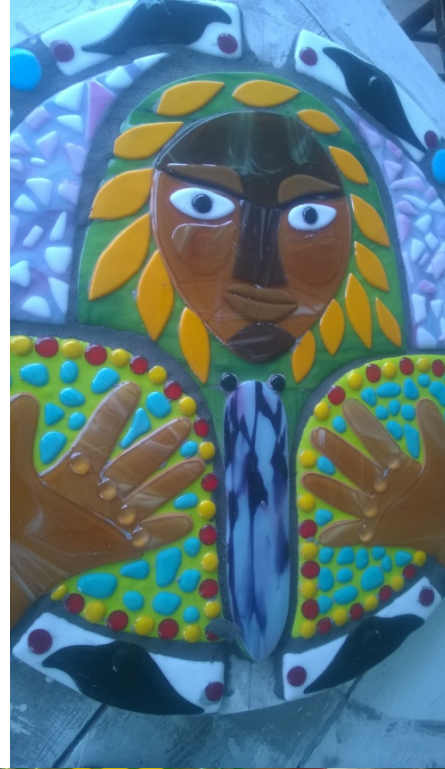




# Calendar Year 2015 Adopted Budget






**SEATTLE HOUSING AUTHORITY**

**2015 ADOPTED BUDGET**

Presented to  
SEATTLE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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By  
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September 15, 2014

SHA Board of Commissioners  
**2015 Proposed Budget**

Dear Commissioners:

I am pleased to present to you today the Seattle Housing Authority's 2015 Proposed Budget. The Total Expense budget proposed for 2015 equals **\$229.0 million**, with the Operating budget (including service grants) at **\$77.2 million**, the Housing Assistance Payments at **\$87.8 million**, the Capital budget at **\$19.2 million** and the Redevelopment budget at **\$44.8 million**. In total, the proposed budget increases **7.8 percent** over 2014. This year-over-year growth is the result of across the board increases in operations, housing assistance payments, capital, and redevelopment.

If approved, the proposed added staff capacity, including new grant-funded positions, will increase SHA's full-time equivalent (FTE) positions from **492.92 FTE** in the 2014 Budget to **511.08 in 2015**. This net **add of 18.16** positions is a **3.7 percent** increase over 2014, and remains 81 FTEs fewer than SHA had in 2010 prior to the beginning federal deficit reduction efforts and sequestration. In addition to an increase in staffing levels, we are budgeting wage increases for SHA employees, based on an estimated inflation factor of 2.6 percent.

**SHA's highest priority remains to continue to serve more people in need of low income housing.** In 2015, we expect to advance this priority. We will add 103 units at 1105 East Fir Street, this includes 83 units of replacement housing. We also expect to complete the lease up of the last 17 units in the expanded 69 unit Leschi House senior building in early 2015. Additionally, we will complete leasing the 59 Veterans Affairs Supportive Housing (VASH) vouchers received in the second half of 2014; and the 158 new Tenant Protection vouchers for Yesler Terrace, which will be used both for the relocation of some Yesler tenants and then by the voucher waitlist. In all, through the combination of new physical units and additional vouchers, we project the **capacity to serve approximately 337 new households in 2015**.

***Context: A Short-Term Reprieve to Use Wisely***

For the first time since 2011, we did not ask SHA Departments to reduce their budget submittals below the status quo for continuing current programs. For the time being, anyway, we have stabilized and in the short term will have one-time and some ongoing resources to support our critical budget needs in 2015.

This results from two important events affecting our federal resources. First, Congress restored about half of the Sequestration cuts in negotiating the Bipartisan Budget Act of 2013 by modifying the budget spending caps for 2014 and 2015. This will mean we will not see another government shutdown over the federal budget this year and can expect appropriations to HUD for 2015 that are very similar to 2014, and 2014 was an increase over what we had expected when we adopted the 2014 Budget. Second, SHA settled a dispute with HUD on the funding formula for our Public Housing (PH) Operating Subsidy and for inclusion of SSHP units in our eligibility for Public Housing operating subsidy at the end of 2013. This settlement results in an annual increase in SHA's eligibility (before "proration") for PH operating subsidy of about \$6.0 million.

We also continue to benefit from our success in competing for new special purpose vouchers, particularly Veteran's Assistance Supportive Housing (VASH) and for Tenant Protection vouchers for Yesler Terrace and private apartment sites where landlords haven't renewed their Section 8 contracts and we seek Tenant Protection vouchers for the eligible tenants. Finally, SHA reaps direct monetary rewards for stable financial conditions that this year has produced an upgrade to SHA's Standard and Poor's credit rating from A+ to AA-. This upgrade saved an estimated \$1.5 million over the life of the refinancing bonds we issued earlier this year and the lower interest costs help allow SHA to put that savings to work in improvements to the properties and their operations.

In preparing SHA's 2015 Proposed Budget, I asked the Departments and the Budget Office to be continue the disciplined and strategic thinking they have applied in the last several years of declining resources to mapping out the most important investments we can make now to best serve SHA's long term future. While we may have come through the worst of the large federal funding reductions, we continue to foresee a fundamental and long-term shift in the federal government's role and resources. This reality will call on us to continuously search for and implement changes in the way we do business in order to operate more cost effectively and to secure added revenues from other sources. I am proud of the work SHA's staff have done in developing a 2015 Proposed Budget that recommends prudent and strategic investments in our people and our work and responds to many resident concerns and desires from the early outreach the Budget Office conducted with the Resident Action Council, the Joint Policy Advisory Committee, and the Seattle Senior Housing Program.

### ***Capitalizing on the Short-Term Reprieve***

We have focused on advancing five objectives in deploying added resources for 2015. Here are the objectives and examples of how the 2015 Proposed Budget addresses each:

#### ***❖ Address Workload Pinches that Undermine Excellent Customer Service and Job Satisfaction Among Employees***

My highest priority for using added budget resources in 2015 is to address workload demands, spikes, and backlogs. These conditions can adversely affect residents, applicants, employees and the long-term quality and condition of SHA's properties. In the 2015 Proposed Budget, just under half of the net increase in FTE's – 8.65 FTEs – and all of the added temporary workers are targeted to address workload pinches; examples include:

- Reducing the caseload per Certification Specialist for the Housing Choice Voucher Project Based Team from over 950 to about 678, the planned level in 2012 before a 20 percent increase in project based vouchers;
- Reduce the backlog of work orders accumulated as a result of spikes in inspection-related and unit turnover work and orders using temporary trades staff;
- Increase one-on-one housing counseling for new voucher holders to provide housing search assistance and reduce the length of time to rent and the failure rate associated with finding housing, now running at 36 percent;
- Increase Pest Control capacity to systematically address bedbug problems by undertaking to inspect, and treat as needed, all Low Income Public Housing (LIPH) and Seattle Senior Housing Program (SSHP) buildings in 2015, as well as respond to "hotspots" of bedbug infestation;

- Increase Security funding for LIPH/SSHP properties by \$400,000 (nearly a 100 percent increase) to enable SHA to better respond to spikes in security/safety concerns when they arise; and,
- Address increasingly frequent and sophisticated cybersecurity problems that interrupt electronic service and threaten the integrity of our systems and data bases.

❖ ***Invest in One-Time Expenditures that Help SHA Catch-up with Critical Capital and Operating Needs***

In light of the longer-term funding outlook, special emphasis was placed on investing in one-time (maximum two years) actions to solve accumulating problems or address critical opportunities in a cost effective manner. Examples of these investments include:

- Use current \$1 million of current funds to undertake rehabilitation of the Longfellow Creek Apartments with its seven buildings, instead of financing the needed work and adding debt to the property it can't afford;
- Use temporary staff to help High Point catch up on turnover of vacates that existing staff can't keep pace with;
- Add \$1.6 million in additional MTW funds to the Capital Program fund sources in order to address more capital needs, particularly in LIPH high rises and scattered sites.
- Create a new Housing Choice Voucher waitlist by opening applications during the first quarter of 2015 and then hold an on-line lottery to create a 2,000-3,000 person waitlist.

❖ ***Better Equip SHA to Meet the Challenges and Opportunities Ahead***

- With the 2015 SHA Proposed Budget, we are recommending a new investment in the creation of a dedicated Policy Office with four core goals:
  - ✓ To focus on improving SHA's operations and service by using MTW authority fully and most effectively;
  - ✓ To ensure that SHA's Strategic Plan is a "living" guide for decisions, priorities, and measures of success;
  - ✓ To help SHA become a data driven organization, grounded in solid analysis, so we make well informed and adequately researched choices; and,
  - ✓ To elevate SHA's strategic policy issues to an agency-wide focus.

The Office is expected to continue the development of a final recommendation for the Stepping Forward rent policy proposal and coordinate its implementation; prepare for a successor SHA Strategic Plan for 2016-2020; develop the 2016 MTW Plan; address emerging strategic issues, like how to address the future low-income senior population which is discussed below; and position the organization to prepare more strategically for how major public policy changes affect the organization in the immediate future and its long-term implications.

The core policy staff would be made up of a combination of a small number of new positions and existing positions and would be augmented with Department staff on rotating assignment to the office for particular projects based on their expertise.

- Separate from but related to creation of the Policy Office, we are also proposing to make SHA's Advocacy and Intergovernmental focus a full-time capacity in the Executive Office.

SHA's long-term interests necessitate an expanded and elevated focus on our public partnerships and intergovernmental relations. To name a few challenges and opportunities ahead, there is the

growing number and urgency of issues at the federal level – funding, as well as regulatory and contractual issues; the increased breadth of governmental partnerships resulting from the Choice Neighborhoods Initiative and Yesler Redevelopment; and, opportunities for renewed and new partnerships with City and County agencies in ending homelessness and addressing availability of affordable housing. Fortunately, we will be well-served as the present Director of Advocacy and Rental Assistance will step up to the position and we will begin a search for a new Director of Rental Assistance.

❖ ***Ensure SHA has the Resources Set Aside to Implement its Commitments and Promises***

Once the outreach processes are completed, refinements and changes recommended to the *Stepping Forward* rent policy proposal, and the Board of Commissioners adopts a final version of rent policy for workable households, much will remain to be done to prepare for and implement the new rent policy. The 2015 Budget includes funds reserved for this implementation work and to support the initial year of the enhanced support to workable residents and participants for job opportunities.

❖ ***Increase SHA's Capacity to Advance Strategic Plan Objectives***

The section that follows in the Budget Summary addresses work planned for 2015 across a number of our 2011-2015 Strategic Plan. Two items are highlighted below as they represent new initiatives in important areas of the Strategic Plan where SHA has not placed as much emphasis as we'd like in recent years of budget reductions.

• **Addressing the "Quiet Crisis" – Senior Housing**

The number of low income senior overall and the number of frail elderly is projected to increase significantly in the coming years and the funding landscape for both housing and services is changing dramatically with decreased HUD 202 funding and the opportunity for innovative use of funds with the Affordable Care Act. It is timely for SHA to develop partnerships to address the needs of low income seniors.

• **Low Income Housing in a Sustainable Environment**

Early studies at Yesler Terrace showed potential for rainwater reuse to reduce potable water consumption, thereby conserving water and reducing water/sewer bills. Such a system would collect rainwater throughout the year for non-potable use both within the building and for the grounds. The 221 10<sup>th</sup> Ave S building at Yesler provides the opportunity to pilot this type of water reuse effort.

Several foundations have expressed interest in supporting innovative and replicable pilot programs that continue to redefine the opportunities for environmental sustainability in urban residential buildings.

In 2014, SHA will study the feasibility and establish the construction and operating costs for this system, as well as cost savings through reuse. If feasible, SHA will undertake design work in 2014 and incorporate a rainwater harvesting system in the construction of the building to begin in 2016.

In the introductory sections of SHA's 2015 Proposed Budget, you will find detail of the broad range of activities we expect to undertake in 2015 to further these and other objectives of the Plan.

### **Conclusion**

Adapting to change and capitalizing on its opportunities is increasingly a core strength of SHA staff that will help SHA excel in our mission and meet the challenges we expect in the future. The investments proposed in the 2015 SHA Budget represent thoughtful strategic choices for the future.

We do important work for low-income people, about whose well-being and dignity we care deeply. Whether it be rent policy, Yesler Terrace Redevelopment, bedbug eradication, promoting academic excellence and opportunities for youth in a voucher family or an SHA housing unit, or supporting access to education and jobs to enable those we serve to improve the lives of their families, SHA leadership and staff are driven by a common dedication to SHA's mission:

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

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. And, I believe we and our voucher participants and residents share the desire to succeed in bettering the lives of our families and our children. I'm honored to be part of this powerful coalition. Working together toward the same ends, we cannot help but succeed.

Sincerely,



Andrew J. Lofton  
Executive Director  
Seattle Housing Authority

cc: Cabinet Members



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# Seattle Housing Authority CY 2015 Adopted Budget

## Introduction –

The Calendar Year (CY) 2015 Adopted Budget covers all of Seattle Housing Authority's operating and capital budget sources and uses, including federal and local housing programs and enterprise activities for Calendar Year 2015. The CY 2015 Budget was prepared under the provisions and authorizations contained in the Authority's contractual agreement with the U.S. Department of Housing and Urban Development (HUD) and the *Moving To new Ways* (MTW) Program.<sup>1</sup> The MTW contract with HUD was amended in December 2008 and extended through 2018. The MTW program provides two critical sources of flexibility:

- ✓ MTW provides a process for waiver of many federal regulations and thus enables the agency to undertake experiments and innovations that would not otherwise be available, in furtherance of the three MTW statutory objectives – to streamline operations for efficiency and cost effectiveness; to enhance housing choice; and, to promote self-sufficiency.
- ✓ It allows the Housing Authority to treat federal resources under Sections 8 and 9 of the 1937 Housing Act – the public housing 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 housing programs serving low-income people.

