "Committed Funds" and seek their approval of commitments as needed.
- ✓ Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios (DCRs); where there are chronic problems with meeting DCRs, work with Asset Management and Housing Operations to conduct a thorough review of the property and develop a corrective action plan.
- ✓ Continue to improve F&A's ability to forecast cash flow needs and the agency's undesignated unrestricted cash position.
- ✓ Develop strategies to maximize investment earnings, while ensuring that SHA cash flow needs can be met. Specifically, review options and move more unrestricted cash into 2-3 year short-term investments.
- ✓ Support SHA's labor relations and negotiations by providing analysis and advice to Human Resources and the Executive Office on fiscal impacts of potential labor agreements; cost out union and management proposals; help establish cost parameters based on SHA's long-term financial projections for compensation negotiations with labor; and, share SHA's information and projections of annual budget forecasts.
- ✓ Develop and offer an employee training seminar on "*SHA Budget S, U, and Cs – sources, uses, and future challenges*". Offer seminar to employees by the end of the 2ndQ. Also offer a presentation to residents and voucher participants through JPAC.
- ✓ Continue preparing a Comprehensive Annual Financial Report (CAFR) that is confirmed by the independent auditor to be a reliable statement of SHA's financial condition and that is recognized as an excellent example of comprehensive financial reporting by the Government Finance Officers Association.
- ✓ With Standard and Poors, complete a surveillance process to update S&P financial credit data and evaluation of SHA's creditworthiness. Maintain SHA's A+ Rating.

Information Technology

A Division of Finance and Administration

INFORMATION TECHNOLOGY



Information Technology Budget

Information Technology Department Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Admin Salaries & Temp Help	\$1,985,631	\$2,012,034	\$2,084,177	4%
General and Administrative Expense	1,060,399	910,492	947,668	4%
Maintenance & Contracts	373,740	176,990	180,530	2%
Utilities	--	--	--	
TOTAL OPERATING	\$3,419,770	\$3,099,516	\$3,212,375	4%
Less Internal Agency Fees	(1,985)	(2,352)	(2,352)	0%
Capital, Grant and Partnership Salaries & Benefits		--	--	--
TOTAL	\$3,417,785	\$3,097,164	\$3,210,023	4%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	18.0	18.0

In CY 2014, the Information Technology (IT) operating budget will increase by 4.0 percent to \$3.2 million. FTEs in 2014 will remain the same as 2013. Wage rates for new hires and the cost of benefit increases account for most of the operating budget growth. The 2014 IT capital projects budget will be \$465,000, while this would appear to be a reduction from 2013, funds available from prior year projects will result in comparable funding between 2013 and 2014.

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 relies 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; cost effectively consolidate duplicative or redundant systems; address the highest priority needs of the agency for new software development or introduction of new applications; and provide training resources and expertise to support the computer literacy and competence of SHA staff.

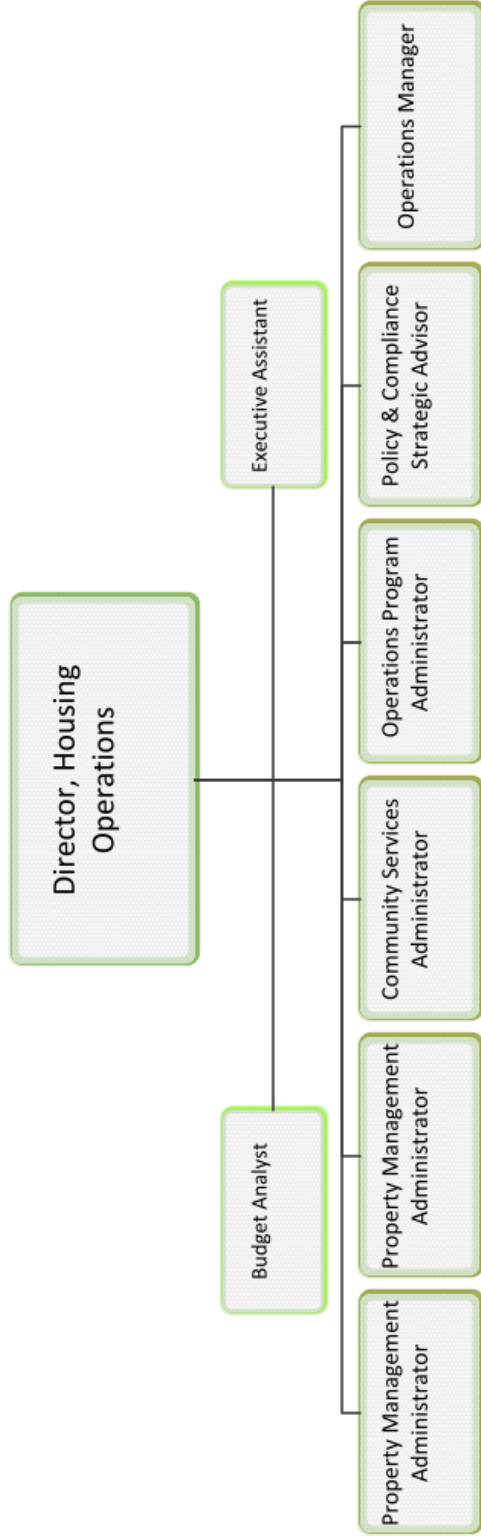
Work Plan Highlights

Information Technology's 2014 budget request contains the following elements to help further SHA's strategic directions and management strategies and manage expenses:

- Begin a move to electronic filing for tenant files in Housing Choice Vouchers and Housing Operations. This will create efficiencies by enabling files to be viewed remotely, will enable better control and security of records and will reduce storage space for paper files.
- Implement the ability for managers to update employee information and personnel action approvals through the agency's EnterpriseOne Human Capital Management system.
- Redesign automated workflow around the purchasing process in the EnterpriseOne procurement system.
- Complete work to automate the workflow of the Accounts Payable processes and approvals in EnterpriseOne and eliminate paper in the process to the maximum extent.
- Continue to enhance data storage for reporting functions. Create areas for business units to query and report to fulfill reporting requirements.
- Redesign agency public website and internal website for easier access to agency information.
- Work with business staff to replace Seattle Housing Authority's twenty-year-old telephone system.
- Maintain existing application software, networks, and computer infrastructure. The primary products are: EnterpriseOne, Voyager, Elite, Kronos, OnBase, Citrix, and a set of Microsoft products. Over the past several years, Information Technology has worked hard to keep each product at a current version, which is necessary so that they interact well with each other and enable agency staff to use improvements made by the vendors.

Housing Operations

HOUSING OPERATIONS DEPARTMENT



Housing Operations Budget

Housing Operations Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Admin Salaries & Temp Help	\$11,080,924	\$11,238,858	\$11,406,638	1%
General & Administrative Expense	8,862,684	8,435,536	9,067,528	7%
Tenant Services	1,735,804	1,762,334	1,674,462	(5%)
Maintenance & Contracts	24,261,207	25,129,720	25,525,445	2%
Utilities	9,138,394	9,923,120	10,193,618	3%
TOTAL OPERATING	\$55,079,013	\$56,489,568	\$57,867,691	2%
Less Internal Agency Fees	(17,266,796)	(17,249,719)	(17,863,614)	4%
Capital, Grant and Partnership Salaries & Benefits	\$5,307,863	\$5,317,211	\$5,443,635	2%
TOTAL	\$43,120,080	\$44,557,060	\$45,447,713	2%
Full-time Equivalent Positions	2013 Approved	2014 Adopted		
Total FTEs	326.5	326.2		

For CY2014, Housing Operations Department will experience a two percent increase compared to the 2013 adopted budget. The department continues its effort to take comprehensive measures to find ways to save costs by operating more efficiently. Over the last two years, the department took significant reductions while maintaining service levels to the maximum possible extent. The overall increase in 2014 is the result of several factors explained below.

Administrative salaries and temporary help expense are budgeted to increase by one percent primarily due to the additions of three new full time positions and a salary adjustment resulting from job reclassifications of the Resident Managers. The three full time positions will be added in 2014 to support the Low Income Public Housing, the Senior Housing Program and the Scattered Sites portfolios. In 2013 LIPH eliminated the Assistant Resident Manager job classification which had resulted in the reduction of eleven full time Assistant Resident Manager positions. The department reviewed the growing demand at LIPH and SSHP properties and added two new Property Assistants in 2014 to work as floaters across the portfolios. A Property Manager position is also added at the Scattered Sites portfolio. Early in 2013, the Resident Manager position was reclassified to the Property Assistant position and this change has resulted in an increase in salaries and benefits expense. The Property Assistants living onsite will pay an occupancy fee and utilities for their units.

A transfer of four FTEs in HOPE VI accounting from IPM Administrative office to Finance & Administration occurred in 2013 to consolidate accounting staffs after SHA moved to the single accounting platform of EnterpriseOne. One FTE from the Admissions office is transferred in the adopted budget to the Housing Choice Voucher program to consolidate the front desk client services under one administrative unit. These transfers have offset part of the increase in administrative salaries and temp help expenses due to position increases.

General Administrative expenses will increase by seven percent from the 2013 budget as a result of a technical change in the allocation method for Information Technology cost. A slight increase in the Central Services Operating Center fee is experienced in 2014 when compared to the 2013 budget.

Tenant service expenses are three percent lower in 2014 mainly because of external tenant service contract reductions in the Community Services Department. Due to the federal funding situation, all contracted service providers are being asked to take a 3.4 percent reduction. Two contracts that are either under-utilized or do not have a service provider are cut entirely.

Maintenance and contract expenses are anticipated to increase by about two percent as compared to 2013 budget. **Utility expenses** are also anticipated to increase by three percent. These increases are distributed almost at all properties across the portfolios within the department.

The overall **Housing Operations Staffing** level is lower by a net 0.3 full-time equivalent positions (FTE) from 326.5 FTEs in 2013 to 326.2 FTEs in 2014. The decrease in FTEs results from the addition of 7.5 FTEs, transfer of 5.0 FTEs and the elimination of 2.8 FTEs.

Department Purpose and Function

Housing Operations is responsible for managing and maintaining SHA's housing portfolio of over 8,100 units. In 2014, this diverse portfolio will be comprised of approximately: 5,400 units of Low-Income Public Housing (excluding SSHP units); about 1,000 Seattle Senior Housing Program units (894 units became public housing units in 2011); about 910 units in Special Portfolio representing locally acquired units; and about 770 tax credit units (excludes 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. The Baldwin Apartments and the 1105 E Fir Limited Partnership, with a total of 118 units, are expected to start service in late 2014 and early 2015, respectively.

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

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

Housing Operations Central Administration & Admissions

Housing Operations Administration & Admissions	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Housing Operations Central Administration	\$1,304,000	\$1,385,000	\$1,522,000	10%
Admissions	\$836,000	\$831,000	\$727,000	(13%)
TOTAL OPERATING	\$2,140,000	\$2,216,000	\$2,249,000	2%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Housing Operations Central Administration FTEs	12.5	13.0
Admissions FTEs	8.0	7.0
Total FTEs	20.5	20.0

The adopted budget for Housing Operations Central Administration and Admissions is two percent above 2013 budgeted level. The slight change in 2014 is a result of a combination of increases and a decrease due to the transfer of one position. For CY 2014, the Housing Operations Central Administration includes budgets for expert consultant oversight, recommendations for on-site focused property management planning, and for after-hour call service for all housing portfolios. These additions result in an increase in the budget for the Central Administrative Office. On the other hand, the Admissions office will transfer its Customer Service Specialist position along with its budget to the Housing Choice Voucher program. The transfer accounts for the reduction in the admissions budget.

In an effort to increase efficiency to support property management, maintenance, and community service functions, the Housing Operations Department examined its Central Administrative organizational structure and reorganized by realigning and reclassifying existing positions and functions. The admissions function is combined with the central administrative office and the preventative maintenance and recycling coordinator positions will be under direct supervision of the Central Administrative Service. The changes are designed to broaden the focus of these functions to all housing portfolios, either in a direct service or in an advisory capacity. The department has 2.5 vacant positions and re-classified these vacant positions to improve departmental service delivery and focus on key priorities. The position reclassification resulted in creation of an Operations Manager, a Training & Development Coordinator, and a Business Process Analyst position. The Operations Manager will oversee compliance, admissions, conservation & sustainability, and training functions. The trainer position is expected to address the growing demand for training within the department. The trainer is planned to be hired before the end of the 2013 budget year.

Work Plan Highlights

The Housing Operations Department Administration provides oversight and direction to the entire department and includes budget support, policy analysis, compliance auditing, admissions, conservation and sustainability, and contract administration. Work plan priorities and initiatives for 2014 include:

- Ensure that all standards for regulatory requirements are met by monitoring changes at federal, state, and local levels.
- Actively look into and attend internal and industry-wide trainings, seminars, or conferences to stay current on certifications and maintain expert skill levels in the compliance field.