The Housing Authority must use both of these tools to maximum strategic advantage to realize the purposes and the promise of the MTW demonstration and to:

- ✓ Provide safe, stable, and decent ongoing low income housing;
- ✓ Serve more families and individuals as demand continues to increase;
- ✓ Design and demonstrate new models of housing assistance that may prove more effective and efficient;
- ✓ Bring supportive services through partnerships to address needs of residents and participants, especially in support of education and jobs; and,
- ✓ Align business practices to achieve efficiencies, as well as provide the tools needed to evaluate the effectiveness of our objectives.

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

## Short Term Opportunities and Long Term Concerns

### *The Good News --Providing Important Opportunities*

The SHA 2015 Budget has been prepared to take advantage judiciously of the short term reprieve we anticipate in the march of federal funding reductions for low income housing and other federal discretionary programs. Four circumstances underpin this opportunity:

**First**, the Bipartisan Budget Act of 2013 was brokered by Washington Senator Patty Murray – a champion for low income housing funding – and House of Representatives Budget Chairman Congressman Paul Ryan. This act took a step back from the cuts of sequestration and raised the spending ceiling levels modestly for 2014 and 2015.

**Second**, SHA continues to be successful in securing new resources to support new initiatives. In federal funding, we continue to compete successfully for new rental assistance vouchers through the Veteran's Assistance Supportive Housing (VASH) program for veterans and through Tenant Protection vouchers for Yesler Terrace and other sites. In addition, we are experiencing tremendous success through education and work force partnerships to gain funding support from foundations who want to help us demonstrate programs and support that make a difference in the lives of low income people.

**Third**, SHA's persistence succeeded in resolving a dispute with HUD regarding calculation of our Public Housing subsidy under our MTW Agreement. This resolution has resulted in both an updated calculation of our base contract formula and the inclusion of Seattle Senior Housing units in our unit count for funding. The net effect is an ongoing increase in Public Housing operating subsidy of about \$5.0 million, depending on federal funding pro-rations.

**Finally**, SHA's strong financial base was recognized this year in an upgrade of our credit rating by Standard and Poor's from A+ to AA-. This means real dollars to SHA in our financing transactions. Earlier this year when we refinanced bonds in our Local Housing portfolio, we gained an interest savings over the life of the bonds of \$1.5 million, attributable to the upgrade. This translates into the Budget as lower debt service costs for those properties and therefore more funds to reinvest in the properties.

### *The Headwinds Ahead – A Long Term Prognosis of Constrained Resources*

Turning to a brief summary of the long term clouds on the horizon, there are four issues of significant concern that may adversely affect federal funding for low income housing programs in the years ahead:

#### **First, the Fall 2014 National Elections**

This November's Congressional elections will determine whether there is a change in majority control of the Senate from Democrats to Republicans. The House is considered a safe bet to remain in Republican control. A change of party control in the Senate would not likely be a favorable development for low income housing or discretionary spending in general. Further, with the Presidential election looming in 2016, partisan politics and posturing are likely to be the order of the day with little productive law making or policy decisions on important issues.

#### **Second, A Return to Sequestration**

The federal government is scheduled to reinstate the sequestration spending ceilings in 2016, if there is no further action by Congress to suspend or moderate the sequestration cuts. In light of the issue above, it seems doubtful that there will be affirmative bipartisan steps taken to change the course from returning to the sequestration spending ceilings.

While this by itself is not likely to usher in the level of cuts we saw in 2011-2013, it will be a critical signal that Congress does not intend to restore the \$2 billion dollars cut to discretionary programs to date.

### Third, MTW Contract Extension

HUD's initial proposal and promise just last February of a simple ten year extension of all existing MTW Agreements through 2028 for MTW agencies meeting a minimum voucher utilization rate of 90 percent, has now become a full scale attempt by HUD to overhaul MTW funding and authority. It is not clear the extent to which HUD expects to negotiate their ideas for changes. From what we know, it is clear that all 39 MTW agencies hold the common view that HUD's proposals for change would eviscerate the MTW program envisioned in statute. Further, the implementation of HUD stated aims would cause great dislocation for MTW agencies and the tenants and participants they serve.

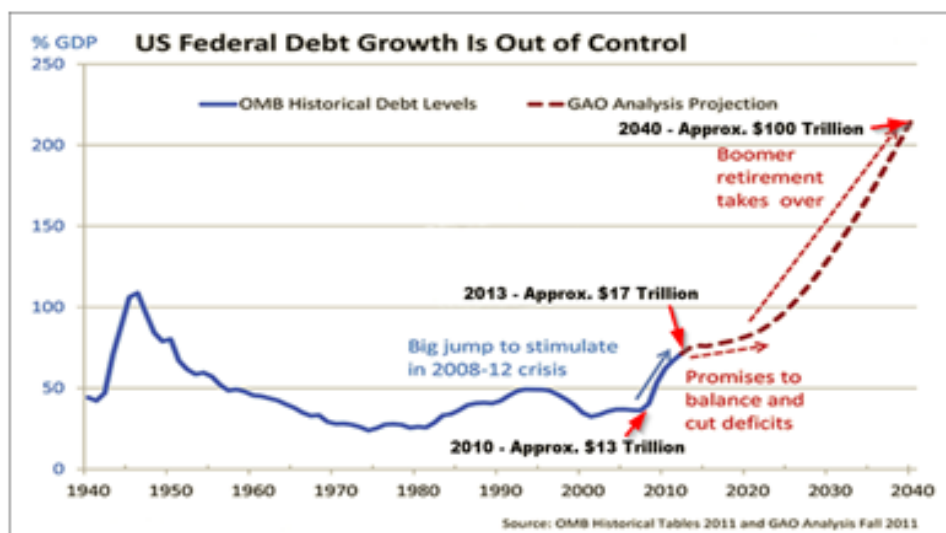
While HUD discussions with Housing Authority executives are in their early stages, the beginning is not promising and the stakes are high. Under HUD's stated intentions, MTW agencies stand to lose substantial funding outright and see their single fund flexibility undermined in a few short years.

### Fourth, Long Term US Debt Levels

The most worrisome aspects of the federal government's fiscal condition are the rapid increases we face in a very few years in federal outlays for Social Security, Medicare, Medicaid, and the consequent increases in debt and interest costs accompanying the wave of aging baby boomers. The graphic below from the Government Accounting Office (GAO) is a stark representation of what lies ahead if we don't address reform of entitlement programs and the need for new tax revenues.

## GAO: % of GDP- Federal Debt Projection

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## ***Capitalizing on Near-Term Opportunities***

In developing the 2015 Budget, SHA has undertaken to be judicious and strategic in taking advantage of a short-term reprieve in federal budget cuts and an increase in SHA's expected resources for 2015.

The 2015 SHA Budget has expenses totaling \$229.0 million, with the Operating Budget (including service grants) at \$77.3 million; the Housing Assistance Payments at \$87.8 million; the Capital Budget at \$19.2 million; and, the Redevelopment Budget at \$44.8 million. The 2015 Budget of \$229.0 million exceeds the total 2014 Adopted Budget by 7.8 percent, or \$16.6 million, \$7.5 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 2015 are \$9.1 million or 5.8 percent above the Adopted 2014 Budget.

Staff capacity, including new grant-funded positions, has increased SHA's FTE level from 492.93 in the 2014 Budget to 511.08 in 2015. This net **add of 18.15** positions is a **3.7 percent** increase over 2014, and remains 81 FTEs fewer than SHA had in 2010 prior to the beginning of federal deficit reduction efforts and sequestration. In addition to an increase in staffing levels, we budgeted wage increases for SHA employees, based on an estimated inflation factor of 2.6 percent.

**SHA's highest priority remains to serve more people in need of low income housing.** In 2015, we expect to advance this priority. We will add more housing by completing lease up of the last 17 units in the expanded 69 unit Leschi House senior building in early 2015. We will lease the 83 units of replacement housing and the 20 tax credit units at 1105 East Fir Street in the first half of 2015. Additionally, we will complete leasing the 59 Veterans Affairs Supportive Housing (VASH) vouchers received in the second half of 2014; and the 158 new Tenant Protection vouchers for Yesler Terrace, which will be used both for the relocation of some Yesler tenants and then by the voucher waitlist. In all, we project **new capacity to serve approximately 337 households in 2015.**

## **Responding in 2015 to Strategic Directions**

In developing the 2015 SHA Budget, departments were encouraged to undertake renewed or new initiatives to address the strategies and directions of the 2011-2015 SHA Strategic Plan. In the pages that follow, we address 2015 work plans pertaining to eleven sub-goals of the Plan's five Strategic Directions and three Management Strategies (reference is made in parentheses to the applicable Strategic Direction (SD) or Management Strategy (MS) and sub-goal number):

- ❖ Maintain and improve existing housing stock for the long term (SD-1.1)
- ❖ Move forward with Yesler Terrace redevelopment (SD-1.3)
- ❖ Work to end homelessness (SD-1.6)
- ❖ Expand housing choice for low income people (SD-2.2)
- ❖ Improve access to educational opportunities for youth (SD-3.1)
- ❖ Advance opportunities for education and employment (SD-3.3)
- ❖ Increase housing supply and services to low income seniors (SD-4.0)
- ❖ Create a healthy, welcoming, and supportive living environment in SHA communities (SD5.0)
- ❖ Manage SHA's assets effectively and ensure operations are cost effective (MS-1.1)
- ❖ Strengthen the agency's financial position (MS-1.2)

- ❖ Promote a healthy, engaged, and productive workforce (MS-3.0)

The discussion that follows presents each of these goals and the work plans and products that are planned for 2015.

### **MAINTAIN AND IMPROVE EXISTING HOUSING STOCK FOR THE LONG TERM**

#### **❖ Capital Repairs and Improvements**

- Improve security at Senior Housing and LIPH High-Rise properties by adding cameras, key card entry and exterior lighting, as appropriate. Funds approved in 2014 and 2015 will address 20 LIPH communities, 14 SSHP properties and 5 Special Portfolio communities.
- Repair or rehabilitate building exteriors at Michaelson Manor, Olive Ridge, Westwood Heights, and Bayview Tower.
- Modernize elevators in four buildings; Jefferson Terrace, Michaelson Manor, Wildwood Glen and Willis House.
- Repair or replace roof or gutters at certain Scattered Sites, Denice Hunt, Columbia Place, Rainier Avenue Apartments, Longfellow Creek Apartments, and Ravenna School Apartments.
- Improve exterior surroundings such as fence repair, sidewalk or driveway repair at select Scattered Sites communities, Longfellow Creek Apartments, Aki Kurose, Bell Tower, Cedarvale Village, Denny Terrace, Holly Court, Jackson Park Village, Jefferson Terrace, Tri-Court, Montridge Arms, Spruce Street Townhomes, and Wedgewood Estates.
- Improve common areas at Bell Tower, Jefferson Terrace, Meadowbrook View Apartments, Tri-Court, Holly Court, Westwood Heights, Yesler Terrace, Blakeley Manor, Phinney Terrace, Bayview Tower, Market Terrace, and Villa Park.
- Update units for appliances, replace windows, and improve air quality at various Scattered Sites locations, Bell Tower, Yesler Terrace, Main Street Apartments, South Park Manor, Villa Park, Westwood Heights, and Wisteria Court.

#### **❖ Maintenance and Operations**

- Explore site based options of maintenance and management to increase resident engagement, improve property performance, increase staff accountability and performance, and improve financial performance.
- Develop a Housing Operations dashboard to track key performance indicators at the property level. Use the dashboard tool to achieve performance goals and aid decision making on capital and operating needs.
- Improve maintenance and reduce vacancies at High Point and other portfolios by hiring temporary maintenance staff to address spikes in work load due to vacancies and preparation for and responding to inspections from funding agencies.
- Increase the number of inspections and inspection protocols for the Impact Property Management portfolio to identify issues in units early on and avoid work load spikes.
- Perform bedbug inspections of all LIPH and SSHP properties and provide treatment where indicated. In communities with high frequency calls for bedbugs, conduct community meetings and provide prevention education at the time of inspections.
- Expand the existing preventive maintenance program to bring the remaining SHA properties under the IPS Preventive Maintenance Plan, including HOPE VI and commercial properties.

- Use the property management system to analyze work orders for asset performance and develop baseline and goal metrics for the Preventive Maintenance Plan.

### **REDEVELOPING YESLER TERRACE**

- ❖ **Master Planning/Development** – Continue to expand partnerships with the City and County, with local employers, with all levels of educational institutions, with social service, health, housing, employment, and environmental private non-profits, with foundations, with unions, and with community organizations in the Yesler and greater First Hill areas, and with stakeholders to implement the Yesler Terrace/Choice Neighborhoods Initiative vision.