- Support changes in property management staffing by providing trainings for property management staff as needed.
- Support the Yesler project at 1105 East Fir Street by providing input into the design of their new ACAM systems.
- Continue to expand use of technology to further automate the compliance audit tracking and reporting systems.
- Continue to provide compliance workshops, training, and 1:1 consultation to property management staff.
- Review and update policies and procedures for each portfolio by developing a Compliance Desk manual and supporting the creation of a standardized workflow for updates to policy, procedures, and forms. Notify staff of these changes and provide training in new procedures as needed.
- Assist the consultant with creating a new Admissions Continued Occupancy Plan (ACOP) and Standard Operating Procedures Manual.
- Audit 100% of all new move-ins and transfers and 10% of re-certifications including, but not limited to, Annual Reviews, Interim Reviews, and corrections as needed.
- Facilitate accurate and timely reporting to the Washington State Finance Commission (WSHFC) by ensuring that SHA is in compliance with all regulatory requirements.
- Cooperate and work with regulatory agencies at annual audits or field visits and provide information or explanations as required.
- Work with Property Management to conduct the initial lease up of tax-credit units at Leschi House.
- Continue to monitor utility bills and implement conservation measures.
- Develop a comprehensive Sustainability Plan to allow for a more cost effective utilization of SHA's utility resources, and position the agency as a real leader in sustainability and a model for other housing authorities.
- Continue to analyze consumption and monitor accuracy of utility bills and pursue rebate programs and creative conservation programs to provide significant ongoing savings to the agency.
- Continue to utilize the energy star portfolio manager database to benchmark SHA's performance and to identify poor performing properties for improvement.
- Continue to develop and implement successful solid waste diversion and reduction strategies, including monitoring and evaluating the waste stream and initiating educational programs and presentations. This work will continue to expand the organics program to divert tonnage from high cost garbage to the lower cost organic commodity.
- Establish new contracts for vending with 50% healthy choice products and for security services that are currently provided by Northwest Protective Services.
- Renew contracts for the after hours answering service and alarm monitoring.
- Look into making the admission process and procedures more uniform and consistent for all properties by moving much of the monitoring of this work under a centralized Admissions department. In 2014, we will look to expand our services by providing support for the HOPE VI and Special Portfolio properties.

- Streamline the admissions process for applicants to our housing. Ideas being examined include: how we manage our wait lists, how we process applicants on our wait lists, the amount of work completed to achieve one approved file, and the number of turndowns we get after approving a file.
- Continue to work with property management staff to address the “handoff gap,” which occurs from the point when Admissions approves a file to when property management starts working a file for leasing.

Low Income Public Housing (LIPH)

LIPH High-rises, Scattered Sites, and homeWorks Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
TOTAL OPERATING	\$19,433,000	\$20,230,000	\$21,613,000	7%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	44.50	53.25

The Low Income Public Housing (LIPH) program consists of approximately 6,300 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 6,300 units, approximately 950 are in HOPE VI properties serving low-income public housing residents, 894 units are in Seattle Senior Housing Program units brought into the Low Income Public Housing Program in 2011; and, 561 units are in Yesler Terrace, the public housing community undergoing redevelopment. The budgets for these units are accounted for in the Limited Partnerships, Impact Property Management, Seattle Senior Housing Program, and Yesler Terrace sections. Low Income Public Housing serves low-income residents who typically pay 30 percent of their income for rent and utilities.

The 2014 budget for LIPH is 7 percent above the 2013 budget as a result of job reclassification for the resident managers, new positions included in 2014 and changes in allocation method for Information Technology costs.

In 2013 an understanding was reached and the job classification for the Resident Manager position was reclassified to a Property Assistant position with one job description for all of the positions across portfolios in LIPH, SSHP and Special Portfolio. The classification adjustment has resulted in an increase in the salaries and benefits budget but it also increased property revenues where the Property Assistants live onsite, as they pay an occupancy fee for their units. The reclassification is anticipated to give flexibility and resources needed to meet the needs of the residents we serve in the Low Income Public Housing communities.

Two new fulltime Property Assistant positions are added for 2014 to address the increased demand for janitorial service at the properties. A change in the assignment of Property Assistants between LIPH and SSHP properties has resulted in an increase in staffing in the LIPH portfolio. The reassignment results from a change in the method of allocating property assistants assignments from numbers of buildings to numbers of units. In 2014 the property assistants are assigned across the portfolios in LIPH and SSHP.

A Property Manager position is also added at the Scattered Sites properties to manage moisture issues, support residents, supervise work order completion and provide better customer service to residents in Scattered Sites properties and the neighborhood. Information technology costs at LIPH properties have increased, while those in the SSHP properties are less in the 2014 Budget.

LIPH Work Plan Highlights

- Continue to focus on capital improvements, vacancies and review of work orders with particular emphasis on Scattered Sites Properties.
- Continue to review the processes and procedures that will reduce turn-around days. The leasing agent will work more closely with the Admissions department and stay in contact with applicants throughout the leasing process.
- Move forward with structure, processes and procedures to ensure tenant eligibility requirements are always fulfilled before move-in and resident file maintenance is improved.
- Continue to explore ideas for staffing assignments related to geographical proximity of buildings in order to reduce drive times, achieve better efficiencies and provide better customer service.
- Address unmet needs in the Scattered Sites portfolio particularly getting on top of the moisture issues that are causing mold, and identifying issues affecting the financial health of this portfolio.
- Work with Asset Management to chart the future of the Scattered Sites program which may include disposition of properties, realignment and possible acquisition of properties.
- Continue the efforts to bring better customer service to the Scattered Sites by directly supervising some of the work orders and/or maintenance work.

Seattle Senior Housing Program (SSHP)

Seattle Senior Housing, includes Ravenna LP	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Operating Expenditures	\$4,657,000	\$4,870,000	\$4,671,000	(4%)

Full-time Equivalent Positions	2012 Approved	2014 Adopted
Total FTEs	19.0	14.0

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 of 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 2011, 894 SSHP units were brought into the LIPH program in order to increase subsidy resources for capital rehabilitation and repairs and increased operating support.

The 2014 Adopted budget (before allocated costs) is lower by four percent from the 2013 budgeted levels mainly because of the reassignment of Property Assistants between LIPH and SSHP communities. The 2014 Property Assistant assignments changed from numbers of buildings to numbers of units. The Property Assistants will be assigned across the portfolios both in the high-rises and Senior Housing Communities. The change has resulted in a reduction of staffing and information technology cost allocation at SSHP while an increase is projected at the LIPH properties.

SSHP Work Plan Highlights

- Review the SSHP rent policy. The program has more than ten percent of its residents outside of the existing rent tier system.
- Complete the third year of the triennial rent determination review process by the end of 2014. During this year, take a close look at procedures and processes for improvement during the next cycle.
- Pay close attention to building upgrades moving forward. Most of the existing buildings don't have ACAM access, the ability to print on site or camera systems with DVR capability for security.
- Participate with Asset Management in updating the SSHP 10 year Capital Plan to guide use of increased capital funding under a dispute settlement with HUD.
- Coordinate with the Development Department on the rehabilitation and construction of a new wing at Leschi House.
- Work with Asset Management on exterior rehabilitation of Pinehurst Court and on renovation of one building elevator in 2014.
- Work with Asset Management on future re-use of South Park Manor with SeaMar or whether it can be sold to another organization, then undertake the relocation of existing residents.
- Working with an intradepartmental team, explore how SHA should proactively respond in instances where residents have moved into a health status where they can no longer care for themselves and need alternative housing.

Yesler Terrace

Yesler Terrace, Baldwin and Steam Plant Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Yesler Terrace	\$2,734,000	\$2,800,000	\$2,672,000	(5%)
Baldwin Apartments			\$39,000	
Steam Plant			\$12,000	
TOTAL OPERATING	\$2,734,000	\$2,800,000	\$2,723,000	(3%)

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	12.40	12.40

Yesler Terrace consists of 561 low income public housing units built from 1941 to 1943 serving a diverse community in the neighborhood. Many of the residents are families with children, seniors and people with disabilities. Residents at Yesler Terrace typically pay 30 percent of their

income for rent and utilities. The YWCA program, which used to occupy 40 of the 561 units at Yesler Terrace, relocated to Holly Court in 2012. The Yesler Terrace redevelopment project envisions a multi year transformation of the community.

The Baldwin Apartments and the Steam Plant are under construction and are expected to start service in 2014. The Baldwin Apartments will have 15 units of replacement housing. The Steam Plant will provide space for Head Start, Youth Tutoring and Community Services.

New construction of replacement and tax credit units at 1105 East Fir Street will be underway throughout 2014 and completed in early 2015. Two new buildings, Building IIa and IIb, are expected to be in planning or construction phase in 2014.

The 2014 Yesler Terrace operating budget is nearly 5 percent below the 2013 adopted budget, mainly due to the anticipated implementation of the Yesler Relocation Plan. One hundred thirty-nine households are expected to relocate from Yesler Terrace into other housing options in 2014. Utility and maintenance expenses are expected to be lower as a result of the relocation. The 2014 budget shown above includes the Baldwin Apartments and Steam Plant for part of the year.

Yesler Terrace Work Plan Highlights

- Continue to manage and operate Yesler Terrace at current levels of service and mitigate construction related issues when redevelopment of Phase 2 begins in early 2014.
- Manage the new Steam Plant community facility, which will provide space for Head Start, Youth Tutoring, Community Services, and a multi-purpose community space for use by the residents and the public.
- Perform the lease-up of the Baldwin, scheduled to open in mid-late 2014 and prepare for lease-up of 1105 East Fir Street in 2015.
- Continue to engage in relocation activities for the next phase of redevelopment in Yesler Terrace.
- Continue to participate in redevelopment activities for Phase II replacement housing scheduled to be completed in 2015.

Special Portfolio Housing Program (SP)

Special Portfolio	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Operating Expenditures	\$4,293,000	\$4,513,000	\$4,693,000	4%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	16.00	15.75

The Special Portfolio group manages over 910 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.

In 2014, a number of Special Portfolio properties will benefit from pooled refunding of a series of bond measures that will both lower most of these properties' overall cost for annual debt service and, in several instances, provide added capital for needed repairs and rehabilitations.

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 budget for Bayview Tower is included in the Special Portfolio budget shown above. The 2014 Budget for Special Portfolio will increase by 4 percent over 2013 mainly because of a reclassification of former resident managers to Property Assistants.

Special Portfolio Work Plan Highlights

- 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. The proposed bond refinancing for a large part of this portfolio will provide capital for some necessary capital work and reduce overall debt costs.
- Continue to explore innovative ways to decrease operating costs. This may include finding products to use 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.
- Coordinate with Asset Management on capital repairs and improvements scheduled for 2014, particularly those involving roof repairs or replacement and siding replacement.
- Continue to keep high HUD REAC scores. These improved scores will exempt us from inspections for two years for most of our properties.
- Changes to the Property Assistant job classification is one step in a multi-step process for implementing the site-focused property management initiative. Property Assistants have one consistent job description that encompasses a broader range of responsibilities. Property Assistants who choose to live on-site will pay an occupancy fee, and they will have uniforms and mobile phones to make them accessible and more visible to our residents.

Impact Property Services (IPS)

Impact Property Services Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Impact Property Services Operations	14,706,246	14,719,095	14,932,177	1%
Housing Operations Facilities	362,706	300,140	314,864	5%
TOTAL OPERATING	\$15,068,952	\$15,019,235	\$15,247,041	2%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Operating Budget FTEs	116.5	117.0
Capital Budget FTEs	18.5	16.0
Total IPS FTEs	135.0	133.0

The Impact Property Services' (IPS) operating budget will increase 1 percent to \$14.9 million in 2014. The 2014 budget incorporates a net reduction of two positions in IPS: one vacant position that is eliminated and one occupied position that was transferred mid-2013. As part of the budget plan, cabinet decided to reduce resident transfers between units to only those moves

necessary due to new ADA requirements. IPS reduced one vacant painter position to achieve the expected reduction in vacate turnover costs. One Maintenance Mechanic was transferred to Jefferson Terrace and Denny Terrace to perform site focused Maintenance Mechanic duties.

There was also a transfer of 2.5 HazMat positions within the department - from the Capital Budget to the Operating Budget, with no net change in the overall department FTEs, but for an increase on the Operating side and a decrease on the Capital side.

In 2014, IPS will manage the budgets for the MLK Maintenance, South Operating and the Operating Support Center facilities. The IPS Facilities budget will increase 5% in 2014 to \$315,000. The increase is due to 14 percent higher telephone costs in 2012 than expected in 2013 and this cost increase is expected to continue into 2014 with an overall increase of 28%. Other cost drivers are utilities, with an increase of 3.2 percent projected in the 2014 budget.

IPS advances the Agency's mission by providing maintenance related services to SHA properties. Portfolio managers rely on IPS to provide high-quality services to residents and commercial customers in a cost-effective and considerate manner. IPS is organized into eight businesses, plus an administration unit, that provide an efficient and effective bundle of services to SHA and other affordable housing providers. IPS' lines of business include Construction, Fleet Management, Hazardous Materials Removal, Maintenance and Repairs, Janitorial Services, Landscaping, Pest Control and Solid Waste.

IPS Work Plan Highlights

- Yardi:
 - ✓ Continue to have significant involvement with the Yardi Implementation Team (YIT) and the Yardi Operations Team (YO). Assist in developing enhanced training materials, such as Yardi University online tutorials, and identifying data needs.
- Service Delivery
 - ✓ Provide support in the development of a new service delivery model of management and maintenance. Provide technical expertise throughout the process.
 - ✓ Focus control of costs and turn-around time for satisfactory acceptance of vacant units.
 - ✓ Advocate for and provide more bedbug inspections to specific properties targeted due to their ongoing bedbug problems.
 - ✓ Provide bed bug expertise and support property management's communication and education plans with residents. Continue to stay on the cutting edge of strategies, treatments and equipment for bed bug control.
- Preventive Maintenance (PM):
 - ✓ Work with management to bring the remaining SHA properties under the IPS PM Plan.
 - ✓ Use, monitor and analyze the revenue and expense data within IPS' businesses and community expense accounts. Use this data to track the costs and benefits of the preventive maintenance program at the properties.
 - ✓ Use Yardi's features for analyzing asset performance, and develop baseline and goal metrics for the PM program using data analysis features built into Yardi.
 - ✓ Investigate expansion of the PM program to HOPE VI and commercial properties.
- Solid Waste:
 - ✓ Replace a very old garbage packer truck to improve safety and efficiency, ensure continuity of operation, and reduce carbon emissions.