Master planning tasks in 2015 include:

- Manage overall budget, schedule, planning and communication.
- Prepare sites for commercial office development in 2015.
- Create an Arts Master Plan for the site for implementation in the next phase.
- Develop a program to meet management and maintenance needs.
- Ensure that vacant units do not become a neighborhood security risk or eye sore while awaiting demolition or redevelopment.

- ❖ **Infrastructure**

- Reconstruct Yesler Way from the I-5 overpass to Broadway.
- In 2015, complete initial infrastructure work and the Hill Climb and make it available for use.
- Start construction of the pedestrian paths.
- Demolish Phase 3 housing and the Epstein building.
- Construct Fir Street improvements and begin Block 3 and 4 infrastructure improvements.
- Complete the Neighborhood Park infrastructure. Coordinate with the Parks Department and hand the Neighborhood Park site of 1.75 acres over to the City in late 2015 to complete construction of the new neighborhood park.
- Complete South Washington Street improvements from Yesler to 10<sup>th</sup> Avenue South.
- Complete 10<sup>th</sup> Avenue South improvements from South Washington Street to Main Street.
- Install a signal for a future traffic light at Eighth and Yesler Way.
- Complete the deep sewer and storm water work starting at 12<sup>th</sup> Avenue South and Main Street along Main Street to Boren Avenue and onto 13<sup>th</sup> Avenue South.
- Start preparing the bicycle lane on Yesler Way.

- ❖ **Affordable Housing Production**

- Complete 1105 E Fir and 820 Yesler Way projects in 2015. Lease up for 1105 East Fir will occur mid 2015 for 103 units. Lease up for 820 Yesler will occur in the first half of 2016 for 83 units. By the end of 2015, SHA will have brought on a total of 118 units of replacement housing, 98 low income units and 20 tax credit units at 40-60 percent of median income.
- Start construction in mid-2015 on 221 10th Avenue South, which will include 64 units of replacement housing and 42 units of tax credit housing.
- Begin design of the next replacement building at Yesler Terrace.

- In 2015, the private market rate and workforce housing building – Anthem on 12th – at 12th Avenue South and East Yesler Way developed by Spectrum will be completed. This building will include 90 market rate units and 30 work force units.
- SHA anticipates closing on the next phase of market rate/workforce housing in Block 2 of Yesler Terrace. Construction might begin in 2016.

#### ❖ **Community Facilities and Amenities**

- Continue support of the Washington Hall Critical Communities project. Washington Hall was built in 1908 and has anchored the social and cultural activities of the Yesler Neighborhood for over 100 years. Seattle Housing is working with Historic Seattle to rehabilitate this important neighborhood landmark.
- Complete the Hill Climb P-Patch.
- In late 2015, transfer the neighborhood park to the City Parks Department for construction.

#### ❖ **Community Services**

- Coordinate Community Services and Development staff on workforce development and economic opportunities programs.
- Work with Seattle University to tailor academic support programming to individual student needs.
- Work with neighborhood employers to provide job and training opportunities for Yesler students enrolled in Science, Technology, Engineering and Math (STEM) classes.
- Expand the number of community health workers in the Yesler neighborhood.
- Initiate design of the Yesler Health Living Initiative, including production of the initial educational module.
- Work with Public Health to promote access to healthcare resources and education regarding healthy living habits.
- Partner with Seattle’s Parks and Recreation to further provide youth engagement activities.

#### ❖ **Relocation**

- Coordinate between Housing Operations and Development staff on resident relocation planning and issues.
- Complete relocation of 112 Yesler households with professionalism and customer care. With completion of Phase 3, 245 households plus the YWCA family program units will have been successfully relocated.
- Continue to make contact with residents relocated from Yesler to offer options for returning to Yesler as replacement housing units become available.

### **WORK TO END HOMELESSNESS**

- ❖ Expand SHA’s participation with other funding partners in short-term rental assistance and rapid rehousing programs for homeless families, young adults, and single adults. Additional funding in 2015 will serve up to 50 families and 10 young adults and add funds for a new program for 5 single adults.



- ❖ Develop an academic success/enrichment initiative in tandem with a rapid rehousing program for homeless families, including those living in cars, to improve education outcomes for these families. SHA will seek partners to serve about 25 families, including homeless families with children, at Bailey Gatzert School.
- ❖ Transfer operations of South Park Manor apartment building to Downtown Emergency Service Center (DESC) to provide transition housing for the homeless. Provide relocation assistance to South Park Manor residents as needed.
- ❖ Enhance SHA's participation in design, monitoring, and evaluation of programs to end homelessness by adding staff capacity to participate in planning meetings with DESC, foundation partners, the City, County, and United Way.

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

- ❖ Improve customer service by managing caseload and meeting the requirements of the special needs population, such as seniors, many of whom are part of households in our project based units. Provide training on customer service policies and procedures to staff on a bi-monthly basis to enhance internal and external customer service.
- ❖ Continue a partnership with the City of Seattle to support development of new low income housing stock by augmenting city housing levy funds with project based vouchers—90 per year—thus enabling private non-profits to create and operate financially sound projects.
- ❖ Improve timeliness in processing rent increase requests from HCV tenant-based program landlords by adding a project Certification Specialist I to process the high incidence of rent increases in Seattle's tight housing market. This will help retain existing landlords in the program and recruit new landlords, particularly in Seattle areas of high opportunity.
- ❖ Use best practices research conducted in 2014 to actively recruit landlords in areas of the city with high opportunities and low poverty rates to expand housing choice for voucher holders.
- ❖ Increase the Voucher Payment Standard (VPS) for 2 bedroom and 6 bedroom units in order to enable participants to find units to lease in a challenging rental market condition.
- ❖ Continue to build relationships with external partners to offer programs or services that are beneficial to HCV participants such as employment, education and financial stability services.
- ❖ Redesign neighborhood guides from regions (Northwest; Northeast, etc.) of the City to provide more specific information on resources by neighborhood (e.g. Ballard, Lake City, Greenwood). The guides address schools, transportation, health and social service resources; tips on searching for a housing unit, employment opportunities and data on how the neighborhood performs on factors identified with high opportunity locations.
- ❖ Launch a more robust Housing Search Assistance program to reduce the length of time to lease and reduce the number of people who are unsuccessful leasing with a rental assistance voucher. Services will include additional housing counseling; funds to assist with security deposits; and additional classes of Ready to Rent.
- ❖ Explore working through a contract with the YWCA to use a model similar to the Landlord Liaison Project (LLP). The LLP model provides housing search and deposit assistance as well as risk reduction funds as incentives for landlords.

## **SUPPORTING EDUCATION OPPORTUNITIES FOR YOUTH**

- ❖ Partner with the Gates Foundation and Seattle Public Schools to develop and begin implementing a program to improve educational outcomes for the 8,400 SHA youth served by the public school district. This will likely focus on a small number of initiatives that support students across our portfolios.
- ❖ Expand the current youth conservation and training program from High Point and NewHolly to include Cedarvale Village, Jackson Park Village, and Lake City Court. This program trains students in conservation and recycling programs and engages students in promoting and teaching conservation methods in their communities.
- ❖ Restore the summer youth programs at the High Point and NewHolly communities that were eliminated in 2013. These programs are expected to engage over 200 young people with active recreation and learning opportunities. Use information collected from parents and youth in these communities to design the program focus in each community.
- ❖ Augment the partnerships with parents for academic enrichment at Bailey Gatzert School with a short-term rental assistance opportunity for parents whose families are homeless or living in their cars.
- ❖ For the fifth year, partner with the College Success Foundation and SHA employee volunteers to market *College Bound* and other scholarship opportunities to all SHA housed youth.
- ❖ Continue and expand the partnerships among Seattle University, Garfield High School, and local employers to provide summer job opportunities and training experience for Yesler students who will study Science, Technology, Engineering, and Mathematics disciplines (STEM) in the mornings and work at local hospitals or with other employers in the afternoons.
- ❖ Continue to build stronger relationships with Seattle Public Schools to focus energy and resources on the academic performance of students living in SHA's assisted housing programs.
- ❖ Promote positive activities for youth in communities where SHA has a significant presence, including: hosting sign-up events for College Bound Scholarships; collaborating with Neighborhood House and SHA Community Builders to hold workshops on college applications and financial aid; and participating in Higher Education Project, an inter-agency community coalition providing SHA youth and their families with services to help them pursue higher education.
- ❖ Participate in the Prevention Alliance to address socio-economic and environmental conditions that give rise to chronic health problems. In 2015, look for new programs that benefit our residents and their children, such as "Breakfast Before the Bell".

## **ADVANCING EDUCATIONAL AND EMPLOYMENT OPPORTUNITIES**

- ❖ Team with Seattle Central College District and the Workforce Development Council, with funding from the Chase Foundation, to develop and implement a "proof of concept" self-sufficiency pilot program, which is expected to become a core aspect of a new rent policy to provide work-able residents and participants support in achieving economic advancement.
- ❖ Serve approximately 600 residents through SHA's Economic Opportunities staff team with asset building, training, job placement and retention to promote stability and economic betterment.
- ❖ Continue to implement the Yesler Employment Pathways Initiative with neighborhood employers (Harborview, Swedish, Seattle University, and Seattle College).

- ❖ Continue implementing the Section 3 construction employment initiative for Yesler Terrace with focus on recruiting qualified SHA residents for Section 3 new hire openings for construction sites under the Community Workforce Agreement.
- ❖ Help residents and participants gain financial stability via access to employment, vocational training, college education, financial literacy, and savings and banking services through partner organizations such as YearUp, Workforce Development Council, Seattle Jobs Initiative, Office of Economic Opportunities, YWCA, and Seattle College.
- ❖ Apply to locate a Workforce Development Council (WDC) “Work Source” site in SHA Housing Services Center, both as a convenient source of information on job fairs, job training programs and career development services, and as a possible site for conducting participant assessments for self-sufficiency plans.
- ❖ Develop Resource Toolkits to mail to participants who are work-able to promote self-sufficiency.

### ***INCREASE HOUSING AND SERVICES TO SENIORS***

- ❖ Continue to work with senior community organizations to build partnerships to refer elderly voucher participants to relevant services available for seniors. Consider developing a senior services toolkit as a resource to elderly participants.
- ❖ Include interested senior voucher holders in targeted outreach for self-sufficiency in the areas of employment, education, and financial stability.
- ❖ Increase funding for case management services in the LIPH and SSHP high-rises to address growing concerns with the needs of those requiring mental health services to enable them to continue to live independently.
- ❖ Develop partnerships and policies to address the housing and service needs of low income seniors. As an initial phase in 2015, identify SHA’s current and projected senior population; understand the local network of resources and initiatives; and, engage residents, staff, and the Board to develop recommended tools, policies and partnerships to create a continuum of care for low income seniors.
  - Explore national innovations to create better cost effective outcomes for low income seniors, including the Green House model and Mercy Housing’s flexible use of Medicaid/Medicare funding in its Mission Creek development;
  - Explore such possible tools as service partnerships, designation of senior buildings, a shallow subsidy program, repurposing of existing assets such as Scattered Sites, and development of new senior housing.
  - Explore the end of the continuum of housing SHA can provide to seniors and identify service solutions or alternative living environments where those whose needs are beyond the housing SHA can provide can thrive better and receive appropriate care.
- ❖ Support the development of resident councils at our SSHP facilities and work with senior residents to launch an SSHP JPAC. Community Builders will work with resident councils for use of resident council participant funds for such things as training, internet access, and alternatives the councils identify as their priorities.

### ***CREATE HEALTHY AND SUPPORTIVE SHA COMMUNITIES***

- ❖ Launch the first phase of the Yesler Terrace Healthy Living Initiative by developing the educational approach and a tailored curriculum for the first module. The Initiative defines healthy living broadly to include individual healthy life style choices such as healthy eating and exercise, and community environmental sustainability practices such as resource conservation and recycling.
- ❖ Improve the health and family quality of life by implementing the Breathe Easy program at the new Yesler Terrace through environmental design and resident engagement for families with respiratory health issues. Provide educational materials and move-in kits including mattress covers, walk off mats, and a HEPA vacuum cleaner to support the Breathe Easy program.
- ❖ With support from foundations, increase the number of community health workers serving the Yesler neighborhood. This will provide increased access to health resources and improve health related outcomes for the underserved community of Yesler Terrace.
- ❖ Continue the successful work of SHA Community Builders in SHA's family communities by helping to create social networks through affinity groups and neighbors coming together around common interests or concerns.
- ❖ Continue to support community members in their efforts to obtain and implement grants from the Department of Neighborhoods and the Department of Information Technology.
- ❖ Work with the City of Seattle's Division of Aging and Disabilities in terms of how case management services to over 1,200 high-rise and SSHP resident will be impacted by required changes in service delivery that will result from the Affordable Care Act.