- ✓ With an interdepartmental team, conduct review of Solid Waste costs and revenues and assess whether changes to the Solid Waste rates, rate structure, and/or billing system are needed.
- ✓ With the Budget Office and Information Technology, review the financial data needs of the Solid Waste division and the most cost effective way to meet those needs for account management, billing, and reporting in the context of SHA's total software and hardware systems. Determine whether a stand-alone solid waste financial management system could meet SHA's overall needs for Solid Waste financial data as part of the agency's enterprise accounting system.
- ✓ 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.
- ✓ Increase the number of solid waste customers. Actively market and provide fee services to non-SHA affordable housing providers.

Community Services

Community Services Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
TOTAL OPERATING	\$3,046,504	\$3,390,000	\$3,381,000	--
Full-time Equivalent Positions		2013 Approved	2014 Adopted	
Total FTEs		27.0	26.2	

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 2014 with 8.7 of the 26.2 CS FTEs being primarily 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.

As the Federal funding situation becomes more uncertain, the grant opportunities available to us decrease. Three FTE's currently funded by a federal ROSS service coordinator grant will be reduced in the second half of 2014. The budgeted FTE count above assumes this funding will not be received and we will need to reduce these employees mid year. However, if this funding is awarded to us and available, we will continue the positions and restore the FTE's. HOPE VI grant funding for an Economic Opportunity Specialist ends at the Lake City Court property and the position will come to an end for that 0.5 FTE. As part of the Choice Neighborhoods grant at Yesler Terrace, a Project Supportive Services Coordinator will be added to the Community Services Department.

Other Community Services Operating expenses vary by account. There is a slight increase to the administrative salaries to extend the grant funded FTE's half way through the year. Tenant Service contracts will see a slight reduction to all service providers. Two smaller contracts that were underutilized will end.

Community Services Work Plan Highlights

- Promote financial stability through employment, vocational training, financial literacy, savings, and banking services. To accomplish this, CS will work on partnering with current and new partners that offer training and jobs. These partners include YearUp, Workforce

Development Council, Office of Economic Opportunities, YWCA, and Seattle Central Community College.

- Implement the “People Initiative” portion of the Choice Neighborhoods II grant. This initiative focuses on education, economic opportunity, and health for our residents. This will include developing an education collaborative that aims to help all Yesler school age children graduate from high school and college and/or be career ready.
- In 2014, CS will implement the Yesler Community Workforce Agreement and help residents find employment through the Section 3 program for the estimated 60 job openings in association with the construction of the 1105 E. Fir building.
- CS will implement the Yesler Employment Pathway Initiative with neighborhood employers like Harborview Hospital, Swedish Hospital, and Seattle University. In 2014, this initiative will include a new element to allow Yesler high school youth to explore future careers in healthcare and other technical careers.
- 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.
- Meet all performance targets for grant-funded positions 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.
- Continue to promote the College Bound Scholarship program and other related educational resources across SHA housing portfolios.
- Continue to work with partners to support SHA youth residents academic success through youth tutoring, computer labs, and access to educational information and support.
- Explore ways to effectively partner with community non-profits and other entities to promote economic and educational achievement for residents in the HOPE VI communities and Housing Choice Voucher (HCV) participants. Increase the number of participants depositing savings through the HCV Family Self-Sufficiency program.

Impact Property Management – HOPE VI Communities and Parks

Impact Property Management – HOPE VI Administration, New Holly and Others Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Impact Property Management	783,000	734,000	460,000	(37%)
New Holly Phase I	1,996,000	1,979,000	2,011,000	2%
Parks	249,000	267,000	294,000	10%
Campus of Learners	489,000	472,000	524,000	11%
TOTAL OPERATING	\$3,517,000	\$3,452,000	\$3,289,000	(5%)

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	52.1	51.6

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, a tax credit property owned by SHA.

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. The most significant change in FTE's results from the transfer of 4 accounting FTEs from IPM to the central SHA accounting unit in F&A. This consolidation occurred in early 2013 following the transfer of all financial and tenant reporting systems to single agency-wide systems – EnterpriseOne and Yardi. IPM also will receive a transfer-in of a 0.5 FTE from LIPH administration to help address administrative needs. The HOPE VI portfolio increased by one permanent FTE and two temporary FTEs. To help with the transition into the new billing systems, rent models, and other changes at these properties, Rainier Vista will have a temporary Property Manager and Holly Park will have a temporary Property Manager Associate Trainee. High Point will add a Maintenance Technician to more efficiently turn vacant units and upkeep this large property.

For the most part, these budgets remained flat or had modest increases for inflation, with the noted exceptions below. The biggest change was from the transfer of employees out of IPM described above. Holly Park had some reallocation of expenses due to final adjustments from moving accounting systems in 2012. Parks increased maintenance and utility expenses for the addition of wetland property at Rainier Vista. Campus of Learners had increased condo fees and maintenance expenses. Overall, these units were able to realize modest savings in operating expenses and equipment.

IPM manages HOPE VI housing units owned by eight limited partnerships, for which SHA serves as the General Partner and Managing Agent – New Holly (Phases II, III), Rainier Vista, Lake City Village, and High Point. In 2014, 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.

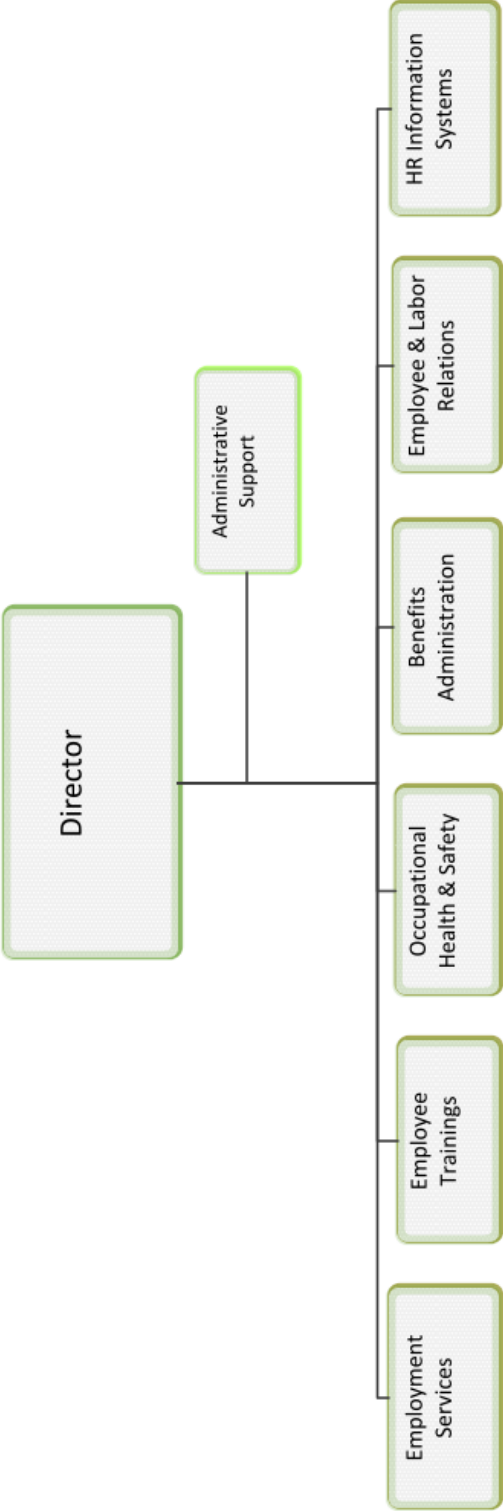
IPM also oversees operation of the parks and common amenities in these communities. In addition, the Yesler Terrace public housing family community, New Holly Campus of Learners, Special Portfolio and the Ritz Apartments are also managed by IPM. Budgets for the Limited Partnerships are included in the 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

- Continue stabilizing the new water/sewer billing system and clear all accounts receivable associated with prior water billings. The new system is expected to significantly reduce staff time responding to billing complaints. Under this new system for water and sewer billing, which went into effect earlier this May, residents will pay for their water and sewer use embedded in their rent and are given a monthly threshold “usage allowance” in gallons. Residents will not receive a bill if they are at or under their monthly threshold allowance in gallons.
- Evaluate the new water and sewer billing system and incentive program. We will closely monitor the HOPE VI communities and analyze consumption in light of conservation goals. Produce a “Year One” report of analysis and recommendations for program refinements.
- Support the newly established Rainier Vista East Homeowner's Association and use a Community Builder to promote a positive and interactive relationship between the residents, homeowners, and community partners.
- Continue to evaluate the use of maintenance and repair work order processes through the Yardi system, refine it to enhance efficiencies, and monitor property performance and repairs.
- Explore innovative ways to decrease costs to the Limited Partners, such as using more durable materials that will have a longer life and finding appliances that cost less to replace and/or repair.
- Participate with 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, as well as discussions regarding a possible buyout of Othello LP, Phase II.
- Support 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, and promote participation with the organics program for the rental units in High Point.
- Engage residents to support safe communities by working with the Seattle Police Department's Community Police Team Officer, Crime Prevention coordinator, private security, and Block Watch activities.
- Establish High Point as Regional Command Center for Seattle Housing for our emergency preparedness plan. This work will include setup, trainings, and participation in emergency preparedness drills.
- Engage in the transition of control from SHA as declarant to the High Point Homeowner's Association Board.

Human Resources

HUMAN RESOURCES DEPARTMENT



Human Resources

Department Expenditures	2012 Actual	2013 Budget	2014 Adopted	% change 2013-2014
Admin Salaries & Temp Help General and Administrative Expense	\$1,542,033	\$1,584,124	\$1,673,928	6%
Tenant Services	246,332	280,358	281,793	1%
Maintenance & Contracts	--	--	--	--
Utilities	90,779	92,039	93,768	2%
TOTAL OPERATING	\$1,879,144	\$1,956,521	\$2,049,489	5%
Less Internal Agency Fees Capital, Grant and Partnership Salaries & Benefits	(\$120,842)	(\$125,511)	(\$107,703)	(14%)
TOTAL	\$1,758,302	\$1,831,010	\$1,941,786	6%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	9.0	9.2

For CY 2014, the Human Resources (HR) Department's operating budget will increase by 5 percent above CY 2013 to \$2.05 million. This increase reflects a net change of 0.2 FTEs in staffing related to the addition of a new Labor Relations position that is offset in part by a partial year position reduction. A Labor Relations position is being added to help strengthen the relationship and communication with our unions. A partial FTE reduction is possible because administrative work is anticipated to decline with efficiencies gained from our planned implementation of EnterpriseOne Management Self Service, an automation of employee information process flow. Other line items contributing to the slight increase in HR's budget includes a \$59,000 increase in agency commuting costs, and additional funding for emergency preparedness activity. However, for 2014 these budget increases are partly balanced with less funding set aside for agency-wide unemployment compensation and employee termination payouts.

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.

Human Resources supports the strategic plan and SHA 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. This year, as we move forward with a new Emergency Preparedness Plan, HR will assume responsibility for implementing the plan. The Safety Office will be responsible for all staff training and for setting up the emergency command centers with appropriate equipment and supplies.

Work Plan Highlights

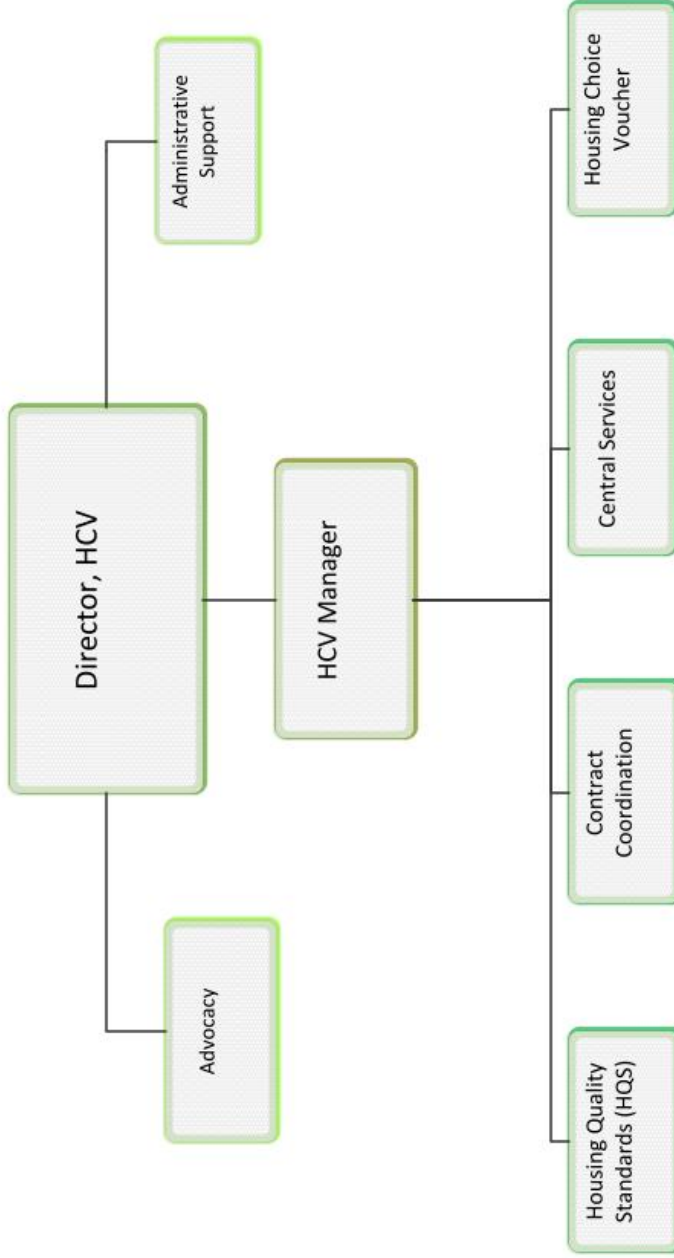
The Human Resources Department's CY 2014 work plan includes:

- Implement and support the SHA and HR strategic plans, which include advancing the use of technology to increase efficiency and effectiveness within the department. Participate and test system functionality in EnterpriseOne and Kronos for many core HR data actions, such as implementation of Management Self Service. Test system functionality and develop new processes using these information technology tools; ensure that appropriate staff is trained in the use of the new systems.
- Continue to monitor, review, and implement new federal, state and local laws that are relevant to SHA's employment practices. Provide on-going training for HR staff to ensure SHA's ability to comply with employment laws and regulations.
- Focus on four priority areas of training: career and leadership development; supervisory training; skills training, particularly for proficiency in use of electronic tools and programs; and safety training, including workplace violence.
- Address succession planning for senior management positions and complete a leadership transition approach for each Cabinet position. Encourage and support each Department in defining succession planning for all individuals expected to retire in the next five years.
- Increase supervisory skills by offering training classes for supervisors and managers. Provide training to meet the needs of staff, improve employees' skills, and comply with federal, state and local employment laws and regulations.
- Continue the new employee and new supervisor orientation training processes that focus on understanding unique job responsibilities and the importance of the essential requirements of the job.
- Address changing expectations and job requirements through relevant, effective, ongoing training. Today's work environment reflects the fast pace of change in technology, job requirements, and the tools and skills used to perform staff work duties.
- Modify the job evaluation process, scale, standards, and forms to update and improve the Performance Evaluation System for represented staff and conduct training in the new system for all supervisors and employees.
- Conduct an employee survey. This survey will include questions that will gauge the degree of stress employees are experiencing from work and solicit feedback on methods to help them manage and reduce stress. Develop and implement training programs for supervisors and staff in better handling workload issues such as stress.
- Work with our Employee Assistance Provider to coordinate training, referrals, and special interventions regarding confrontational/potentially violent incidents affecting SHA staff.
- Develop programs and procedures that will continue to reduce the on-the-job 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 SHA facilities and work sites to promote safe working conditions for staff and safe living environments for residents. Encourage safe use of equipment and safe working practices, and ensure compliance with regulatory requirements to increase the health and safety of employees, reduce time-lost to injury, and reduce worker compensation claims.
- 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 safety training (in-house or external trainers) such as ladder safety, blood borne pathogens, hazardous waste, and workplace violence prevention.
- Update SHA’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.
- With a dedicated labor negotiator/relations expert/senior staff, strengthen the relationship with labor unions to enhance communications, reduce grievances and partner to implement SHA’s mission and goals. Work with the unions to ensure the contracts are consistent with SHA’s financial capacity, and efforts to create efficiencies in operations and cost containment. This full-time capacity will enable greater interaction and timely response in labor-management issues; and streamline and improve the effectiveness of bargaining. Work with the unions to bring all contract negotiations to an agreed conclusion as early as possible.
- Continue working with our employee representatives to move to greater site-focused flexible maintenance and property management capacities; to address job security issues with the skilled trades regarding contracting out and contracting opportunities; and to implement a new wage structure for OPEIU employees.
- 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 events, such as the All Staff Meeting, Holiday Brunch, Service Anniversary Luncheon and Combined Charities Campaign.
- Implement the agency’s recently completed Emergency Preparedness Plan by completing the set-up and equipping of the central and satellite command centers and by designing and implementing training for all staff.
- Review and coordinate the implementation of an emergency preparedness program for SHA. Actions will include updating the current plan, developing training protocols, conducting training, and creating emergency plans that meet FEMA standards and Seattle Fire Codes.

Housing Choice Voucher Program

HOUSING CHOICE VOUCHER PROGRAM



Housing Choice Voucher Program Budget

Department Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
Admin Salaries & Temp Help	\$4,050,184	\$4,342,289	\$4,599,671	6%
General & Administrative Expense	\$3,928,914	\$3,898,429	\$3,837,762	(2%)
Tenant Services	8,345	13,273	209,018	1,475%
Maintenance & Contracts	36,753	54,009	70,710	31%
Utilities	-	-	-	-
TOTAL OPERATING	8,024,197	8,308,000	8,717,161	5%
Less Internal Agency Fees	(2,705,543)	(2,472,127)	(2,799,154)	13%
Housing Assistance Payments	79,478,249	85,427,013	85,703,489	0%
TOTAL	\$84,796,902	\$91,262,886	\$91,621,496	1%

Full-time Equivalent Positions	2013 Approved	2014 Adopted
Total FTEs	54.85	57.85

For CY 2014, the **HCV Program's operating expenses** will increase 5 percent above CY 2013 to \$8.7 million. Personnel will increase by a net of 3 FTE positions. Two full time positions will be reduced to part time due to efficiencies realized through new policies. A Housing Counselor that was budgeted to start half way through 2013 will be full time in 2014. A Customer Service Specialist II will be transferred from the Housing Operations Department. Due to a growing voucher stock, a Certification Specialist II will be added and a Customer Service Specialist II will be hired in 2014 to focus on document imaging of tenant files. These changes net to an increase of 3.0 FTE.

The increase in the non-labor operating budget is due primarily to the implementation of short term rental assistance pilot programs. Some of these programs were budgeted to start in late 2013 as a Housing Assistance Payment (HAP) expense. However, now that implementation is nearer and program designs are complete, these programs will be treated as an MTW tenant services activity. These pilot programs may offer short term rental assistance to homeless families and formerly homeless youth. New programming also includes funding for connections to employment navigators, and short term case management; SHAs contribution will cover rental assistance, security deposits and arrears. Some of these costs are reflected through professional contracts and others will likely be tenant service contracts. The programs will be administered by service providers with demonstrated expertise in the community.

Although the **Housing Assistance Payments** (HAP) from the 2013 budget to the 2014 budget remain relatively consistent, many elements have changed that contribute to this net result.

Due to the effects of sequestration in 2013, SHA will fall significantly short of our budgeted goal of 97 percent utilization. Therefore, we expect our 2013 actual expenses to be significantly lower than budgeted. However, this decrease will be offset by increased cost in several other areas.

In 2013 we were awarded 181 Tenant Protection Vouchers for the Yesler Terrace development and 35 new VASH vouchers. Our authorized Vouchers averaged 10,536 in 2013 but will increase to 10,644 in 2014 including mod rehab. Although our utilization is expected to be at an average of 93% for 2014, we will still be increasing the number of families served due to these awards, but not at the same rate we had budgeted in 2013. We will also be able to issue some vouchers off the new waitlist to partially offset attrition.

Past experience has shown that vouchers issued off the waitlist are significantly more expensive than our existing stock of vouchers. Additionally, the vouchers that will be issued for the Yesler Terrace Relocation are expected to be significantly more costly, because these vouchers will typically be serving very large families in high cost urban areas.

Other factors that are expected to increase Housing Assistance Payments include rent inflation in the Seattle market and increased utility assistance payments. Vacancy rates are the lowest they have been in years which has allowed landlords to increase rent. The Budget Office projects that rents will rise by about 3% in 2014; this will be reflected in higher HAPs. Utility expenses are projected to increase more than 10% above the last utility assistance payment adjustment which will increase costs accordingly.

Department Purpose and Function

The primary responsibility of SHA's Rental Assistance & Advocacy Department is to administer federal housing assistance payments serving households in the Housing Choice Voucher (HCV), Special Vouchers, and Mod-Rehab programs.

The Housing Choice Voucher program provides rental assistance to more than 10,600 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.

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

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

The 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 2014 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.
 - ✓ The department will apply for VASH and other special voucher programs that are appropriated by Congress.
 - ✓ SHA applied for and received 435 Tenant Protection vouchers to preserve the affordable housing stock in the City of Seattle in 2012. In 2013 SHA applied for and received 181 Tenant Protection Vouchers. We will continue to apply for Tenant Protection Vouchers as opportunities arise.

- ***Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers.***

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. The department will continue the work of the past few years to expand housing access and choice. Throughout 2014, we will accomplish the following:

- ✓ Increase housing counseling services to reach more voucher participants. Through individualized housing counseling assistance, help identify and assist voucher participants to make informed decisions about housing selection.
 - ✓ 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.
 - ✓ Enhance the department's linkages with community services to increase economic and geographic mobility for HCV recipients; develop and implement a comprehensive community resource referral strategy so all staff have accurate and relevant service provider information that is used for appropriate referrals.
 - ✓ Continue to develop relationships with the city's education community to increase the long term outcomes for voucher recipients. Mobility research shows that families who move to high opportunity areas increase school performance, economic stability and health indicators.
 - ✓ Engage with two separate groups developing pilot programs offering short term rental assistance to homeless youth and families. Programs include funding for short term rental assistance, connections to employment navigators, and short term case management; SHAs contribution will cover rental assistance, security deposits and arrears, but not administrative or employment assistance costs. The programs will be administered by service providers with demonstrated expertise in the community.
- ***Assist housing participants in gaining access to education and employment opportunities so they can improve their lives.***
 - ✓ The Savings Match Pilot began in the first quarter of 2013. This pilot is a savings matching program for households that earn full time minimum wages and are ready to leave subsidized housing and enter the private rental market, or are planning on purchasing a home.

- ✓ In 2014, we will expand our relationships with the workforce development community, such as the Work Source Centers, Seattle Jobs Initiative and Goodwill. We will also improve linkages to schools across Seattle and work to increase school performance of voucher recipient's children.
- ✓ College Bound registration events will continue for the fourth year in 2014.
- ✓ The HCV Department, with SHA's Community Services Division, has worked to increase participation of voucher holders in the Family Self-Sufficiency (FSS) program. In 2014, we look forward to continuing our partnership with the Economic Opportunity team to improve HCV participant access to education, employment and training opportunities through FSS and external partners. Increased self-sufficiency of tenants typically yields a greater ability to pay market rent and longer term financial stability.
- ✓ Continue the Ready to Rent series for HCV participants in 2014, providing training on housing and financial stability. Ready to Rent courses teach rental preparedness, rental search tips, tenant rights and responsibilities, along with financial literacy.
- **Provide additional services and increase the stock of housing for low-income seniors.**
 - ✓ HCV will reach out to senior community organizations and build partnerships, so we can refer our participants as appropriate for relevant services.
 - ✓ Incorporate senior voucher participants into HCV's financial stability outreach in 2014.
- **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 2014, 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 2014, we will continue to promote positive activities for youth in communities where SHA has a significant presence. These include hosting sign-up events for College Bound Scholarships; collaborating with Neighborhood House and SHA Community Builders to hold workshops on college financing and college applications; and participation 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.

190 Queen Anne Central Office

190 Queen Anne Central Office Expenditures	2012 Actual	2013 Budget	2014 Adopted	% Change 2013-2014
TOTAL OPERATING	\$1,090,690	\$1,586,434	\$1,597,936	1%

The consolidation of two separate administrative offices into a single Central Office building that occurred during 2013 continues to be beneficial to staff and our customers. We continue to strive to provide a clean, safe, welcoming environment for our staff and building visitors. To improve employee efficiency, motor pool vehicles have been relocated to 190 Queen Anne. Pest control preventive maintenance services have been utilized on a regular basis for pests that could be introduced in our general public areas. The staff associated with the administration of 190 Queen Anne is accounted for in the HCV budget, where lease and building administration has been assigned.

The 190 Queen Anne budget increased by 1 percent as a result of added costs for on-site parking of motor pool vehicles, preventive pest control monitoring/treatment services, security services for after-hour meetings, and miscellaneous contract work for repairs not covered by the management company, Martin Selig Real Estate (MSRE). These cost additions were offset by a reduction of the estimated Common Area Maintenance (CAM) fee by MSRE. This budget should remain stable for several years with probable CAM fees and non-discretionary rental expenses changing with inflation.

190 Queen Anne Work Plan Highlights

- Ensure excellence in 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

In addition to the organization of budgets by departments reported in the previous section, SHA organizes and budgets its finances into funds. Each fund accounts for activities as defined in the fund descriptions on each of the following pages. Some of the funds are grouped together for presentation purposes. 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. Listed below are the titles of SHA's budgeted funds presented in the subsequent pages.

CY 2014 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 199/707	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
Fund 591/710	Baldwin and other Yesler Redevelopment Activities

MTW General Fund

MTW Fund

Under SHA's Moving To new Ways (MTW) contract with HUD, the MTW General Fund (MTW Block Grant) combines revenues from three sources of federal housing support: public housing operating subsidy, public housing capital grant, and MTW Housing Choice Vouchers. 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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual ¹	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 15,364,000	\$ 15,315,000	\$ 15,304,088
Investment Income	29,000	21,000	13,899
Other Income	2,049,000	2,061,000	2,197,911
MTW Block Grant	120,950,000	119,808,000	124,811,801
Total Revenues	\$ 138,392,000	\$137,205,000	\$142,327,699
EXPENSES			
Admin. & General	\$ 22,121,000	\$ 22,246,000	\$ 23,551,132
Housing Assistance Payments	70,783,000	76,095,000	76,338,566
Utilities	6,452,000	7,183,000	7,341,784
Maintenance & Contracts	10,267,000	11,181,000	11,310,380
Total Expenses	\$ 109,623,000	\$ 116,705,000	\$ 118,541,862
Net Income (Loss)	\$ 28,769,000	\$ 20,500,000	\$ 23,785,837
Capital and Non Routine	(10,754,000)	(10,640,000)	(12,183,000)
Transfers	(15,066,000)	(8,938,000)	(10,646,677)
Net Cash Surplus (Deficit)	\$ 2,949,000	\$ 922,000	\$ 956,160

¹ The CY 2012 capital amount represents the value of the projects budgeted over multiple years.