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

- ❖ Implement solutions for electronic rent collection, either through lockbox or with lockbox and a companion vendor. This follows a Request for Proposal (RFP) process, which will occur in 2014. The objectives are user-friendly alternatives for tenant rent payments; greater security, more timely collection of rent payments; reduced rejection of rent payments, and reduced late payments and late charges.
- ❖ Expand the use of e-payables and Automated Clearing House (ACH) for electronic payment of SHA vendors. The goal is to move seventy five percent of the largest twenty five percent of our vendors to e-payables and fifty percent of our medium size vendors to e-payables or ACH.
- ❖ Assess efficiencies gained through third party bill processing of mobile phone service in 2015 and develop plan to expand phone bill processing service to optimize benefits in 2016.
- ❖ Establish a peer-training program across housing portfolios for maintenance staff to increase their knowledge and skills on different types and brands of equipment.
- ❖ Implement a landlord portal allowing landlords in the Housing Choice Voucher program electronic access to information about their Housing Assistance Payment (HAP) payments; this will enable SHA to move to direct deposit enrollment for all landlords. This will result in cost savings and efficiencies in paper and postage, in banking charges, and in staff time. In addition, this will provide improved service to landlords, who can find all of their HAP payment records in one electronic file.

- ❖ Continue to realize better recoupment of funds owing under payment plans with Housing Choice Voucher participants with the implementation of electronic statements to participants. The pilot saw an increase of 30% in the number of payments received and a 15% increase in the amount received in March-April 2014 payments compared to the same time period in 2013.
- ❖ Housing Choice Vouchers will continue to recover overpayments through issuance and enforcement of repayment agreements for overpaid HAPs; these are most often due to untimely or failure to report household income changes.
- ❖ Housing Choice Vouchers will implement an electronic filing system to reduce paper usage, demand on the physical filing system, and improve security of records. This is a multi-year project and, in the long run, will create operational efficiencies.
- ❖ Continue to absorb port-ins from housing authorities outside the tri-county region and initiate portability swaps with King County Housing Authority (KCHA), to reduce the SHA's administrative expenses and increase our voucher utilization.
- ❖ Continue to review best practices and design changes in property management and maintenance that will improve timeliness, efficiency, and cost effectiveness of services delivered on-site in housing communities.
- ❖ Carry out a program over multiple years to install security equipment – cameras, card-key entry, and security lighting – where most needed to address safety and security needs of housing properties. Physical improvements at properties are expected to be more cost effective than adding more personnel to provide security.
- ❖ As part of a long term program to improve records maintenance, security, and accessibility; begin document imaging of tenant files starting in the HOPE VI properties.
- ❖ Expand document imaging in 2015 in Housing Operations to include processes that will help the department find efficiencies and improve customer service. This will include a review of all forms used by Housing Operations to ensure that forms use uniform fonts to enable imaging, elimination of out of date forms, consolidation of forms where there is duplication, and updating as needed. This process itself is expected to reveal changes in business processes that will simplify and streamline administrative tasks.
- ❖ Continue a focus on consistent application of payment plans across the Housing Operations department for all housing portfolios; Finance and Housing Operations will work together on procedures to ensure they are consistent with policy and that payments are applied correctly and consistently throughout the Department.
- ❖ Hold quarterly review meetings between Finance and Housing Operations to review the status of Accounts Receivable and ensure that all appropriate actions are taken to address aged receivables in a timely manner.
- ❖ Create a sustainability plan for SHA Housing Operations to ensure we are using our resources efficiently. The plan is expected to cover a number of years with an eventual goal of setting a comprehensive strategy for reduced energy and resource usage at all SHA properties.
- ❖ Continue to meet the City of Seattle's Energy Disclosure requirements by utilizing the Energy Star Portfolio Manager database to benchmark SHA's performance and to identify poor performing properties for improvement.

- ❖ In Housing Operations Admissions, review and analyze current policy and procedures related to the processing of applications. Continue to look for efficiencies and simplification of processes throughout the portfolios. Continue to review centralizing our admissions and wait-list management for HOPE VI properties in order to reduce audit risk, ensure equitable treatment for our applicants, and use resources efficiently.
- ❖ Create a new Admissions Standard Operating Procedures document and streamline forms to accompany the launch of the new Admissions, Leasing and Occupancy Policy for Housing Operations.
- ❖ Update policies and procedures to address the high unit turn down rate and the length of time that tenants are waiting for an available unit. This process needs to be better coordinated between property management and Admissions to ensure high occupancy rates, decrease risk of audit findings, and increase satisfaction of applicants.
- ❖ Take a new look at a biennial, instead of an annual budget process – identify the potential pros and cons, outline how a biennial process would work, and review with the Cabinet to determine whether the benefits are sufficient to warrant using MTW authority to move to a biennial budget schedule.
- ❖ Continue to make fraud prevention a priority. An additional Fraud Investigator will be brought on to supplement these efforts.
- ❖ Establish High Point as one of the Regional Emergency Operations Command Centers for Seattle Housing Authority and integrate the functions of the Command Center with the City of Seattle's Command Center for West Seattle. This will include set-up, trainings, and participation in emergency preparedness drills.
- ❖ Engage in the transition of control from SHA as a declarant to the High Point Homeowner's Association Board and Rainier Vista NE Homeowner's Association board.
- ❖ Determine the right landscaping model at High Point by reviewing the balance between staffing and seasonal temps and the alternate option of contracting for landscape services to cover the needs throughout the property.

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

- ❖ Work to refine the processes for assessing/projecting exit strategies for tax credit limited partnerships that will be at or near the year in which the partnership has used all of its tax advantages and may exit.
- ❖ Explore opportunities with limited partnerships to reduce projected tax liabilities for the homeWorks tax credit partnerships and the High Point South partnership. Review with Key Bank potential changes to the current bank bonds to reduce debt service cost at High Point South.
- ❖ After the closing of the tax credit partnership exit with the Othello Limited Partnership (NewHolly Phase II), determine whether to refinance the debt on the property.
- ❖ Explore refinancing properties to reduce debt service costs, fund capital reserves, and/or provide permanent financing and repayment of lines of credit.
- ❖ Participate with Standard and Poor's in their annual review of SHA's credit rating and maximize the opportunities to maintain SHA's AA- rating.
- ❖ Conduct regular quarterly reviews through the Financial Policy Oversight Committee, and semi-annual reviews with the Board of Commissioners, of SHA's unrestricted cash balances in relation to the Board's policies regarding committed funds and the level of unassigned funds or operating reserves.

- ❖ 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.
- ❖ Continue implementing plans to pay down the current combined balance of \$7.5 million on the operating, real estate, and taxable Lines of Credit (LOC's) over the period 2015-2016. Planned sources of funds will be 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.
- ❖ Prepare a Comprehensive Annual Financial Report (CAFR) that is confirmed by an 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.
- ❖ Complete preparations in 2015 for compliance with the Government Accounting Standards Board (GASB 68) requirement of recognition of pension liabilities in SHA's financial statements.
- ❖ Continue to improve Finance'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. Review SHA's investments through the Local Government Investment Pool (LGIP) and determine whether to take advantage of new sub-pools through LGIP offering slightly longer maturity options.
- ❖ Actively monitor the debt coverage ratio requirements for the 2013 and 2014 refinancing packages. Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios (DCRs) and reserve requirements. If problems exist, work with Asset Management and Housing Operations to conduct a thorough review of the properties and develop a corrective action plan.
- ❖ Monitor and evaluate Moving to Work HCV funding options throughout the year to ensure optimal funding. Track any deficits in federal funding of Veteran's Assistance Supportive Housing and Family Unification Program (VASH/FUP) vouchers and implement all possible actions to ensure full federal funding of VASH/FUP.
- ❖ Determine sources for the SHA Development Reserve and build the balance from an initial \$5.8M in 2013 to \$15M by the end of 2016.
- ❖ Define a strategy and source of funds for creating a tax credit liabilities reserve and funding it over the next five years.
- ❖ Track carefully the Yesler Terrace Redevelopment cash flow requirements and provide float through SHA assigned or unassigned reserves and/or through draws on SHA's Real Estate Lines of Credit.
- ❖ Establish a funding plan for repositioning of the Scattered Sites housing portfolio involving replacement through both vouchers and hard units.
- ❖ Participate in a national Moving to Work (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.
- ❖ Collaborate with MTW agencies to achieve key common objectives: extend MTW contracts through 2028; reach agreement with HUD on a reporting tool for assessing the performance of MTW agencies; review and agree upon a common funding formula and, preserve MTW single fund authority and regulatory flexibility.

- ❖ Ensure SHA maintains a minimum annual average voucher utilization rate of 90 percent, the HUD-prescribed threshold for eligibility for MTW contract extension through 2028.

### ***PROMOTE A HEALTHY, ENGAGED AND PRODUCTIVE WORKFORCE***

- ❖ Continue the Race & Social Justice Initiative (RSJI) with foundation training for current and new staff and the development of a RSJI toolkit to review policies and procedures through an RSJI “lens.”
- ❖ Work with managers and directors to create career development and career paths for employees based on agreed upon goals. To assist in this effort, Human Resources will be working with Halogen Software on the continued implementation of an online performance evaluation tool for all staff. In 2015, the goal is to expand the electronic performance system to represented staff, including the implementation of the baseline performance levels for the Teamsters’ merit pay program.
- ❖ Conduct an employee survey to develop training programs for supervisors and staff to address techniques for managing workload stress.
- ❖ Develop programs and processes that will continue to reduce the accident rate; thereby, reducing lost time and Workers’ Compensation costs. Develop safety and wellness programs to 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.
- ❖ Enhance SHA’s Emergency Preparedness Program for planning and recovery in the event of major emergencies. These efforts help to minimize loss of life, minimize property damage, and help in the recovery processes. In 2015, the focus will be to finish outfitting the command centers, additional staff and management training, and providing basic emergency supplies to high-rise and SSHP buildings.
- ❖ As part of Housing Choice Vouchers “Resource Delivery Plan”, provide staff training on motivational interviewing and technical and customer service training to equip staff with knowledge and tools to provide excellent customer service while managing stressful circumstances.
- ❖ Develop a departmental model “on boarding” plan in Housing Operations to ensure new employees receive appropriate training and orientation as they start work with SHA.
- ❖ Continue to design and implement ways to engage staff across departments in important policy and program issues affecting SHA, both to inform staff and to provide opportunities for input of staff ideas and suggestions.
- ❖ To address the increase of nearly 20 percent in the number of project-based units, add a Certification Specialist to reduce average caseloads to approximately 678, equivalent to the 2012 planned caseload. This will enable the project based team to work more closely with private non-profit providers to increase voucher utilization.
- ❖ Undertake collaborative efforts to expeditiously bargain new labor agreements with Building Trades, OPEIU, and the Teamsters unions.



## BUDGET SUMMARY

The following summary presents the operating and capital budgets for Calendar Year (CY) 2015 in comparison to 2014 for all housing programs and business activities. It also describes changes in staffing levels from the CY 2014 budget to CY 2015.

### *CY 2015 Adopted Budget*

	CY 2014 Budget	CY 2015 Adopted Budget	Percent Change
Program Operations and Administrative Expenses	\$ 69,750,000	\$ 76,270,000	9.3%
Housing Assistance Payments (HAPS)	85,700,000	87,830,000	2.5%
Grant Funded Expenses	543,000	986,000	81.6%
Capital & Non-Routine Expenses	16,830,000	19,170,000	13.9%
Redevelopment	39,660,000	44,790,000	12.9%
<b>Total Expenses</b>	<b>\$ 212,483,000</b>	<b>\$ 229,046,000</b>	<b>7.8%</b>

Notes: Expense budgets above \$1 million are rounded to the nearest \$10,000

**Overview** -- The adopted CY 2015 combined operating and capital budget totals \$229.0 million and is 7.8 percent higher than the 2014 budget. This year-to-year growth is the result of across the board increases. Capital and Redevelopment activity increases by 13 percent, grant funded services have increased by over 80 percent, and core operating (excluding service grants) and Housing Assistance Payment expenses show a combined increase of 5.6 percent.

### **Program Operations and Administrative Expenses**

Using our MTW authority, SHA will be expanding the **short term rental assistance** and rapid rehousing programs delivered by the King County Committee to End Homelessness in order to serve more people in need of housing. This program leverages funding from County, City and philanthropic funders to end homelessness in the Seattle/King County area. This will increase the short term rental assistance provided through SHA's contribution to serve an additional 50 homeless families and 10 homeless young adults; SHA will also contribute to support homeless single adults through a new program component. Additionally, HCV and Community Services will work with the Gates Foundation to explore a new short-term rental assistance program that combines with academic enrichment for homeless families, including those living in cars. This program would augment the academic support to families at Bailey Gatzert School.

The Housing Choice Vouchers (HCV) department will add 3.33 FTE to **support increased workload demands** and ensure success in efforts to increase project based voucher utilization. This will address the workload issue related to the processing of landlord rent increases in a timely manner and relieve other staff to enhance landlord recruitment and improve leasing success rates for participants through added capacity for one-on-one counseling assistance. We are also exploring a partnership with the YWCA for a program modeled along the lines of their Landlord Liaison Project, which has been quite successful in assisting homeless clients to

secure rental housing in the private market. These latter efforts are intended to achieve a noticeable improvement in the success rate of voucher holders to find and lease housing more quickly. Finally, given our efforts to improve voucher utilization, we expect to exhaust the existing voucher waitlist. In early 2015, we will open the waitlist again followed by a lottery to prioritize and populate a new waitlist. Funds for a new waitlist are included in the 2015 Budget.