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 issuance 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, are 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 table below provides the operating costs of both the MTW and non-MTW SSHP communities.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 4,451,192	\$ 4,591,077	\$ 4,571,788
Investment Income	498	3,865	3,329
Other Income	199,140	240,073	263,952
Subsidy			
Total Revenues	\$ 4,650,830	\$ 4,835,015	\$ 4,839,069
EXPENSES			
Admin. & General	\$ 2,868,318	\$ 2,872,166	\$ 2,636,111
Utilities	775,747	910,175	984,856
Maintenance & Contracts	1,510,918	1,654,536	1,626,799
Total Expenses	\$ 5,154,983	\$ 5,436,877	\$ 5,247,766
Net Income (Loss)	(\$ 504,153)	(\$ 601,862)	(\$ 408,697)
Transfers	543,581	613,562	420,397
Net Reserve Contribution (Loss)	\$ 39,428	\$ 11,700	\$ 11,700

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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 86,276	\$ 94,920	\$ 80,002
Investment Income	122	250	80
Other Income	1,970	2,988	3,184
Subsidy	207,096	199,200	204,084
Total Revenues	\$ 295,464	\$ 297,358	\$ 287,350
EXPENSES			
Admin. & General	\$ 177,745	\$ 170,508	\$ 198,438
Utilities	20,087	21,876	22,560
Maintenance & Contracts	10,802	23,160	19,260
Total Expenses	\$ 208,634	\$ 215,544	\$ 240,258
Net Income (Loss)	\$ 86,830	\$ 81,814	\$ 47,092
Less Debt Principal	(41,829)	(41,829)	(37,490)
Transfers	(7,147)	(32,485)	16,500
Net Cash Surplus (Deficit)	\$ 37,854	\$ 7,500	\$ 26,102

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. The majority of these services are MTW funded.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	863	795	693
Other Income	3,326	-	-
Subsidy	-	-	-
Total Revenues	\$ 4,189	\$ 795	\$ 693
EXPENSES			
Admin. & General	\$ 3,191,423	\$ 3,342,474	\$ 3,374,423
Utilities	-	-	-
Maintenance & Contracts	17,341	69,687	47,987
Total Expenses	\$ 3,208,764	\$ 3,412,161	\$ 3,422,410
Net Income (Loss)	(\$ 3,204,575)	(\$ 3,411,366)	(\$ 3,421,717)
Transfers	\$ 3,229,575	\$ 3,411,366	\$ 3,421,717
Net Cash Surplus (Deficit)	\$ 25,000	\$ 0	\$ 0

Bayview Tower

Fund 127

Bayview 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's Project Based Section 8 Contract program.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 263,152	\$ 310,564	\$ 309,311
Investment Income	219	150	116
Other Income	2,462	(1,067)	8,403
Subsidy	724,009	673,344	682,991
Total Revenues	\$ 989,842	\$ 982,991	\$ 1,000,821
EXPENSES			
Admin. & General	\$ 402,924	\$ 408,803	\$ 424,366
Utilities	94,636	117,833	120,440
Maintenance & Contracts	178,913	205,473	206,543
Total Expenses	\$ 676,473	\$ 732,109	\$ 751,349
Net Income (Loss)	\$ 313,369	\$ 250,882	\$ 249,472
Less Debt Principal	(\$ 54,660)	(\$ 58,304)	(\$ 45,996)
Transfers	(211,682)	(134,827)	(\$ 171,456)
Net Cash Surplus (Deficit)	\$ 47,027	\$ 57,751	\$ 32,020

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. Using funds awarded under this program, Seattle Housing Authority 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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 45,907	\$ 53,449	\$ 54,649
Investment Income	920	779	754
Other Income	530	518	528
Subsidy	-	-	-
Total Revenues	\$ 47,357	\$ 54,746	\$ 55,931
EXPENSES			
Admin. & General	\$ 17,505	\$ 17,235	\$ 19,304
Utilities	8,763	10,360	10,684
Maintenance & Contracts	6,175	12,150	13,505
Total Expenses	\$ 32,443	\$ 39,745	\$ 43,493
Net Income (Loss)	\$ 14,914	\$ 15,001	\$ 12,438
Transfers	-	(\$ 15,001)	(\$ 12,438)
Net Cash Surplus (Deficit)	\$ 14,914	\$ 0	\$ 0

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 MTW agreement. For the CY 2014 budget year, Special Purpose Vouchers will include those for the Family Unification Program, Veterans Affairs Supportive Housing, and the Mainstream Disability program.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	11,193	11,190	3,650
Other Income	751,078	476,445	392,889
Subsidy	4,218,780	4,677,669	4,232,326
Total Revenues	\$ 4,981,051	\$ 5,165,304	\$ 4,628,865
EXPENSES			
Admin. & General	\$ 517,653	\$ 539,763	\$ 507,259
Housing Assistance Payments	4,218,345	4,677,669	4,877,638
Utilities	-	-	-
Maintenance & Contracts	5,060	4,211	6,082
Total Expenses	\$ 4,741,058	\$ 5,221,643	\$ 5,390,979
Net Income (Loss)	\$ 239,993	(\$ 56,339)	(\$ 762,114)
Transfers	(\$ 220,000)	\$ 56,339	\$ 762,114
Net Cash Surplus (Deficit)	\$ 19,993	\$ 0	\$ 0

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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	115	165	175
Other Income	762,796	739,969	514,102
Subsidy	4,477,054	4,654,299	4,487,285
Total Revenues	\$ 5,239,965	\$ 5,394,433	\$ 5,001,562
EXPENSES			
Admin. & General	\$ 656,432	649,342	663,058
Housing Assistance Payments	4,477,054	4,654,299	4,487,285
Utilities	-	-	-
Maintenance & Contracts	-	15,315	-
Total Expenses	\$ 5,133,486	\$ 5,318,956	\$ 5,150,343
Net Income (Loss)	\$106,479	\$75,477	(\$148,781)
Transfers	(102,000)	(75,477)	148,781
Net Cash Surplus (Deficit)	\$ 4,479	\$ 0	\$ 0

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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	595	549	496
Other Income	10,932	-	-
Subsidy	-	-	-
Total Revenues	\$ 11,527	\$ 549	\$ 496
EXPENSES			
Admin. & General	\$ 10,334	\$ 1,000	\$ 496
Utilities	-	-	-
Maintenance & Contracts	-	-	-
Total Expenses	\$ 10,334	\$ 1,000	\$ 496
Net Income (Loss)	\$ 1,193	(\$ 451)	\$ 0
Transfers	0	451	0
Net Cash Surplus (Deficit)	\$ 1,193	\$ 0	\$ 0

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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 7,535,271	\$ 7,609,183	\$ 7,671,381
Investment Income	219,444	215,602	214,640
Other Income	363,537	234,062	270,971
Subsidy	162,486	194,347	149,571
Total Revenues	\$ 8,280,738	\$ 8,253,194	\$ 8,306,563
EXPENSES			
Admin. & General	\$ 4,139,823	\$ 4,066,086	\$ 4,058,796
Housing Assistance Payments	-	-	-
Utilities	1,087,328	1,083,648	1,127,191
Maintenance & Contracts	1,134,273	1,277,970	1,331,285
Total Expenses	\$ 6,361,424	\$ 6,427,704	\$ 6,517,272
Net Income (Loss)	\$ 1,919,314	\$ 1,825,490	\$ 1,789,291
Less Debt Principal	(1,033,596)	(1,068,748)	(949,973)
Transfers	25,348	44,377	(186,691)
Net Contribution to Reserves (Uses)	\$ 911,066	\$ 801,119	\$ 652,627

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 and other redevelopment activities and obligations. Portions of the proceeds are used to cover SHA administrative costs to support the For Sale program. The 2014 transfer for the For Sale development activity is from the MTW Block Grant

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	267	-	-
Other Income	222,168	85,000	50,164
Subsidy	-	-	-
Total Revenues	\$ 222,435	\$ 85,000	\$ 50,164
EXPENSES			
Admin. & General	\$ 189,594	\$ 213,912	\$ 179,206
Utilities	40,667	38,000	14,365
Maintenance & Contracts	247,665	227,200	80,500
Total Expenses	\$ 477,926	\$ 479,112	\$ 274,071
Net Income (Loss)	(\$ 255,491)	(\$ 394,112)	(\$ 223,907)
Transfers	\$ 273,180	\$ 394,112	\$ 223,907
Net Cash Surplus (Deficit)	\$ 17,689	\$ 0	\$ 0

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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	24	-	-
Subsidy	-	-	-
Total Revenues	\$ 24	\$ 0	\$ 0
EXPENSES			
Admin. & General	\$ 0	\$ 14,500	\$ 14,790
Utilities	30,513	25,910	47,092
Maintenance & Contracts	228,543	226,175	231,914
Total Expenses	\$ 259,056	\$ 266,585	\$ 293,796
Net Income (Loss)	(\$ 259,032)	(\$ 266,585)	(\$ 293,796)
Transfers	\$ 259,027	266,585	293,796
Net Cash Surplus (Deficit)	(\$ 5)	\$ 0	\$ 0

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 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 few years, SHA provided an MTW transfer to support costs in excess of expected developer fee revenues. For 2014, we propose to make a transfer to help support the projected current year deficit.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	126,213	16,138	159,488
Other Income	689,152	1,106,702	538,117
Subsidy	-	-	-
Total Revenues	\$ 815,365	\$ 1,122,840	\$ 697,605
EXPENSES			
Admin. & General	\$ 2,602,455	\$ 2,608,637	\$ 2,821,220
Utilities	99,779	54,672	49,820
Maintenance & Contracts	47,827	126,305	142,172
Total Expenses	\$ 2,750,061	\$ 2,789,614	\$ 3,013,212
Net Income (Loss)	(\$ 1,934,696)	(\$1,666,774)	(\$2,315,607)
Less Debt Principal	(852,000)	(242,000)	(207,375)
Transfers	2,487,916	1,909,145	2,532,015
Net Cash Surplus (Deficit)	(\$ 298,780)	\$ 371	\$ 9,033

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.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	100,578	84,921	65,172
Other Income	3,416,242	3,633,453	3,674,414
Subsidy	-	-	-
Total Revenues	\$ 3,516,820	\$ 3,718,374	\$ 3,739,586
EXPENSES			
Admin. & General	\$ 2,630,694	\$ 2,787,450	\$ 2,834,789
Utilities	218,849	177,668	178,398
Maintenance & Contracts	777,817	485,655	501,861
Total Expenses	\$ 3,627,360	\$ 3,450,773	\$ 3,515,048
Net Income (Loss)	\$ (110,540)	\$ 267,601	\$ 224,538
Less Debt Principal	(109,693)	(144,789)	(172,582)
Transfers	6,144,474	(122,812)	(51,956)
Net Cash Surplus (Deficit)	\$ 5,924,241	\$ 0	\$ 0

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 and 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 successor or ownership structure is determined.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ 2,106,587	\$ 2,095,745	\$ 2,403,057
Investment Income	37,199	27,736	33,810
Other Income	289,952	357,477	56,125
Subsidy	0	0	0
Total Revenues	\$ 2,433,738	\$ 2,480,958	\$ 2,492,992
EXPENSES			
Admin. & General	\$ 977,546	\$ 899,580	\$ 967,383
Utilities	541,038	635,443	604,484
Maintenance & Contracts	558,489	571,753	577,024
Total Expenses	\$ 2,077,073	\$ 2,106,776	\$ 2,148,891
Net Income (Loss)	\$ 356,665	\$ 374,182	\$ 344,101
Transfers	\$ 243,992	(\$ 95,872)	(\$ 51,101)
Less Debt Principal	(135,000)	(140,000)	(150,000)
Net Cash Surplus (Deficit)	\$465,657	\$ 138,310	\$ 143,000

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 2014 MTW Plan.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	11,721,448	11,061,000	11,746,852
Subsidy	-	-	-
Total Revenues	\$ 11,721,448	\$ 11,061,000	\$ 11,746,852
EXPENSES			
Admin. & General	\$ 11,225,645	\$ 10,887,458	\$ 11,264,156
Utilities	-	-	-
Maintenance & Contracts	587,549	464,269	604,890
Total Expenses	\$ 11,813,194	\$ 11,351,727	\$ 11,869,046
Net Income (Loss)	(\$ 91,746)	(\$ 290,727)	(\$ 122,194)
Transfers	149,906	200,000	122,194
Net Cash Surplus (Deficit)	\$ 58,160	\$ (90,727)	\$ 0

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, other low-income housing providers, and private Section 8 landlords. The amount transferred out represents funding to the Central Service Operating Cost Center.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	686	601	584
Other Income	14,880,809	15,388,463	15,670,586
Subsidy	-	-	-
Total Revenues	\$ 14,881,495	\$ 15,389,064	\$ 15,671,170
EXPENSES			
Admin. & General	\$ 2,652,151	\$ 2,797,295	\$ 2,720,155
Utilities	716,853	626,750	733,250
Maintenance & Contracts	11,276,841	11,212,857	11,396,471
Total Expenses	\$ 14,645,845	\$ 14,636,902	\$ 14,849,876
Net Income (Loss)	\$ 235,650	\$ 752,162	\$ 821,294
Transfers	(149,906)	(200,000)	(200,000)
Net Cash Surplus (Deficit)	\$ 85,744	\$ 552,162	\$ 621,294

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 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ -
Investment Income	500	-	-
Other Income	-	-	-
Subsidy	-	-	-
Total Revenues	\$ 500	\$ 0	\$ 0
EXPENSES			
Admin. & General	\$ 291,764	\$ 335,048	\$ 334,827
Utilities	147	-	-
Maintenance & Contracts	(13,670)	-	-
Total Expenses	\$ 278,241	\$ 335,048	\$ 334,827
Net Income (Loss)	(\$ 277,741)	(\$ 335,048)	(\$ 334,827)
Transfers	\$ 277,741	335,048	334,827
Net Cash Surplus (Deficit)	\$ 0	\$ 0	\$ 0

Baldwin and Yesler Redevelopment Activity

Fund 591

Baldwin Apartments is scheduled to come online in 2014 and have 15 units of Yesler replacement housing. For presentation purposes, we have included the Yesler Steam Plant, which is also scheduled to be online in 2014. The Steam Plant will provide space for service providers such as Head Start, Youth Tutoring, and Community Services. Any future Yesler Redevelopment operating activities that are not associated with a Limited Partnership will also be capture and reported with this fund.