In 2015, SHA will commit significant additional resources through its Community Services department to **enhance tenant services**. There are two primary areas of focus, the first of which is providing youth with constructive and positive developmental activities. The second area of focus is providing additional case management services in SHA's public housing and senior high-rise buildings, especially serving those residents with physical and mental health conditions. In total, this additional program funding represents a 30 percent increase above contracted tenant service activities in 2014.

The Housing Operations **operating budget for security** will have an increase of \$400,000, nearly double the 2014 budget. A portion of these funds will maintain a high level of security presence at Jefferson Terrace and a portion will be available to the department to deploy security resources when hot spots arise in SHA communities. We will also review adding back a fourth Community Police Team officer. In addition, the department has already begun working with the new Police Chief to establish a collaborative relationship for providing responsive police services to SHA communities and neighborhoods. Finally, the department is looking at how we can deploy our own staff more effectively and deliberately to directly promote security and safety in SHA communities.

In tandem with SHA's operating programs to enhance building safety and security, we are undertaking a multi-year effort begun in 2014 **to use capital enhancements and technology to improve the security** of our buildings through cameras, card key entry systems, and improved exterior lighting. SHA wants to acknowledge the significant help of residents in identifying security problems and solutions. This is definitely a collective effort.

In the area of **building maintenance**, we are addressing in the budget the spike in work orders in late 2013 and into 2014 with the addition of temporary skilled trades staff to get ahead of the backlog of vacancies and work orders and return response time to normal over the next two years. We will also add temporary trades' staff to help property managers in LIPH Scattered Sites and in NewHolly to redress over and under housing situations. Through these efforts, we expect to "right size" about 50 households who either need more or less space depending on changes in their family size.

Finally, the increase in the program budget includes a new initiative with the establishment of a **Policy Office** within the Executive Department (see write-up in the department section of this budget book). The concept for this office, still under development, is to have a small core of new permanent policy staff, existing staff positions that will be transferred to the office, and loaned experts from departments on an issue by issue basis. The initial budget for the Policy Office includes a Director and three strategic policy analysts plus non-labor support and consultant costs totaling \$850,000.

A separate but related change is to elevate the **Intergovernmental Relations and Advocacy** function to a full-fledged capacity within the Executive Department.

**Housing Assistance Payments (HAP)** With more vouchers available to issue in 2015 and an emphasis to improve our utilization rate to 94 percent, the HAP budget increases in 2015 by \$2.1 million compared to the 2014 Budget. SHA was awarded 172 vouchers associated with the Yesler redevelopment and 59 Veteran Affairs Supportive Housing (VASH) vouchers during 2014. In 2015, we will receive 158 Yesler tenant protection vouchers, which will increase our overall average authorized voucher count in 2015 to 10,270 (excluding Mod Rehab vouchers) compared to an average of 10,051 in 2014. With attrition expected to remain at the same rate as 2014; with increases to the voucher payment standard for two-bedroom and six-bedroom units; and, by providing housing search assistance to the participants, we are expecting more participants to be able to lease housing units in the Seattle neighborhoods. The new vouchers that will be issued off the waitlist are expected to cost more per voucher than the existing vouchers due to the tight housing rental market we are experiencing in the Seattle area.

**Grant Funded Expenses:** Community Services grants increased from a budgeted \$543,000 in 2014 to a budget of \$986,000 in 2015 due primarily to the addition of grants from Chase Bank Foundation and the Gates Foundation. The Gates grant will focus on a small number of initiatives that will promote academic success for school aged children. The Chase grant will be used to develop and support SHA's self-sufficiency initiative. SHA also reapplied for the Resident Opportunities and Self Sufficiency (ROSS) grant; funding for the previous grant ended in June of 2014. The 2015 application is for three years and \$738,000, \$222,000 of which is included in the 2015 budget. This grant also supports three FTEs in the Economic Opportunities Program.

**Capital and Non-Routine Expenses** budget increased for most housing portfolios from 2014 to 2015, with an overall increase of \$2.3 million. The largest increases are in Low Income Public Housing and Senior Housing, while the funding for the Special Portfolio group is slightly down from 2014. Both 2014 and 2015 include added capital activity above the 2013 level.

In 2014, bonds were refinanced and capital was withdrawn to address specific needs in the **Special Portfolio**. The 2015 Capital Budget includes a \$1 million MTW allocation to Longfellow Creek Apartments in the Special Local Housing portfolio to address roof replacements, soil erosion repairs, and vinyl siding replacements across the seven buildings at Longfellow Creek.

The increase in the **Seattle Senior Housing Program (SSHP) portfolio** is due to the \$2 million transfer in Operating Subsidy to support implementation of the SSHP 10 Year Capital Rehabilitation Plan. Thanks to the cooperation of the SSHP Rent Advisory Committee, the Seattle City Council, and HUD, SSHP transitioned into the Public Housing program in fall 2011, in order to address the significant capital needs of the aging portfolio. The original plan was to use SHA's MTW authority to maintain the SSHP program within Public Housing. SHA would use all but a small portion of the HUD operating subsidy for SSHP units plus the capital grant for SSHP units to support an annual average capital requirement of \$3.0-3.5 million in known major capital work. This funding will primarily be used to address the integrity of the building envelopes, correct for water intrusion, rot, and window replacement and for modernization of elevators. The original plan is now working fully thanks to HUD's agreement to honor the plan for combining SSHP Operating Subsidy with its Capital to implement the 10-Year Plan.

The major rehab projects for SSHP that will be active in 2015 and are included in the 2015 Budget are Phinney Terrace (funded in 2013), Pinehurst Court (funded in 2014) and the Michaelson Manor rehabilitation. Projects at Michaelson Manor include exterior siding, elevator modernization, and unit upgrades to meet Uniform Federal Accessibility Standards. The modernization of the elevator at Columbia Place was funded in the 2014 budget and will be implemented in 2015. In addition, elevator modernization for Willis House and Wildwood Glen is included in the 2015 Budget.

The 2015 Capital and Non-Routine budget also includes **planning and predevelopment activities**. Funds for Yesler Terrace redevelopment; a rainwater harvesting system design for the 221 10th Avenue South Apartment; a HUD mandated physical needs assessment report; management improvements through technology applications, new equipment acquisitions; and a contribution to the Rainier Vista Central Park for security improvements.

**Development and Redevelopment Expenses** represent mixed finance projects that include an array of funding sources from tax credit partner equity, to long-term bonds, to construction financing, to federal grant sources, to City or State funding, and SHA equity. The largest development and redevelopment activities are in the Yesler Terrace neighborhood, including three apartment buildings and an array of infrastructure projects that will be underway or continuing in 2015.

The 221 10th Avenue South Apartment financing will close in 2015 while the 820 Yesler Way Apartment is in the construction phase and expected to be completed in late 2015. The 1105 East Fir Street building will be done in early 2015 and occupied and operating in 2015. Infrastructure work includes a community gardening space at the 10th Avenue South Hill Climb, a major sewer replacement project in the south sector of Yesler Terrace, completion of a portion of the green-street loop along the 10th Avenue South right of way, and site preparation of the Yesler Central Park (a neighborhood park in the midst of the Yesler Terrace Redevelopment to be developed by the City of Seattle). These projects account for more than 95 percent of the 2015 redevelopment budget. Leschi House rehabilitation and new construction will be completed in the first quarter of 2015. All are multi-year projects.

For a full list of 2015 Capital Budget and Redevelopment allocations, please see the Capital Improvement Program section of the budget book.

**Staffing Levels** – 2015 Full-Time Equivalent (FTE<sup>2</sup>) regular positions increase by 3.7 percent in 2015, to 511.08 FTEs. The staffing increases reflect the items to address workload levels and the new initiatives discussed above.

<b>Program Element</b>	<b>FTE's CY 2014</b>	<b>FTE's CY 2015</b>	<b>Change 2014 to 2015</b>
Housing Operations	326.21	331.00	4.79
Housing Choice Voucher Program	57.85	61.18	3.33
Other Departments <sup>3</sup>	108.87	118.90	10.03
<b>Total</b>	<b>492.93</b>	<b>511.08</b>	<b>18.15</b>

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

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

## Operating and Capital Budget Comparisons – 2014 vs. 2015

<b>Program Expenditures</b>	<b>2014 Budget</b>	<b>2015 Budget</b>	<b>Percent Change</b>
<b><u>Operating Funds</u></b>			
MTW General	\$113,962,000	\$119,052,000	4.5%
Local Housing	6,517,000	6,551,000	0.5%
Community Services	3,422,000	4,073,000	19.0%
Seattle Senior Housing Program	5,248,000	5,500,000	4.8%
Other Operating Funds	26,304,000	28,925,000	10.0%
<b>Total Operating Expense</b>	<b>\$155,453,000</b>	<b>\$164,101,000</b>	<b>5.6%</b>
<b><u>Service Grants</u></b>	<b>\$543,000</b>	<b>\$986,000</b>	<b>81.6%</b>
<b><u>Capital Projects</u></b>			
Redevelopments	39,656,000	44,789,000	12.9%
LIPH Capital	11,718,000	13,481,000	15.0%
Other Capital Projects	5,112,000	5,690,000	11.3%
<b>Total Capital &amp; Non-Routine</b>	<b>\$56,486,000</b>	<b>\$63,960,000</b>	<b>13.2%</b>
<b>TOTAL OPERATING AND CAPITAL</b>	<b>\$212,482,000</b>	<b>\$229,047,000</b>	<b>7.8%</b>

## Sources of Funds

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

<b><u>Projected Sources</u></b>	<b><u>CY 2015</u></b>
Dwelling Rental Income	\$ 27,950,000
Investment Income	498,000
Other Income/Sources	13,964,000
MTW Block Grant and Non MTW Operating Subsidy	147,940,000
Service Grants	986,000
Capital Sources (Non MTW)	
Other Capital	4,145,000
Redevelopment	31,855,000
New Capital Projects	51,900,000
<b>Grand Total</b>	<b>\$ 279,238,000</b>

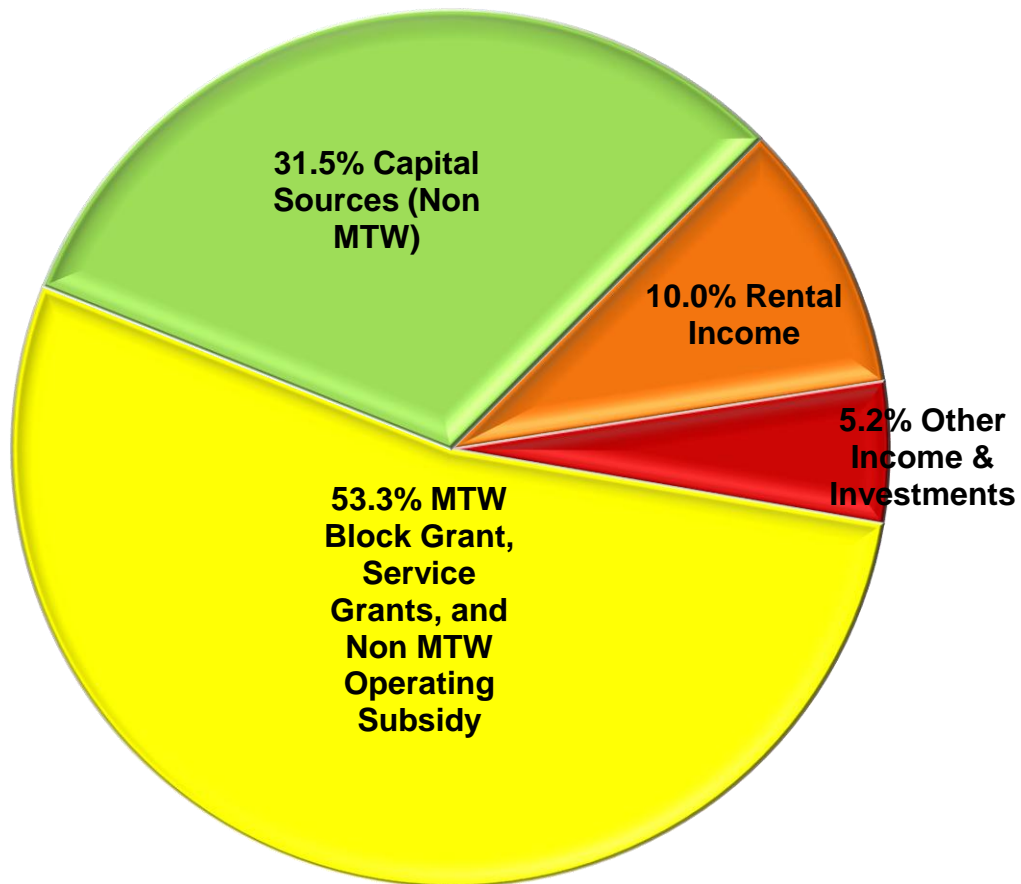
Compared to the uses in the section that follows, sources exceed uses by \$50 million. Most of this excess represents multi-year redevelopment funding commitments through mixed financing transactions. The remaining amount goes towards debt payment and reserves.