CY 2014 Operating Budget and Fund Forecast

	CY 2012 Actual	CY 2013 Budget	CY 2014 Adopted
REVENUES			
Rental Income	\$ -	\$ -	\$ 73,600
Investment Income	-	-	-
Other Income	-	-	486
Subsidy	-	-	-
Total Revenues	\$ -	\$ -	\$ 74,086
EXPENSES			
Admin. & General	\$ -	\$ -	\$ 19,640
Utilities	-	-	15,974
Maintenance & Contracts	-	-	15,499
Total Expenses	\$ -	\$ -	\$ 51,113
Net Income (Loss)	\$ -	\$ -	\$ 22,973
Transfers	\$ -	-	-
Net Cash Surplus (Deficit)	\$ -	\$ -	\$ 22,973

Capital Improvement Program, Grants, and Limited Partnerships

Capital Improvement Program Summary

The Capital Improvement Program describes SHA's CY 2014 plans in the following areas:

- Redevelopment of housing communities using federal grant funds and mixed financing;
- 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 2013 and CY 2014. Sources reflect a 38.5 percent increase in capital and redevelopment funding compared to 2013. The capital source increases are due to bond refinancing in Special Portfolio, more reserves being budgeted for capital projects and a \$2 million increase in MTW grant for Seattle Senior Housing. The redevelopment source increases are due to the transformation of Yesler Terrace, which includes a mixed finance transaction for Building IIa, prior year resources for the Steam Plant, Baldwin Apartments, and 1105 East Fir Street. Finally, prior year sources are budgeted for Leschi House redevelopment, a Senior Housing Program rehabilitation and new construction project.

Projected capital plus redevelopment expenditures in 2014 are 32.1 percent higher than 2013. The majority of the expenditure increases are due to the new construction of Building IIa and prior year redevelopment activities at Baldwin Apartments, 1105 East Fir Street, and Leschi House.

Summary of SHA Capital Sources	CY 2013	CY 2014
Public Housing (MTW portion)	\$ 11,267,000	\$ 10,820,000
Seattle Senior Housing (MTW portion)	1,010,000	2,860,000
Special Portfolio/Local Housing Reserves	107,000	800,000
Short and Long Term Financing	7,150,000	4,400,000
Tax Credit Equity to Building IIa	--	10,000,000
Program Income contribution to Building IIa	--	3,900,000
Program Income contribution to Building IIb		1,000,000
Tax Credit Equity to Leschi Project	6,624,000	--
Choice Neighborhood Implementation Grant at Yesler Terrace	4,230,000	5,200,000
JPMorgan Chase Foundation feasibility grant	--	100,000
Use of Prior Year Resources – Mixed Finances	17,884,000	29,700,000
homeWorks Reserves	668,000	1,017,000
Limited Partnership Reserves	636,000	800,000
Facilities and Impact Property Services Reserves	--	400,000
Special Portfolio Refinancing funds	--	1,100,000
Prior Year Capital funding for Minor Repair, Replacement and Rehabilitation	--	200,000
Other Funds	44,000	--
City, State and Federal Grants	<u>4,180,000</u>	<u>2,203,000</u>
TOTAL SOURCES	\$ 53,800,000	\$ 74,500,000

The following table compares 2013 and 2014 projected capital expenditures:

Summary of SHA Capital Expenditures	CY 2013	CY 2014
Mixed Finance Redevelopments	- -	\$ 8,900,000
Yesler Terrace Mixed Finance projects (Non-MTW portion)	\$ 22,114,000	22,871,000
Public Housing (MTW portion)	8,641,000	8,955,000
Seattle Senior Housing Program (MTW portion)	1,221,000	2,763,000
Seattle Senior Housing Program (Non-MTW portion)	8,146,000	7,885,000
Other MTW Funded Capital Projects	1,076,000	1,034,000
Capital Projects for Other Housing Properties	<u>1,554,000</u>	<u>4,078,000</u>
TOTAL EXPENDITURES	\$ 42,752,000	\$ 56,486,000

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 plus another \$600,000 contribution in 2014, the rehabilitation budget totals \$5.6 million.

The grant has helped to preserve the Steam Plant, Yesler Terrace's only uniquely modernist historic building. The Steam Plant will remind us of the neighborhood's history. 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. Soon 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. With construction completion expected in early 2014, Head Start and Youth Tutoring will be able to re-locate from their current Yesler Terrace spaces.

The rehabilitation grant 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.

Steam Plant at Yesler Terrace	Total
CFCF Grant	\$ 3,109,000
SHA Matching funds	<u>2,475,000</u>
TOTAL	\$ 5,584,000

The project uses are budgeted as follows:

Steam Plant at Yesler Terrace	Total
Abatement and demolition	\$ 1,012,000
Construction	3,750,000
Design, Engineering and permitting	<u>822,000</u>
TOTAL	\$ 5,584,000
2014 Expenditures	\$ 249,000

Choice Neighborhoods Implementation: Yesler Terrace – Redevelopment

Seattle Housing Authority was awarded two Choice Neighborhoods Implementation ('CNI') grants. The first grant award was in 2011 for \$10.27 million and the second grant award was in December 2012 for \$19.7 million. The grants are just the first steps in the transformation of Yesler Terrace and the surrounding neighborhood. The CNI grant program helps to transform distressed neighborhoods into sustainable, mixed-income communities by linking affordable housing with quality schools, public transportation, good jobs and safe streets. SHA is currently negotiating for a co-master developer on the Yesler Terrace Redevelopment. Yesler Terrace Redevelopment is planned for implementation over 10-20 years depending on fund sources and the development business cycles.

CNI grants will support construction at 1105 East Fir Street, Building IIa and the Baldwin Apartments. Part of the 10th Avenue Hill Climb critical community improvement funds from the CNI grants are projected for expenditure in 2014, as well. The Baldwin is expected to be completed and in lease-up in late 2014; 1105 East Fir Street will be under construction throughout 2014 and is expected to be complete in early 2015; and, the Hill Climb design will be completed and construction under way in 2014.

Baldwin Apartments

Renovation work started on the Baldwin Apartments in 2013 with completion in mid-2014. The project will provide 15 replacement units for current Yesler Terrace residents.

Baldwin Apartments Sources	Total
Tax Exempt Mortgage	\$ 863,000
Choice Neighborhood Initiatives grant funds	2,441,000
City of Seattle Weatherization funds	51,000
MTW Block Grant funds	500,000
TOTAL	\$ 3,855,000

The project uses are budgeted as follows:

Baldwin Apartments Uses	Total
Construction	\$ 3,204,000
Design, Engineering and permitting	515,000
Financing costs	136,000
TOTAL	\$ 3,855,000
2014 Expenditures	\$ 1,928,000

1105 East Fir Street

Design work for new housing construction at 1105 East Fir Street started in 2012. The redevelopment project will create 83 replacement-housing units for current Yesler Terrace residents and 20 tax credit units. The mixed-finance will close and construction started in the third quarter of 2013. Construction completion is expected in early 2015.

1105 East Fir Street Sources	Total
Construction Loan/Bonds	\$ 17,200,000
Tax Exempt First Mortgage	7,800,000
Choice Neighborhoods Initiative grant	4,969,000
Program Income	2,881,000
Deferred Developer Fee	750,000
City of Seattle, Office of Housing various	1,800,000
Tax Credit Equity	11,700,000
TOTAL	\$ 47,100,000
TOTAL PROGRAMMED SOURCES	\$ 29,900,000
Less Short Term Financing	\$ 17,200,000

The project uses are budgeted as follows:

1105 East Fir Street Uses	Total
Construction	\$ 23,700,000
Design, Engineering and permitting	3,060,000
Financing costs	3,140,000
TOTAL	\$ 29,900,000
2014 Expenditures	\$ 18,787,000

The work on this project is being coordinated with an adjacent private developer of a market rate housing property at 12th and Yesler. This mixed-use project will be completed in 2015 and will include ground level retail with affordable opportunities for local small businesses.

Building IIa

The first new apartment building to be constructed on Yesler Way is now entering the planning and design phase. The building, to be located just south of the Steam Plant will have 83 apartments, 50 of which will replace public housing units currently existing at Yesler Terrace. The building will also include retail space, a large meeting room and an outdoor courtyard. The mixed financing close will be in 2014 and construction will start soon thereafter.

Building IIa Sources	Total
Construction Loan/Bonds	\$ 13,500,000
Tax Exempt First Mortgage	4,400,000
Choice Neighborhoods Initiative grant	5,200,000
Program Income	3,900,000
Deferred Developer Fee	250,000
City of Seattle, Office of Housing various	2,200,000
Tax Credit Equity	10,000,000
TOTAL	\$ 39,450,000
TOTAL PROGRAMMED SOURCES	\$ 26,000,000
Less Short Term Financing	\$ 13,450,000

The project uses are budgeted as follows:

Building IIa Uses	Total
Construction	\$ 20,000,000
Design, Engineering and permitting	2,500,000
Financing costs	3,500,000
TOTAL	\$ 26,000,000
2014 Expenditures	\$ 8,900,000

Building IIb

Seattle Housing has also identified the location of another building that will house replacement units south of the Yesler Community Center. An architect has been selected to design the 90 to 100-unit apartment building. They expect to engage the community this fall on the design of the building, which will be adjacent to the new neighborhood park.

Building IIb Sources	Total
Construction Loan/Bonds	\$ 16,500,000
Tax Exempt First Mortgage	7,800,000
Choice Neighborhoods Initiative grant	5,800,000
Program Income	3,700,000
Deferred Developer Fee	500,000
City of Seattle, Office of Housing various	2,800,000
Tax Credit Equity	12,500,000
TOTAL	\$ 49,600,000
TOTAL PROGRAMMED SOURCES	\$ 33,100,000
Less Short Term Financing	\$ 16,500,000

The project uses are budgeted as follows:

Building Ilb Uses	Total
Construction	\$ 26,000,000
Design, Engineering and permitting	3,100,000
Financing costs	4,000,000
TOTAL	\$ 33,100,000
2014 Expenditures	\$ 1,000,000

Choice Neighborhood – Critical Community Improvements

Part of the CNI grant requirement is making critical community improvements. SHA has several improvements planned. The Horiuchi Park and P-Patch is expected to be completed in late 2013 or early 2014. With the help of the 2012 JPMorgan Chase Foundation award of \$750,000, SHA is working with the City to construct the 10th Avenue Hill Climb. The Hill Climb will connect the Yesler Terrace and Little Saigon Neighborhoods and increase connectivity between the communities that will lead to growth in job access. SHA plans to make the final payment of \$175,000 to the Hill Climb development in 2014. The Little Saigon Landmark feasibility study of \$100,000 for a mixed-use development proposal is also being sponsored by the JPMorgan Chase Foundation grant.

Leschi House, Seattle Senior Housing

SHA has closed the mixed-financing for rehabilitation and additional units at Leschi House. The existing 34 unit building will be rehabilitated with complete replacement of the exterior stucco wall system, including new windows, and a new wing of 35 units will be added. Other improvements to the existing building include limited upgrades to the site and building common areas. Unit interior work plans include replacing cabinet fronts, counter tops, appliances and select plumbing fixtures. The addition will include 35 one-bedroom units with at least five fully accessible units. The overall development costs are approximately \$17.5 million of which \$10.5 million is construction related. Construction is expected to be completed in late 2014.

Leschi House Sources	Total
Construction Loan/Bond	\$ 8,400,000
Tax Exempt First Mortgage	3,425,000
SHA Loan	500,000
Deferred Developer Fee	447,000
Housing Trust Fund	2,500,000
City of Seattle, Office of Housing various	1,680,000
General Partner Equity	3,110,000
Limited Liability Corporation Equity	5,863,000
TOTAL	\$ 25,925,000
TOTAL PROGRAMMED SOURCES	\$ 17,525,000
Less Short Term Financing	\$ 8,400,000

The project uses are budgeted as follows:

Leschi House Uses	Total
Site acquisition	\$ 3,360,000
Construction	10,530,000
Design, Engineering and permitting	1,435,000
Financing costs	2,200,000
TOTAL	\$ 17,525,000
2014 Expenditures	\$ 7,885,000

Public Housing and Overall Asset Preservation Funding

For CY 2014, SHA's budget includes public housing modernization and renovation projects, and capital planning of \$9.0 million, a modest increase over 2013. SHA expects HUD to grant more capital funding in 2014 than in 2013, and SHA expects a favorable outcome from HUD on Seattle Senior Housing's status regarding operating subsidy. Capital grant funds of \$2.8 million are budgeted for the Seattle Senior Housing Program. Nearly all LIPH operating subsidy received for Seattle Senior Housing is earmarked for SSHP's long-term capital improvement needs. The 2013 grant reduction from Congress was significant principally due to sequestration.

Approximately \$2.5 million is budgeted for the Special Portfolio/Local Housing Program. This is a combination of reserves, MTW capital grant and two refinancing efforts taking place in 2013. Low Income Housing Tax Credit partnerships will spend \$1.7 million of their reserves for major maintenance and non-routine activities. Miscellaneous capital expenditures are budgeted at \$413,000.