The tables and charts on the pages that follow provide a breakdown of SHA operating and capital sources. Excluding the Choice Neighborhood Initiative grant, which is classified as redevelopment funding, the largest portion of combined operating and capital sources -- 53

percent -- comes from HUD. The next largest share is 32 percent in other federal and local capital sources associated with major capital or redevelopment activities followed by dwelling rental income which contributes 10 percent to total revenues. Investment earnings and other revenue such as non-dwelling rental income, developer and administrative fees, plus Impact Property Services enterprise income comprise the remaining 5 percent of revenues for CY 2015.

### 2015 Operating and Capital Sources \$279.2 million

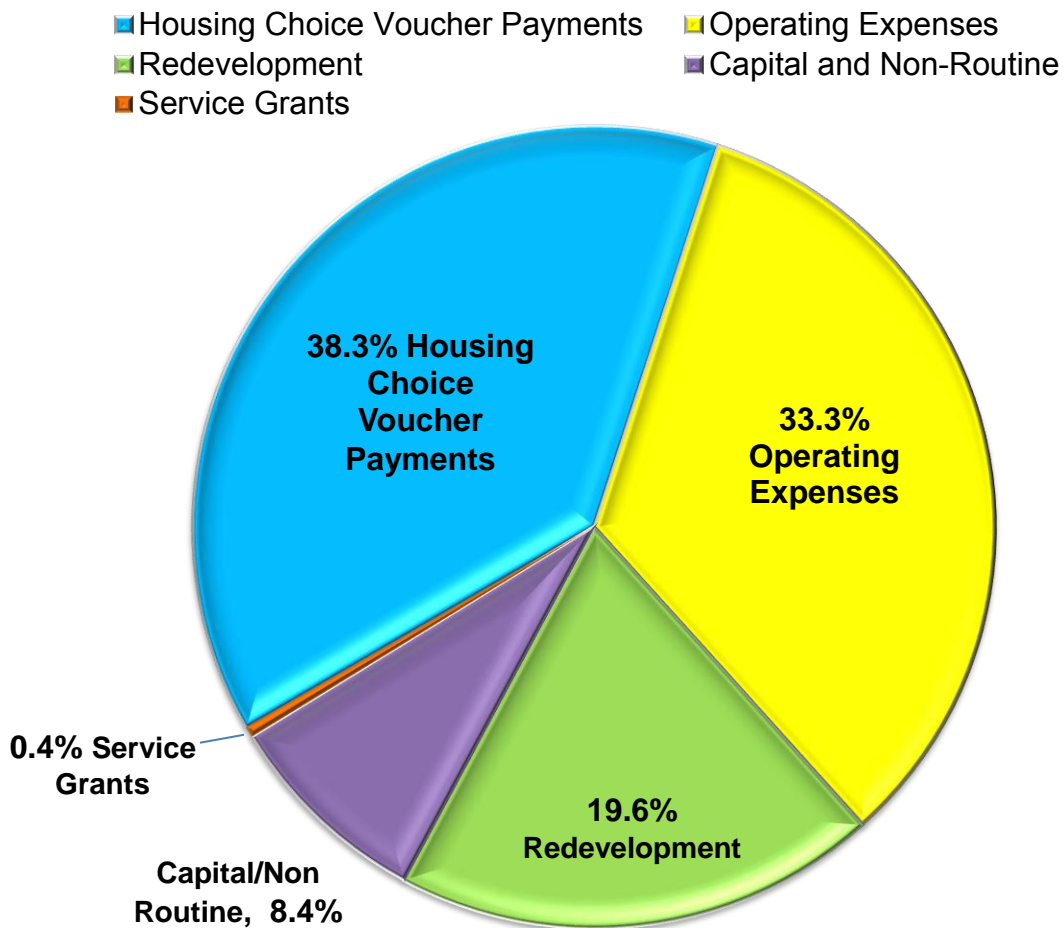
- Rental Income
- Other Income & Investments
- MTW Block Grant, Service Grants, Non MTW Operating Subsidy
- Capital Sources (Non-MTW Block Grant)



## 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 \$87.8 million and at 38 percent represents the largest portion of uses. Capital and redevelopment projects total \$64.0 million at 28 percent. Low Income Public Housing, Seattle Senior Housing Program, Local Housing and other operating and service grant programs make up the remaining 34 percent in CY 2015.

### 2015 Operating and Capital Program Expenses \$229.0 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 began in 2011, but the budget for 2015 assumes relief from additional cuts based upon the Bipartisan Budget Act of 2013. Under the Act, spending ceilings are temporarily raised above the levels set during sequestration. As a result, we are assuming more favorable MTW federal block grant funding for 2015, at levels similar to 2014.

At its annual Budget Retreat held in April, 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 2015, our estimates showed the first positive net income we’ve seen in our budget forecasts since 2011. In discussions with the Cabinet, the Executive Director elected to capitalize on our good fortune and make the most of this near-term reprieve from federal budget cuts. He directed that the Director’s and Budget Office apply the same disciplined and strategic approach to increases in the budget as they had in previous years to reductions. In considering potential increases, the Executive Director stressed addressing workload demands, backlogs, and rising caseloads to relieve the pressure on and burn-out of staff and to enable staff to meet our collective goals for excellent customer service.

This year, the Budget Office in cooperation with the Housing Operations Department undertook in the spring a budget outreach process involving the Resident Action Council, the Joint Policy Advisory Committee and the Seattle Senior Housing Program. To goal was to engage and encourage members to prioritize services and survey community members on the needs of their buildings.

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

- The proposal significantly furthers a Strategic Plan objective or direction in 2015, the final year of the existing Plan;
- The proposal increases the number of people served;
- The proposal is part of planning and implementing one of the strategic policy initiatives – rent policy; site-focused property management; asset repositioning; admissions policy;
- The proposal responds to a new regulatory or legal requirement, or is otherwise agreed to be mandatory;
- The proposal addresses a critical and urgent safety, security, welfare, and/or liability consideration;
- The proposal calls for a one-time investment or a project investment of up to two years (if FTE’s added, they are project positions that expire in one – two years);
- The proposal has commitments or strong prospects for leveraging grant or foundation matching sources;
- The proposal addresses severe backlog or customer service issues due to workload spikes;



- The proposal responds to a priority identified by residents in the 2015 SHA Budget Outreach process; and,
- The proposal represents a bold leap to further a long term goal of SHA, especially where the investment is one-time and contingent on private matching funds.

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 2015 proposed budget. Accordingly, department budget targets were based on preparation of status quo budgets with supplemental requests.

The Moving To new Ways (MTW) Proposed Annual Plan for 2015 and the Summary of the 2015 SHA Proposed Budget were published September 3, 2014, distributed to stakeholders, and posted on [www.seattlehousing.org](http://www.seattlehousing.org) for public review and comment. At that time, SHA also published **Report to the Community: 2015 SHA Budget Outreach**. With this 2015 Proposed Budget book, the Executive presents the recommended budget to the Board of Commissioners for their review and action. The annual public hearing was held on September 25th and written comments were accepted through October 2, 2014. A first reading of the 2015 Budget Resolution was presented to the Commissioners at the September 15, 2014 Board meeting. Approval and adoption of the CY 2015 Proposed Budget, along with the 2015 MTW Annual Plan, occurred at the Board's meeting on October 13, 2014.

## 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 2015; summary comparisons of the 2014 Budget versus the 2015 Budget, and of staffing levels. That is followed by a comparison of operating and capital budgets and a summary of funding sources expected in 2015. Two pie charts present the overall sources of funds and uses of funds in the 2015 Budget.

**Department Budgets:** This section displays adopted CY 2015 expenditures by SHA department, as well as changes in staffing levels from CY 2014 to CY2015. Budgets for each department and major sub-division are presented, along with highlights of their 2015 work plans. Departments and groups covered are Executive (including the Policy Office), 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 Leschi House limited partnership and homeWorks Phases I, II and III limited partnerships, the Department budgets exclude all limited partnership operating revenues and expenses, capital expenses and unit count information. Preliminary expenditures of all limited partnerships are presented in the last section of the Budget book.

**Capital Improvement Program:** This section describes SHA's plans for redevelopment, rehabilitation, and asset preservation for SHA's housing portfolios and facilities. This section is organized by housing program and then lists redevelopment activities. Most redevelopment activities are in and around the Yesler Terrace neighborhood.

**Grant Program:** SHA has a strong record of successfully 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 CY2015.

**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 sixteen 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 2015 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 2015 budgets for each of the fifteen tax credit partnerships that will be operational in 2015. For accounting purposes, these entities are treated as “Component Units”. In total, the 2015 Budget for the limited partnerships is \$24.1 million. Partnerships that will be under development in 2015 are not included in this section of the budget book but can be found in the Capital Improvements program section.

### **Limited Partnerships in CY 2015**

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	1105 East Fir Apartments
Leschi Apartments	820 Yesler Way-under construction

# Department Budgets

The table below shows total operating expenditures for departments and housing assistance payments. The CY 2015 operating expenditures (excluding service grants) of **\$164.1 million** represent an overall increase of 6 percent above the 2014 budget. Direct operating expenses before backing out internal service fees increased by 8 percent, while Housing Assistance Payments (HAP) funding moved up a modest 2 percent. The rise in direct operating expenses is mainly due to the net change in the total number of Full-Time Equivalent (FTE) employees and one time expenditures. The tables below summarize changes in Departmental budgets and staffing levels.

## SHA DEPARTMENT BUDGETS COMPARISON OF 2013-2015 OPERATIONS

Departments and/or Divisions Expenditures	CY 2013 Actual (000)	CY 2014 Adopted (000)	CY 2015 Adopted (000)	Percent Change 2014-15
Executive	\$ 2,588	\$ 2,532	\$ 2,838	12%
Policy Office	--	--	897	--
Development and Asset Mgmt.				
Asset Management	1,068	1,151	1,226	6%
Asset Management Facilities	809	722	439	(39%)
Development	1,287	1,371	1,484	8%
Finance and Administrative	12,525	12,153	12,259	1%
Information Technology	3,101	3,212	3,642	13%
Housing Operations:				
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	19,697	21,613	22,665	5%
Yesler, Baldwin and EOC	2,803	2,723	2,447	(10%)
Seattle Senior Housing Program	4,850	4,671	4,907	5%
Special Portfolio	4,917	4,693	4,868	4%
Admissions	789	727	748	3%
Community Services	3,208	3,381	3,969	17%
IPM, Parks, COL, New Holly Phase I & II	3,254	3,289	4,381	33%
Housing Operations Admin	1,273	1,522	1,622	7%
Facilities	303	315	332	5%
Impact Property Services	14,403	14,932	16,014	7%
Human Resources	1,775	2,049	2,223	8%
Housing Choice Vouchers	7,709	8,717	10,355	19%
190 Queen Anne Central Office	1,597	1,598	1,623	2%
<b>DIRECT OPERATING</b>	<b>\$87,956</b>	<b>\$ 91,371</b>	<b>\$ 98,939</b>	<b>8%</b>
<b>Plus Housing Assistance Payments</b>	<b>78,553</b>	<b>85,703</b>	<b>87,829</b>	<b>2%</b>
Less Internal Agency Fees	(20,409)	(21,625)	(22,666)	5%
<b>TOTAL OPERATIONS</b>	<b>\$ 146,100</b>	<b>\$ 155,449</b>	<b>\$ 164,102</b>	<b>6%</b>

The total full-time equivalent staff positions (FTEs) for 2015 equal **511.08**; this represents a net increase of **+18.16** positions over the 2014 adopted level. This increase results from the addition of 20.68 FTEs and the elimination of 2.53 FTEs. The FTE reductions were either for positions whose funding was scheduled to end during 2015 or for positions at the Yesler community where the number of occupied units continues to decline. The added positions generally reflect new grant funding, the establishment of a new Policy Office, or SHA's response to address increased workload demands, spikes, and backlogs.

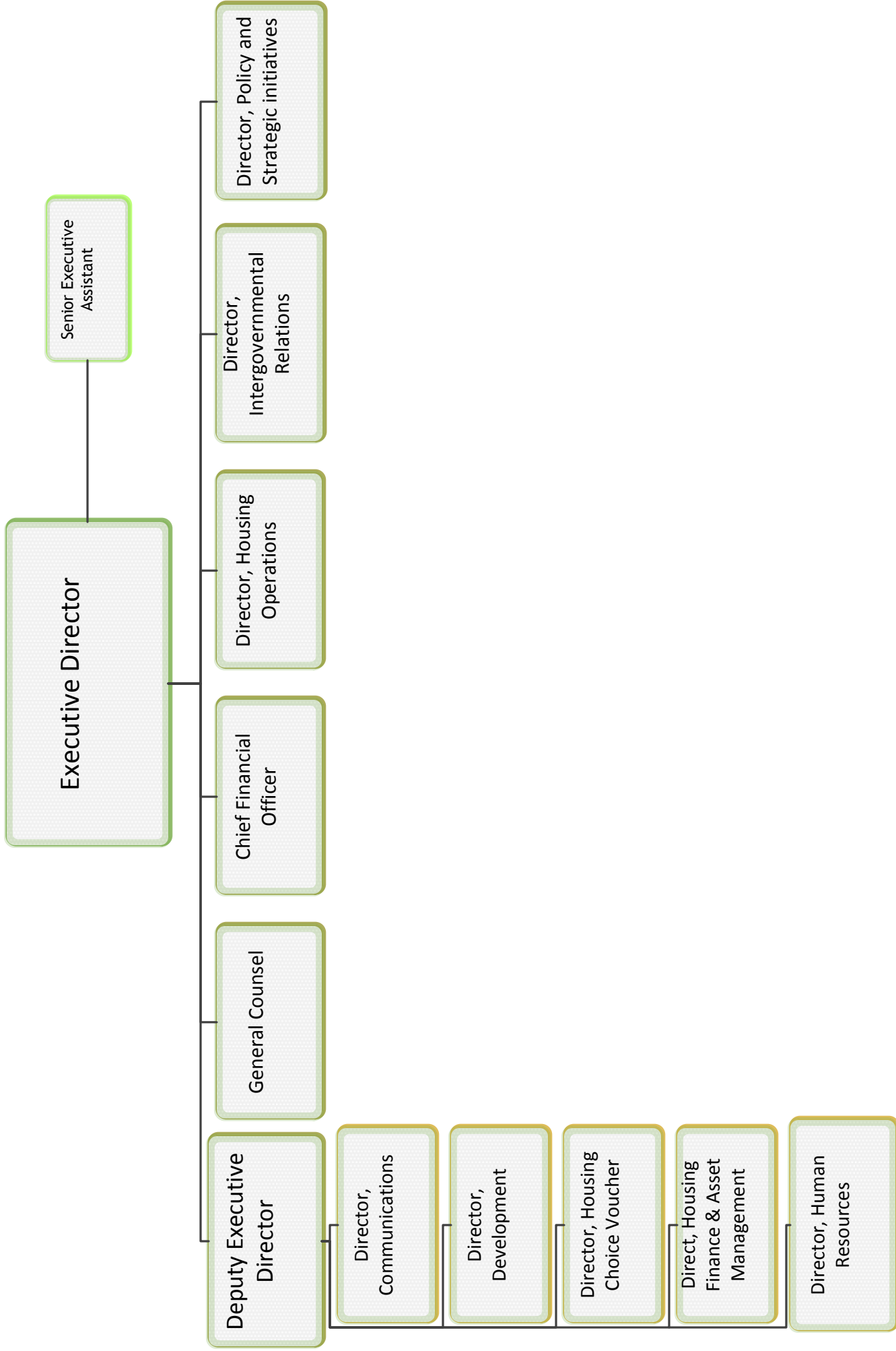
The comparison of FTE's in 2014 and 2015 by Department is presented in the table below; the change you see in the right hand column is a product of position additions, position reductions, and/or position transfers from one Department to another. Please see Department write-ups that follow for more specific information on their staffing changes.

### **SHA DEPARTMENTS – NET CHANGE IN FULL-TIME EQUIVALENT POSITIONS 2014 TO 2015**

<b>Full-time Equivalent Positions</b>	<b>2014 Adopted</b>	<b>2015 Adopted</b>	<b>Change 2014 to 2015</b>
Executive	13.50	15.50	2.00
Policy Office	--	4.00	4.00
Asset Management	15.10	16.30	1.20
Development	13.30	13.25	(.05)
Finance & Administration	39.80	40.35	.55
Housing Operations	326.21	331.00	4.79
Human Resources	9.17	9.50	0.33
Information Technology	18.00	20.00	2.00
Housing Choice Vouchers	57.85	61.18	3.33
<b>TOTAL</b>	<b>492.93</b>	<b>511.08</b>	<b>18.15</b>

# Executive

# EXECUTIVE DEPARTMENT



## Executive Budget

Executive Department Expenditures	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Admin Salaries & Temp Help	\$1,995,833	\$1,802,129	\$2,100,981	17%
General and Administrative Expense	463,794	450,957	443,084	(2%)
Tenant Services	57	--	2,000	--
Maintenance & Contracts	128,252	279,110	291,631	4%
Utilities	--	--	--	--
<b>TOTAL OPERATING</b>	<b>\$2,587,937</b>	<b>\$2,532,196</b>	<b>\$2,837,696</b>	<b>12%</b>
Less Internal Agency Fees	(203,302)	(175,591)	(165,417)	(6%)
Capital, Grant and Partnership Salaries & Benefits	--	--	--	--
<b>TOTAL</b>	<b>\$2,384,635</b>	<b>\$2,356,605</b>	<b>\$2,672,279</b>	<b>13%</b>

Full-time Equivalent Positions	2014 Approved	2015 Adopted
Total FTEs	13.5	15.5

In CY 2015, the operating budget for the Executive Department is \$2,837,696, representing an increase of 12 percent from 2014. Department staffing will increase by 2.0 FTE.

The 2015 budget will make SHA's advocacy and intergovernmental focus a full-time capacity in the Executive Office. In addition, the Legal Counsel's Office has added a second fraud investigator to address caseload backlogs. The Department is budgeted at 15.5 full-time equivalent positions for 2015.

With the exception of labor expenses, the remaining budget for the Executive has a small increase from the 2014 budget.

### 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, the Office of the General Counsel, SHA's legal representatives and advisors, and the Communications Office, which oversees SHA's public affairs, media relations, internal and external communications. In 2015, as noted above, the Intergovernmental Relations Director will join the Executive Department, along with the newly established SHA Policy Office (see below).

With the 2015 Adopted Budget, there will be a new investment with the creation of a dedicated Policy Office. The four core goals of the office include improving SHA's operations and service by using MTW authority fully and effectively; ensuring that SHA's Strategic Plan is a "living" guide for decisions, priorities and measures of success; helping SHA to become a data driven organization, grounded in solid analysis; and elevating SHA's strategic policy issues to an agency-wide focus. The initial 2015 budget for the Policy Office is below.

<b>Policy Office</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
<b>Operating Expenditures</b>	--	--	<b>\$896,545</b>	--

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	0.0	4.0

### **Policy Office**

The overall work of the Policy office and its organization are still under development, but it is expected to be charged with finalizing a recommended Stepping Forward rent policy proposal and its implementation; preparing for a successor SHA Strategic Plan; and developing the 2016 MTW Plan. The core policy staff would be made up of a combination of a small number of new positions and existing positions and would be augmented with Department staff on rotating assignment to the office for particular projects based on their expertise. For periods of six months to two years on either a part-time or full-time basis, these staff would be on-loan from and return to their departments.

### **Work Plan Highlights**

The Executive Department staff will continue to provide executive leadership to coordinate the work of the agency across departments; to provide oversight and direction on strategic policy initiatives; and to advocate 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 provides communications and legal advice and counsel to the Executive and to colleagues in other departments as needed. With the addition of the Policy Office division, more resources will be focused on upcoming major policy initiatives, including rent policy reform, identifying new ways in which to capitalize on SHA's MTW authority and to preserve the administrative and financing flexibility represented by MTW, and initiating a process for preparation of the next Strategic Plan.

Priorities for the Executive's attention in 2015 include:

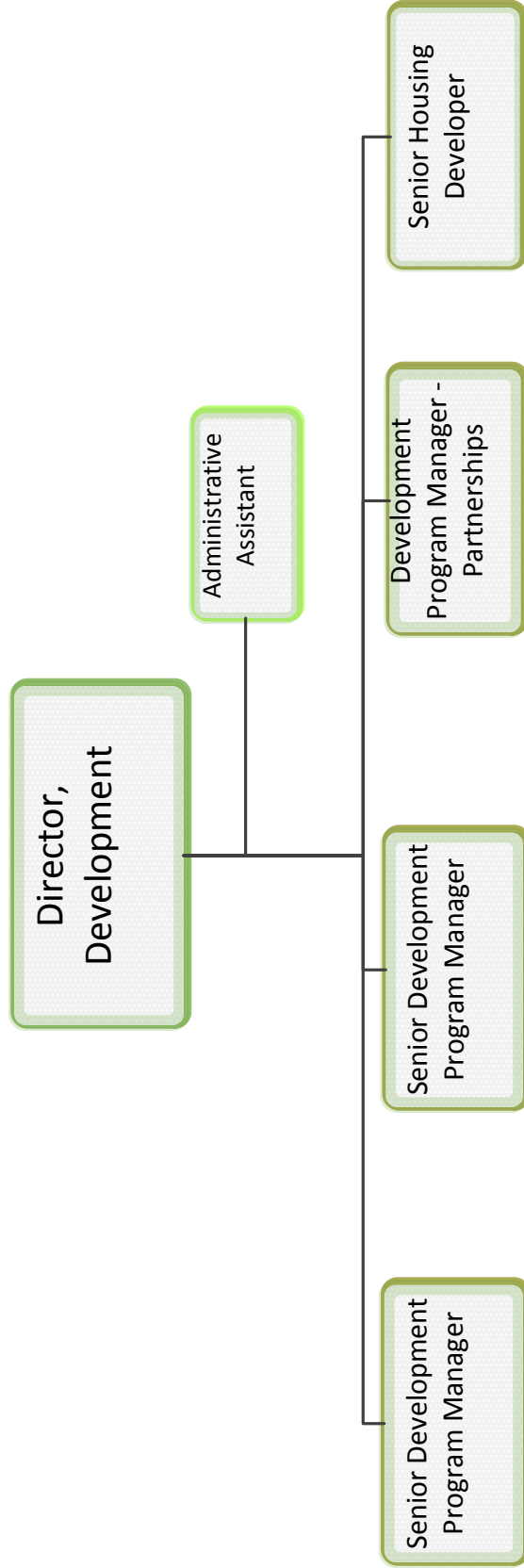
- The Executive Director's Office will provide leadership and strategic guidance in the agency's policy priorities, such as Rent Policy, Admissions Policy/Criminal Background, and Asset Repositioning.
- Educate federal officials about and advocate for increasing affordable housing funding, the need to 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, the Council of Large Public Housing Authorities (CLPHA) and the National Association of Housing and Redevelopment Officials (NAHRO). Represent the agency on the NAHRO national housing committee, and on CLPHA and NAHRO subject specific work groups/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, 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. Continue to focus on creating a partnership with Seattle Public Schools dedicated to ensuring excellent academic opportunities for the 8,400 SHA youth attending public schools.
- Enhance the safety and security of SHA residents and communities by building a new and focused relationship with the Police Chief and leadership of the Police Department that will ensure ongoing communications between SHA and the Police leadership, that will ensure the Chief and Police leadership visit our communities, especially those in south Seattle, meet residents, and join in common cause to keep our communities safe.
- 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.
- Maintain 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, expand resources dedicated to models combining short-stay or shallow subsidy with services to help prevent homelessness. With partners review the first year evaluation of the successes and shortcomings of such programs locally by comparison with experience elsewhere.
- The Executive Department will lead the stakeholder outreach associated with the policy priorities mentioned above.
- Develop the next five year Strategic Plan for 2016-2020.
- After the Board of Commissioners adopts a final version of rent policy for work-able households, prepare and implement the new rent policy. The 2015 Budget includes funds reserved for this implementation work, and for the initial year of the enhanced workforce system.
- Expand and elevate focus on our public partnerships and intergovernmental relations. There is the growing number and urgency of issues at the federal level; the increased breadth of governmental partnerships resulting from the Choice Neighborhoods Initiative and Yesler Redevelopment; and, opportunities for renewed and new partnerships with City and County agencies in ending homelessness and addressing availability of affordable housing.
- Address the “Quiet Crisis”, i.e., the increasing number of low income seniors overall, and the number of frail elderly. This will include a number of steps, including identifying the population, understanding the local network of resources and initiatives, and developing tools, policies and partnerships to create a continuum of care for low income seniors.
- Continue to design and implement ways to engage staff across departments in important policy and program issues affecting SHA, both to inform staff and to provide opportunities for input of staff ideas and suggestions.

# Development

# DEVELOPMENT DEPARTMENT



## Development Budget

<b>Development Department Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% change 2014-2015</b>
Admin Salaries & Temp Help	\$ 965,912	\$ 1,048,540	\$ 1,120,148	7%
General and Administrative Expense	85,814	180,062	145,936	(19%)
Tenant Services	--	--	--	
Maintenance & Contracts	213,330	128,000	211,320	65%
Utilities	21,626	14,365	7,000	(51%)
<b>TOTAL OPERATING</b>	<b>\$ 1,286,682</b>	<b>\$ 1,370,967</b>	<b>\$ 1,484,404</b>	<b>8%</b>
Less Internal Agency Fees	(64,948)	(86,663)	(70,289)	(19%)
Capital, Grant and Partnership Salaries & Benefits	335,842	493,348	491,470	0%
<b>TOTAL</b>	<b>\$1,557,576</b>	<b>\$1,777,652</b>	<b>\$1,905,585</b>	<b>7%</b>

<b>Department Totals</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
<b>Full-time Equivalent positions</b>		
Development Department	13.3	13.25

The Development Department's total operating expenditure budget increases by 8 percent to \$1,484,000 in CY 2015; when both operating and capital staffing funding sources are considered, the overall increase for Development is 7 percent. Several projects are in progress and scheduled for completion. Yesler Terrace (YT) redevelopment continues to be supported by capital funding sources and the Choice Neighborhoods Initiative (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 and 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.

We continue to experience a decrease in expenses for vacant land maintenance and neighborhood association contributions at Rainier Vista as property is sold; and an increase in expenses for the growing Yesler Terrace activities. Development staff funding sources includes planning funds from the MTW Block Grant.; For Sale program revenues; federal grant and mixed financing project funds; and other SHA MTW revenues.