Funding for capital needs in public housing communities comes from SHA's annual Capital Grant from HUD. The 2014 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 2013 Budget	CY 2014 Budget
MTW Funded Capital Budget for Public Housing		
Scattered Sites	1,033,000	\$ 878,000
Cedarvale Village	--	49,000
Holly Court	50,000	15,000
Jackson Park Village	196,000	--
Jefferson Terrace	--	935,000
Olive Ridge	--	15,000
Tri-Court	338,000	100,000
Westwood Heights	--	33,000
Yesler Terrace	142,000	138,000
High-Rises	86,000	--
Minor Repair, Replacement and Rehabilitation	75,000	238,000
Predevelopment – Yesler Terrace planning	1,200,000	1,175,000
Program Administration	1,391,000	1,305,000
Debt Service for homeWorks projects	3,004,000	3,002,000
Indirect Services Fee	<u>1,126,000</u>	<u>1,072,000</u>
MTW Funded Capital Budget TOTAL	\$ 8,641,000	\$ 8,955,000

MTW Funded Capital Projects for Senior Housing Properties

Bitter Lake Manor	--	\$ 30,000
Blakeley Manor	--	30,000
Fort Lawton Place	--	5,000
Fremont Place	\$ 13,000	--
Island View	--	5,000
Michaelson Manor	12,000	--
Pinehurst Court	--	1,830,000
Pleasant Valley Plaza	--	5,000
Schwabacher House	--	15,000
Sunrise Manor	--	21,000
Wildwood Glen	--	13,000
Willis House	9,000	--
Elevator project	--	400,000

Multiple Properties	926,000	--
Minor Repair, Replacement and Rehabilitation Allowance	160,000	313,000
Indirect Service Fee	<u>101,000</u>	<u>96,000</u>
MTW Funded Capital Projects for Senior Housing Properties TOTAL	\$ 1,221,000	\$ 2,763,000
<i>MTW Funded Capital Projects for Other Housing Properties</i>		
Special Portfolio	\$ 454,000	\$ 558,000
Non-residential Facilities Projects	96,000	11,000
Management Improvements through Technology	<u>526,000</u>	<u>465,000</u>
Other MTW Funded Capital Projects TOTAL	\$ 1,076,000	\$ 1,034,000
Other Capital Projects for Other Housing Properties		
Seattle Senior Housing Reserves	--	40,000
Special Portfolio	--	1,922,000
Limited Partnership Capital Projects	1,304,000	1,714,000
Agency-wide allowances	250,000	--
Non-residential Facilities Projects	<u>--</u>	<u>402,000</u>
Capital Projects for Other Housing Properties TOTAL	\$ 1,554,000	\$4,078,000
TOTAL ASSET PRESERVATION PROJECTS	\$ 12,492,000	\$ 16,830,000

The allowance provides property managers with funds to make specific repairs to the buildings, such as carpet or appliance replacements and parking lot improvements.

Seattle Senior Housing Program

In 2011, we proposed to HUD to bring Public Housing Operating and Capital grants into the Seattle Senior Housing Program ('SSHP'). The Capital funding was awarded while the Operating funds were not. SHA has continued to work with HUD to resolve this funding issue. We are optimistic that a favorable resolution will occur soon. In anticipation of this, we have increased the SSHP capital budget by \$2 million. SHA has continued to combine MTW capital grant funds, SSHP capital replacement reserves, and City grant funds to fund improvements to failing building envelopes and window replacements. We project that substantial additional resources will be required to address these problems over the longer run. The CY 2014 HUD-funded capital improvement budget will rehabilitate one elevator for a yet to be determined building and replace/repair siding, windows, and decks in the building envelope project at Pinehurst Court.

Summary of SSHP Capital Projects	CY 2013 Budget	CY 2014 Budget
Exterior Improvements	\$ 191,000	\$ 1,924,000
Interior Improvements	179,000	70,000
Elevator rehabilitation	750,000	400,000
Minor repair, replacement and rehabilitation	<u>--</u>	<u>313,000</u>
Total Asset Preservation Capital Projects	\$ 1,120,000	\$ 2,707,000
Indirect Service Fee	101,000	96,000
TOTAL SSHP Capital	\$ 1,221,000	\$ 2,803,000

Capital fund allocations from HUD for Senior Housing units will remain with this portfolio. We continue to work with the SSHP Rent Policy Advisory Committee to transition to 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 \$10 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. Two of the original financing plans were refinanced in 2013 that reduced the financial cost and provided \$1.096 million in capital improvements funding. Individual project descriptions are in the chart at the end of the section. The CY 2014 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 2014 capital budget include kitchen and bathroom updating.

Major repairs planned for Montridge Arms, a 33-unit property, in 2013 will go forward in 2014. Montridge was included in the refinancing packages discussed above. The major improvements include repairing or replacing siding and windows and replacing the roof.

Management Improvement through Technology

Annually the SHA Information Technology Steering Committee review proposed technology projects for infrastructure/network investments, for new applications development, and for investments in use of technology to create efficiencies and cost reductions in operations. Among the projects adopted for 2014 are: replacement of the 20 year old telephone system; added disk space for servers; redesign of the agencies public and internal websites; design changes to the Yardi system for changes in rent calculations based on the outcome of rent policy discussions; tenant file document imaging; greater automation of workflow for Accounts Payable and Procurement approval routing processes; and, tablets for more efficient operations for inspections and property managers.

Low Income Housing Tax Credit and HOPE VI Limited Partnerships

SHA is a general partner in seventeen tax credit limited partnerships and the owner of one tax credit property. The tax credit and limited partnership properties have a 2014 capital repair, replacement and rehabilitation plan of \$1.7 million. The projects are funded from replacement reserves, which are required by partnership agreements and to which annual deposits are made in accordance with requirements. Individual project descriptions are in the chart at the end of this section.

Miscellaneous and Non-Routine

Miscellaneous and non-routine capital expenditures of \$413,000 will support repairs and non-routine acquisitions. Center Park Community floors need patching along with a review of the heating and cooling systems. Operations Support Center needs a leaky drain removed and repaired. The Solid Waste division is replacing a very old garbage truck with a safer, more functional, and more fuel-efficient model. MLK Maintenance Facilities needs several exterior doors painted, a sidewalk power washed and repaired, and a gate operator replaced. A very old pick-up truck with a lift gate at Holly Park needs to be replaced, as well.

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 replacement obligation, eight units remaining. The final twenty-eight units from High Point will be replaced at Leschi House.

Scattered Site Reconfiguration Program

SHA is exploring another Scattered Site Repositioning project. The scope of the project has not yet been determined but Asset Management, Housing Operations and Finance Staff are working to evaluate opportunities for repositioning the portfolio to increase its cost effectiveness. Objectives for the repositioning and criteria for replacement capacity will be reviewed with the Board and the community during 2014 and a replacement strategy will then be initiated.

Housing Acquisitions/Development

SHA plans to continue to maintain and improve its current stock of housing. Property development continues in 2014 at the Leschi House wing addition, 1105 East Fir Street in Yesler Terrace, and the Baldwin Apartments. Two new projects at Yesler Terrace, Building IIa and Building IIb, began in 2013 and will push forward into coming years. No acquisition projects are planned for 2014.

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 2014. SHA created a revolving fund for reimbursable predevelopment activities in 2010. These funds may be used in 2014 in anticipation of mixed finance funding for initial work at Yesler Terrace, including Buildings IIa and IIb. 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 continued slow economic recovery and the uncertainty that characterizes the federal budget process and decision-making have created new and added pressures. The federal government has made some of its largest cuts in discretionary programs that support capital funding in low income communities, including the public housing capital grant and the community development block grant. We will need to pay close attention to the changing realities of the credit markets, the evolving condition of the local housing market, our own overall financial capacity; and, federal, state, and local capital funding trends, as we address financing to complete existing projects and think about future capital funding availability.

ATTACHMENT 1 - 2014 Capital Activities

SHA 2014 Capital Projects - MTW Grant-funded Activities

Low Income Public Housing Projects

LIPH - Scattered Sites	Repair sidewalks and walkways, repair or replace roof, repair deck and replace deck membranes as needed, paint, repair or replace rotted siding and trim, paint exterior, repair or replace windows and fascia, repair retaining walls, repair stairs, install sheetrock to carport, repair fence, replace roof, replace belly band, repair unit interior and exterior, replace insulation, paint exterior doors, replace supporting post, remove rear fiberglass roof and deck, investigate rot, remove and repair rot damage, replace storage doors and paint trim, investigate drainage issues and study Northgate View for comprehensive repairs.	\$ 878,000
Cedarvale Village	Upgrade playground equipment, repair or place perimeter fence, recaulk windows, repair siding, and add additional exterior lighting for safety.	49,000
Jefferson Terrace	Repair or replace elevator, update common area, remodel laundry room, convert six agency units to residential units, and convert heating system.	935,000
Holly Court	Replace mailboxes at Buildings 3 and 6, and investigate condition of roofs with consultant.	15,000
Tri-Court	Replace roof.	100,000
Olive Ridge	Repair stucco cladding.	15,000
Westwood Heights	Upgrade DVR and camera(s), add new monitor, upgrade trash area.	33,000
Yesler Terrace	Abate and replace subfloor in three units, repair 100 linear feet of sidewalk and parking lot, replace 100 25-year-old hardwired Hotpoint ranges, replace refrigerators and water heaters, trim and remove trees, and repair roof, repair sewer as needed.	138,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation for hazardous waste removal, boiler replacement, appliances and unit upgrades, mechanical engineering consultations, and roof anchor inspections.	238,000
Public Housing Capital Projects Subtotal		\$ 2,401,000

Special Portfolio Projects		
Alder Crest Apartments	Replace building north and south exterior stairwells.	\$ 240,000
Delridge Triplexes	Install light poles behind both properties to improve safety; replace bath vanities, mirrors and countertops.	15,000
Fir Street	Replace kitchen cabinets and countertops.	31,000
Greenwood Apartments	Rehabilitate one unit upon vacate.	18,000
Ravenna Springs	Paint exterior, remove and replace root-damaged driveway.	25,000
Longfellow Creek Apartments	Replace roofs on two buildings, resurface parking lot, and fix sinkholes.	100,000
Mary Avenue Townhomes	Replace roof and recoat decks.	40,000
MLK Jr. Way Townhomes	Replace kitchen cabinets, countertops; replace bath vanities, mirrors and countertops.	11,000
MLK Jr. Way 5-plex	Minor entry repairs to prevent moisture intrusion.	4,000
Rainier Avenue Apartments	Replace damaged exterior storage closet doors,	5,000
Roxhill Court Apartments	Replace rusting gutters.	1,000
Spruce Street Townhomes	Replace kitchen cabinets, countertops; replace bath vanities, mirrors and countertops.	19,000
Telemark Apartments	Paint exterior.	29,000
Villa Park	Replace 5 damaged kitchen countertops and cabinetry.	20,000
Special Portfolio Subtotal		\$ 558,000

Planning and Predevelopment Projects

Yesler Terrace	As Yesler Redevelopment moves into construction activities, master planning shifts to activities that support implementation the Development Plan, including: design and permit work related to infrastructure, street improvements, and grading, park design, site surveys and geotech studies, completion of a final plan for undertaking the market rate and work force housing components; branding and marketing planning, and initial sales of property.	\$ 1,175,000
Planning and Predevelopment Subtotal		\$ 1,175,000

Non-residential Facilities Projects		
Center Park	Patch asbestos floor by east exit, review mechanical heating and cooling systems.	\$ 8,000
Community Bldg. Operations Support Center	Remove and repair leaky drain in men's shower.	3,000
Non-residential Facilities Subtotal		\$ 11,000
Financing and Administrative Costs		
Various	Asset Management administration.	\$ 610,000
Various	Construction administration.	264,000
Yesler Terrace	Yesler Terrace redevelopment administration.	431,000
LIPH-LP High-rises	Debt service and other financial costs for homeWorks I, II, and III.	3,002,000
Finance and Administrative Subtotal		\$ 4,307,000
Indirect Service Fee		\$ 1,072,000
Total 2014 MTW Block Grant Budget for LIPH		\$ 9,524,000
Seattle Senior Housing Program Projects		
Bitter Lake Manor	Install ACAM entry and security cameras.	\$ 30,000
Blakeley Manor	Install ACAM entry and security cameras.	30,000
Fort Lawton Place	Allowance for glazing replacement.	5,000
Island View	Allowance for glazing replacement.	5,000
Pinehurst Court	Inspect building condition, replace exterior siding and windows, and install ACAM entry and security cameras.	1,830,000
Pleasant Valley Plaza	Allowance for glazing replacement.	5,000
Schwabacher House	Mechanical review of ventilation system to test pressurization to elevators.	15,000
Sunrise Manor	Mechanical review of ventilation system to test pressurization to elevators, allowance for glazing replacement.	21,000
Wildwood Glen	Allowance for glazing replacement	13,000
To be determined	Elevator renovation project.	400,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation for hazardous waste removal, appliances, sidewalk repairs, tree trimming and water heater replacement.	313,000
Seattle Senior Housing Program Projects		\$ 2,667,000
Indirect Service Fee		\$ 96,000
Total 2014 MTW Block Grant Budget for SSHP		\$ 2,763,000

Other MTW Funded Capital Projects

All Communities	Management Improvement through Technology	\$ 465,000
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Other MTW Funded Capital Projects		\$ 465,000
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Total 2014 MTW Capital Budget \$ 12,752,000

SHA 2014 Capital Projects – Other Funds and Redevelopment Activities

Special Portfolio and Other Projects

Bayview Tower	Replace one boiler, decommission trash chute and rehab trash area.	\$ 49,000
Lam Bow Apartments	Replace entry doors on Buildings A and B. Remove exterior pole lighting and install LED style lighting on building.	15,500
Market Terrace	Replace four hot water tanks.	2,000
Mary Avenue Townhomes	Replace hot water system in two units.	8,000
Nelson Manor	Mechanical review of ventilation system to test pressurization to elevators.	15,000
Olmsted Manor	Mechanical review of ventilation system to test pressurization to elevators.	25,000
Stone Avenue Townhomes	Install bollards on corner of Buildings A and B.	2,000
Telemark Apartments	Paint interior hallways and stairwells	11,500
Villa Park	Replace front walk gate, restripe parking lot and number parking stalls, install camera on front gate area to monitor damage to gate.	16,000
Wedgewood Estates	Modernize elevator in Buildings B and C, replace existing composition roofs on all cottage buildings including porches, replace carpet in entry lobbies of all cottage buildings, and replace benches located outside of Buildings A, B and C.	513,000
Wisteria Court	Replace cabinets in eight units, paint south side exterior, repair damaged soffit and trim, repaint stairs where the paint has worn, install textured safety tape on each stair, and replace broken garage doors.	200,000

Yesler Court	Replace hot water tanks, repair walls and ceiling in parking garage and paint, replace exterior door from parking garage on the south side, install new hardware and latch protection.	9,000
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Special Portfolio and Other Projects Subtotal **\$ 866,000**

Special Portfolio – Financed Projects

Fir Street Townhomes	Replace siding.	\$ 42,000
Longfellow Creek Apartments	Replace roof on two buildings, resurface parking lot, fix sinkholes, install speed bump, and restripe parking lot area.	100,000
Main Street Apartments	Replace roof.	28,000
Main Street Place	Repair rot due to water intrusion.	200,000
Mary Avenue Townhomes	Replace roof.	25,000
MLK Jr. Way Townhomes	Repair erosion damage on West side, create a trench that will allow water to drain on the North side out to street, repair holes in exterior siding, replace windows with broken seals.	15,500
Montridge Arms	Replace six hot water tanks, replace basement and first floor carpet, replace windows and wood siding, structural deck repair, repair or replace rails, replace roof, paint exterior including marblecrete, and paint interior hallways.	393,000
Norman Street Townhomes	Shore up concrete porch on Northeast side of home, improve pedestrian street access for cold season traffic, replace windows, and build and landscape front yard rockery.	12,800
Spruce Street Townhomes	Replace windows.	7,600
Villa Park	Replace roof.	225,000
Westwood Heights East	Replace roof, install protection for eight car-damaged downspouts.	47,100

Special Portfolio - Financed Projects Subtotal **\$ 1,096,000**

CY 2014 Facilities Projects

Solid Waste Division	A new solid waste truck will be purchased in 2014. It will be safer, more functional and fuel-efficient.	\$ 370,000
MLK Maintenance Facility	Paint ten exterior doors, jambs and window frames on warehouse building, make repairs to sidewalks on east side of main building and patio area on west side; replace gate operator on north exit for parking lot.	12,000
Holly Park pick-up truck	A new pick-up truck with a lift gate will be purchased for Holly Park maintenance staff use.	20,000

Facility Projects Subtotal **\$ 402,000**

CY 2014 Limited Partnership and HOPE VI Capital Projects

NewHolly (Phase I)	Repair or replace hot water tanks with pressure reducing valves and expansion tanks, replace mailboxes, replace appliances, replace flooring, repair fence, repair canopy rot on Carriage House entries, repair sidewalk, complete window casement replacement, and trim trees.	\$ 177,500
Othello LP (NewHolly Phase II)	Repair or replace hot water tanks with pressure reducing valves and expansion tanks, replace appliances, replace flooring, repair fence, and repair sidewalk.	40,000
Desdemona LP (NewHolly Phase III)	Repair or replace hot water tanks with pressure reducing valves and expansion tanks, appliance allowance, replace floor, replace wood fencing, wash all vinyl siding, paint trim and doors, and stain exposed wood on stairs.	107,000
Ritz Apartments LP	Replace hot water tanks and replace appliances.	10,000
South Shore Court	Install camera on front gate area to monitor damage to gate.	10,000
Escallonia LP	Clean roof, remove moss, clean gutters, repair mixing valves and pumps, pressure wash all units and paint trim and doors.	99,500
High Point North LP	Appliance allowance, ongoing painting and upkeep of exterior trim, restore parking lot and replace flooring.	166,000
High Point South LP	Appliance allowance, flooring allowance and replace door locks.	87,400
LIPH LP (homeWorks I)	Repair stairwells and screen for birds, repair roof, paint metal in exit stair pans to stop rusting, abate hazardous materials, replace appliances, replace boilers, and retain mechanical engineering consultant.	287,200
LIPH LP (homeWorks II)	Replace roof and remove antennas, repair water intrusion damage in basement electrical room, repair parking lot and drain line, replace batteries, abate hazardous materials, replace appliances, upgrade units, replace boilers, and retain mechanical engineering consultant.	468,200
LIPH LP (homeWorks III)	Replace sewer lines, paint open stairwell metals, abate asbestos, appliance allowance, unit upgrades, retain mechanical engineering consultant.	261,200
Total CY 2014 Limited Partnership and HOPE VI Capital Projects subtotal		\$ 1,714,000
Total CY 2014 Other Funds Capital Budget		\$ 4,078,000

CY 2014 Redevelopment Projects

Steam Plant at Yesler Terrace	The third and final year of project to transfer the historic steam plant at Yesler Terrace into an early education empowerment center.	\$ 249,000
Baldwin Renovation	Third year of rehabilitation of the 15-unit Baldwin Apartments.	1,928,000
1105 East Fir Street	Third and final year of a construction project to build 103 low-income units to support the Yesler Terrace relocation and redevelopment effort.	18,787,000
Building IIa	Second year of construction project to build 83 low-income units to support the Yesler Terrace relocation and redevelopment effort.	8,900,000
Building IIb	First year of planning and design for new development.	1,000,000
Little Saigon Landmark Project	Support for a feasibility study for a mixed-use development proposal in Little Saigon.	100,000
Hill Climb	Last installment of a CNI critical community improvement funded project at Yesler Terrace.	175,000
Leschi House	Leschi House redevelopment closed in mid-2013. This is the second year of redevelopment.	7,885,000
Community Services for Yesler Terrace	Choice Neighborhood Initiative funds will support various community services activities in 2014.	632,000
Total CY 2014 Redevelopment Capital Expenses		\$ 39,656,000
Total CY 2014 Non-MTW Capital Budget		\$ 43,734,000
Total Overall CY 2014 Capital Expenditures		\$ 56,486,000

Grant Program Descriptions

In CY 2014, grant expenditures for community services and technical assistance activities are budgeted at **\$543,000** as detailed below.

Service Grant	Total Award	CY 2014 Budgeted Receipts	Grant Award Period
ROSS Service Coordinators Program Grant	\$708,759	\$118,500	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.</p> <p>The grant has provided funding for the past two and a half years and will likely expire in June of 2014. Future funding is uncertain because it is unclear whether the federal budget will continue the program and, if it does, awards will be made using a lottery system, rather than a merit basis.</p>			

Service Grant	Total Award	CY 2014 Budgeted Receipts	Grant Award Period
Housing Choice Voucher Family Self- Sufficiency (FSS) Coordinator	\$345,000	\$345,000	1/1/14 to 12/31/14
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists voucher participants in their efforts to become self-sufficient. FSS staff will provide one-on-one case management support to assist HCV participants in their efforts to: overcome barriers that prevent them from moving forward; identify services that are available to assist them; set goals and the steps to reach those goals; and obtain employment and training services offered by local providers. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home, or for other approved self-sufficiency uses.</p>			

Service Grant	Total Award	CY 2014 Budgeted Receipts	Grant Award Period
Public Housing Family Self-Sufficiency Coordinator	\$69,000	\$69,000	6/15/13 to 6/14/14
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists public housing residents 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>			

Service Grant	Total Services Award	CY 2014 Budgeted Services Receipts	Grant Award Period
Sound Families Initiative	\$400,000	\$10,000	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. The services provided by this grant are also supported by contributions from the properties and community services reserve funds. As we near the final years of the program, funding will shift from grant spending to reserve fund spending per the original funding agreement.</p>			

Service Grant	Total Award	CY 2014 Budgeted Receipts	Grant Award Period
Choice Neighborhoods Initiative at Yesler Terrace	See Capital Section	\$631,942*	See Capital Section
<p>SHA entered a contractual agreement with HUD for the Choice Neighborhood grant. Through the grant, 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 2014

Name	Date	Amount	CY 2012	CY 2013	CY 2014	Remaining
ROSS Service Coordinators Grant	2011	\$708,759	\$251,356	\$237,000	\$118,500	-
HCV Family Self-Sufficiency Coordinator Grant	2014	345,000	-	-	345,000	-
Public Housing Family Self-Sufficiency Grant	2013	69,000	-	-	69,000	-
Sound Families Initiative	2007	400,000	66,381	10,000	10,000	14,349
TOTAL		\$1,522,759	\$317,737	\$247,000	\$542,500	\$14,349

Note: Grant amounts supporting Family Self-Sufficiency programs are estimates; grant awards have not yet been announced for 2014.

Limited Partnership Operations

SHA has seventeen 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. Two new partnerships were added in 2013, one for Leschi House and one for 1105 East Fir Street; these two are not represented in the draft budgets on the following pages because they aren’t yet in operation. In 2014, new partnerships will be under development at Yesler Terrace, but are also not included in the operating budgets because they will not be completed.

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.

Intercompany allocated costs are incorporated into the final recommended budgets sent to the various limited partners in October. In approving the 2014 SHA budget resolution, the Board of Commissioners approve the draft LP Budgets and recognize that final budget approval rests with the limited partners. Below are the 2014 draft budgets that were finalized in October and November of 2013 and submitted to the general partner (SHA) and the limited partners for approval.

Operations of Limited Partnerships where SHA is the general partner.

Name <i>first year of operations</i> # of units	Ravenna	Othello LP	Desdemona LP	Escallonia LP	High Pt North	Ritz Apts LP	Aldcrest	homeWorks
	School LP 1998 39	2001 96	2002 219	2002 184	LP 2003 344	2004 30	Apts LP 2005 36	Phase I 2007 704
Rental Income	258,415	461,738	1,278,285	833,464	1,688,424	170,139	147,266	1,913,600
Operating Subsidy		235,227	576,597	315,043	683,276	-	-	2,034,822
HCV Subsidy		216,000	340,422	468,525	880,000	32,000	112,536	-
Other Income	2,922	49,653	30,896	43,967	111,117	(795)	7,517	261,158
Transferred Funds								
TOTAL REVENUE	261,337	962,618	2,226,200	1,660,999	3,362,817	201,344	267,319	4,209,580
Administrative Expenses								
Salaries	36,877	76,262	153,945	128,651	205,419	2,847	25,343	486,724
Other Admin Costs	47,377	139,320	342,752	251,250	616,670	82,387	49,609	751,073
Utilities	53,453	213,243	430,380	338,974	629,699	19,929	38,555	779,478
Tenant Services	102	1,224	2,683	660	3,000	-	32,648	4,307
Maintenance & Repair								
Salaries	-	93,246	172,161	109,605	317,711	6,051	18,376	-
Supplies	-	25,296	49,572	67,148	119,860	-	5,246	-
Contracts	79,113	42,478	122,202	118,882	128,027	11,678	34,802	1,336,164
General Administrative Exp								
Property Insurance	3,026	28,527	62,050	63,618	115,140	9,020	12,119	177,819
Benefits, other	16,743	88,367	174,508	115,371	259,720	3,933	22,326	237,397
Financial Expenses	1,385	144,495	437,941	271,328	506,695	1,350	1,575	134,603
TOTAL OPERATING EXPENSES	238,076	852,458	1,948,194	1,465,486	2,901,940	137,195	240,599	3,907,564
NET INCOME (LOSS)	23,261	110,160	278,006	195,513	460,877	64,149	26,720	302,016

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 Court LP	Tamarack Place	Rainier Vista Phase III LP	TOTAL 2014 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	1,785,200	1,145,526	1,497,200	230,844	418,350	242,586	391,912	12,462,950
Operating Subsidy	2,198,939	209,060	1,875,386	-	180,257	182,884	258,105	8,749,597
HCV Subsidy	-	1,876,220		110,118	79,344	296,433	461,037	4,872,635
Other Income	291,894	131,715	209,456	8,091	15,118	24,107	23,980	1,210,796
Transferred Funds								-
TOTAL REVENUE	4,276,033	3,362,521	3,582,042	349,053	693,069	746,010	1,135,034	27,295,977
Administrative Expenses								
Salaries	482,975	154,185	429,724	33,825	85,071	61,994	86,426	2,450,269
Other Admin Costs	735,947	455,825	634,865	133,682	120,886	306,225	302,889	4,970,757
Utilities	752,798	535,826	670,519	44,633	147,446	107,430	229,021	4,991,385
Tenant Services	9,677	115,510	2,280	-	750	310	441	173,591
Maintenance & Repair								
Salaries	-	239,423	-	22,524	72,379	51,101	71,577	1,174,154
Supplies	-	89,816	-	1,870	11,557	10,010	19,570	399,945
Contracts	1,394,352	120,700	1,185,898	22,787	45,323	17,332	65,806	4,725,544
General Administrative Exp								
Property Insurance	271,607	101,846	118,619	13,635	50,133	-	55,164	1,082,323
Benefits, other	236,935	195,414	213,612	25,295	78,867	54,313	75,769	1,798,570
Financial Expenses	131,341	938,070	112,233	3,469	3,870	3,735	5,310	2,697,400
TOTAL OPERATING EXPENSES	4,015,632	2,946,615	3,367,750	301,720	616,282	612,451	911,974	24,463,939
NET INCOME (LOSS)	260,401	415,906	214,292	47,333	76,787	133,559	223,060	2,832,039

Yesler Terrace Redevelopment Phase 1



Steam Plant

120 8TH AVE



Horiuchi Park

156 BOREN AVE



1105 East Fir

1105 E FIR ST



Anthem on 12th

103 12TH AVE



Baldwin Apts

124 13TH AVE