The Development Department had a decrease of 0.05 FTE from 2014 to 2015, which includes increased hours for two staff positions and decreased hours for one construction management position due to the completion of Leschi House rehabilitation in early 2015.

General Administrative expenses decreased by 19 percent with reductions in Neighborhood Association dues at Rainier Vista and information technology service fee assessment. Maintenance and Contracts expenses are scheduled to increase 65 percent as a result of additional miscellaneous and professional service contracts related to legal services, grant writing, gap funding costs for the High Point Open Space Association, exploring scattered site replacement options, and Yesler Terrace redevelopment activities such as predevelopment

studies and the Breathe Easy and Healthy Living Initiatives. Utilities expenses decreased by 51 percent due to reduced landscaping and grounds maintenance and utility needs at High Point and Rainier Vista as vacant lots have sold. The Capital, Grant and Partnership labor expenses are 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 affordable housing and 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 assume responsibility; 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 70 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 2015, 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, private developer participation at all redevelopments and participation in regional planning efforts. The Department will focus on the 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 staff training. In the last year of the current strategic plan, it is timely for SHA to develop partnerships and policies to address the needs of low income seniors. Development will participate with the new Policy Office in this effort with a focus on exploring innovative partnerships to provide new housing for low income seniors.

## MAJOR PROJECT ACTIVITY IN 2015

- Complete construction on the occupied rehabilitation of Leschi House. The completed new six story addition to the existing building provides 35 additional units serving seniors. The completed project will provide 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 building is being built in accordance to the Evergreen Sustainable Development Standard. Funding for this project has been secured from the City, State Housing Trust Fund and mixed-finance sources including Low-Income Housing Tax Credit investor equity, federal grant funds, and bonds.
- For Sale Program - Oversee closings on sale of remaining low-rise properties at High Point and Rainier Vista which are under contract and scheduled for closing in 2015, when private construction will begin. Mid-rise property sites development closings and construction is anticipated in 2015 at High Point, Rainier Vista, Othello Station and developer negotiations continue on the Red Brick site. Staff will remain involved in the land sale closings, design review and construction monitoring, and final house sales through 2015.
- 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. This team will gradually focus on private market development at Yesler Terrace in the areas of marketing and vacant land management.
- 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 2015 key activities will include:
  - ✓ Master Developer - Maintain and develop strategic partnerships with City, County, private sector partners, non-profits, labor, philanthropy and stakeholders to implement the Yesler Terrace/Choice Neighborhood Initiative vision. Manage overall budget, schedule, planning and communication.
  - ✓ Infrastructure - Complete Phase 2 infrastructure work which includes utilities, sidewalks, communication and traffic signal installations, bicycle lane, pedestrian pathways, and roadways at Yesler Way, S. Washington Street and 10<sup>th</sup> Avenue S.; 10<sup>th</sup> Avenue Hill Climb, and site preparation of the Yesler Neighborhood Park (a community park to be developed by the city of Seattle). Demolish the next phase of housing and Epstein building; begin infrastructure improvements and construct Fir Street improvements.
  - ✓ Affordable Housing Production – 1105 East Fir Street and 820 Yesler Way projects will be completed. Construction will begin on 221 10<sup>th</sup> Avenue South. The next replacement building, Building IIc, will be in design.
  - ✓ Private 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. Twenty-five (25) percent of the housing units will be work force units affordable to households earning 80 percent of median income. Construction is scheduled for completion in 2015.
  - ✓ Commercial Office Development – Master planning activities in 2015 include preparing sites for commercial office development.
  - ✓ Community Facilities – 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.

- ✓ The Hill Climb P-Patch will be completed.
- ✓ The 10<sup>th</sup> Avenue Hill Climb, a direct, accessible and safe walking route linking Yesler Terrace to the adjacent neighborhood will be constructed by mid-2015.
- ✓ Resident Relocation – Continue coordinating effectively with Housing Operations on resident relocation.
- ✓ Economic Opportunities - Coordinate with Community Services on workforce development and economic opportunities programs.
- ✓ Healthy Living Initiative – Promote healthy lifestyle choices and community environmental sustainability practices at Yesler Terrace through resident educational modules on topics such as eating, exercise, resource conservation and recycling.
- ✓ Breathe Easy Initiative – Improve the health and family quality of life by implementing the Breathe Easy program at the new Yesler Terrace through environmental design and resident engagement for families with respiratory health issues.
- ✓ Rainwater Harvesting – If feasible, design and implement a rainwater harvesting system to reduce water consumption at the 221 10th Avenue South building. The system will collect rainwater throughout the year for non-potable use in the building and grounds. Engage partners to support our innovative urban environmental sustainability effort.
- ✓ New models of low-income senior housing – Participate in developing innovative partnerships and policies; and new senior housing model options to serve the projected increase in low income or frail seniors.

## Pipeline Projects

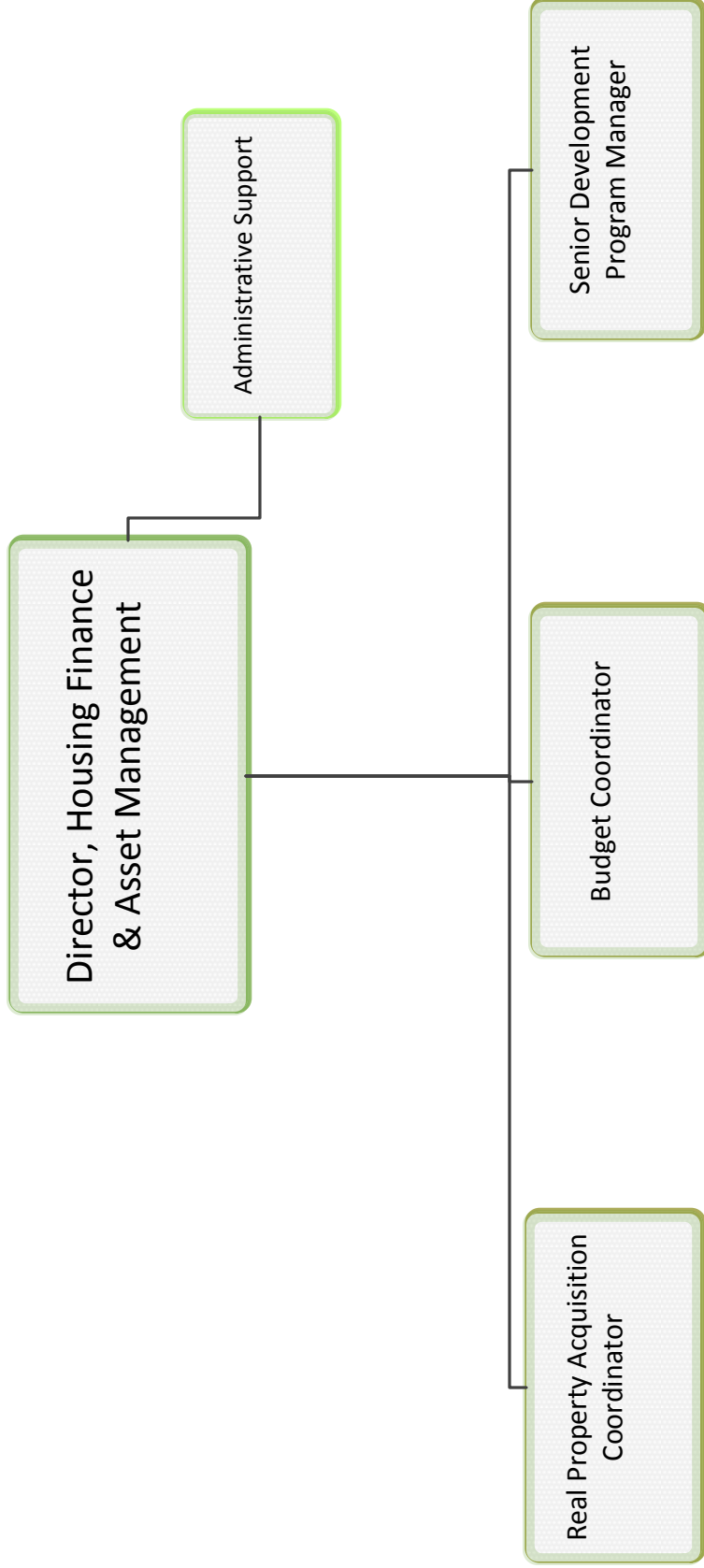
In addition to the major projects above, the Development Department will continue to monitor and undertake potential new development activities that provide SHA with the opportunity to increase affordable housing. SHA's focus is on projects in which we can leverage our commitments significantly through partnerships with the Federal, State and City governments, non-profits and the private sector. Pipeline projects are those too early in the feasibility or planning stages to be defined as a project. 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 2015 include:

- Transit Oriented Development (TOD) - The City continues their efforts to help move the development of several TOD / Light Rail stations including Mt. Baker, Othello, and Rainier Beach. Puget Sound Regional Council (PSRC), Enterprise and others are exploring a regional TOD affordable housing land banking strategy and may look to the housing authorities to play a part. 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.
- Scattered Site 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.

# Housing Finance and Asset Management



# HOUSING FINANCE AND ASSET MANAGEMENT



## Housing Finance and Asset Management Budget

<b>Housing Finance &amp; Asset Management Department Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
Admin Salaries & Temp Help	\$ 938,360	\$ 944,249	\$ 1,047,224	11%
General and Administrative Expense	99,781	168,271	158,535	(6%)
Tenant Services	--	11,280	--	(100%)
Maintenance & Contracts	29,929	27,500	20,000	(27%)
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$ 1,068,071</b>	<b>\$ 1,151,300</b>	<b>\$ 1,225,759</b>	<b>6%</b>
Less Internal Agency Fees	(54,469)	(56,193)	(63,105)	12%
Capital, Grant and Partnership Salaries & Benefits	650,018	663,978	737,231	11%
<b>TOTAL</b>	<b>\$ 1,663,620</b>	<b>\$ 1,759,085</b>	<b>\$ 1,899,885</b>	<b>8%</b>

<b>Department Totals Full-time Equivalent positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Asset Management	15.1	16.3

The Housing Finance and Asset Management Department's total budgeted expenditures increase 8 percent in CY 2015 when both operating, capital and grant fund support are included. Capital, Grant, and Partnership support of labor cost shows an increase of 11 percent. Staff is increasing by 1.2 FTE positions and these positions are funded on the capital grant. One new position is added to comply with the HUD Physical Needs Assessment requirements and various capital needs analyses and the increase of 0.2 FTE is also charged to the capital grant.

The operating budget for labor expenses also increases 11 percent over 2014. This increase is due to a shift in the budget to move more existing positions to operating and away from capital and grant expenditures.

The extensive group of commercially leased facilities is not included in the information above and is listed separately. Reductions in general expenses, tenant services and contracts are due to one time funding that was added to the 2014 budget to address initial costs for the exploration of rent policy changes.

### 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 2015 are expected, among others, to include:
  - ✓ Review of the updated Admissions, Leasing, and Occupancy Policy (ALOP) Manual;
  - ✓ Comment on asset dispositions – South Park and Scattered Sites;
  - ✓ Conduct quarterly housing portfolio performance reviews;
  - ✓ Track progress on Capital Budget performance;
  - ✓ Review preventive maintenance program performance and cost;
  - ✓ Consider commercial property leases.
- Continue to work with an interdepartmental group to define the 2015 objectives for repositioning the Scattered Sites portfolio. Discuss the 2015 plans in the context of alternatives for further repositioning.
- Consolidate all the agency information regarding capital needs into one program that can be used to assist in completing the HUD Physical Needs Assessment requirement, various capital needs analyses and inform capital planning for the current year and into a longer term planning document.
- Develop a more effective tool for performing updated capital needs analyses each year, in compliance with requests from our lenders and investors.
- 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.
- Complete rehabilitation or modernization of elevators in three 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 refund bond issues that are part of mixed-finance transactions, in particular, once the Othello limited partnership is exited, consider refinancing that bond; and, look at the options for reducing debt service costs at High Point South.
- In tandem with the Finance Department, approach Boston Capital to review potential alternatives for reducing projected exit tax liabilities for the homeWorks tax credit partnerships.
- Close the mixed-financing for the 221 10<sup>th</sup> Avenue South building at Yesler Terrace in second quarter of 2015. Begin planning the next Yesler Replacement building funding sources since the Choice Neighborhood funds have been expended.
- Continue work on the MTW Assessment tool with other MTW agencies and staff the Executive Director in discussions with other MTW Executive Directors and HUD regarding terms for extension of the MTW Agreement.
- Work with the Policy Office, Development, and Housing Operations to define the initial scope of work to address a long term approach to design, development, and operations of low income elderly households and the appropriate spectrum of care suitable for SHA-operated elderly housing.

## Asset Management Commercial Facilities

Asset Management Commercial Facilities	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Operating Expenditures	\$ 808,988	\$ 722,372	\$ 438,560	(39%)

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. In 2015, The Epstein Building at Yesler Terrace will be demolished and removed from this portfolio. This accounts for part of the decreased budget for 2015. The other major change is due to the end of the New Market Tax Credit program. SHA anticipates a rent renegotiation with Neighborhood House at High Point, which will decrease SHA's rent at the property significantly.

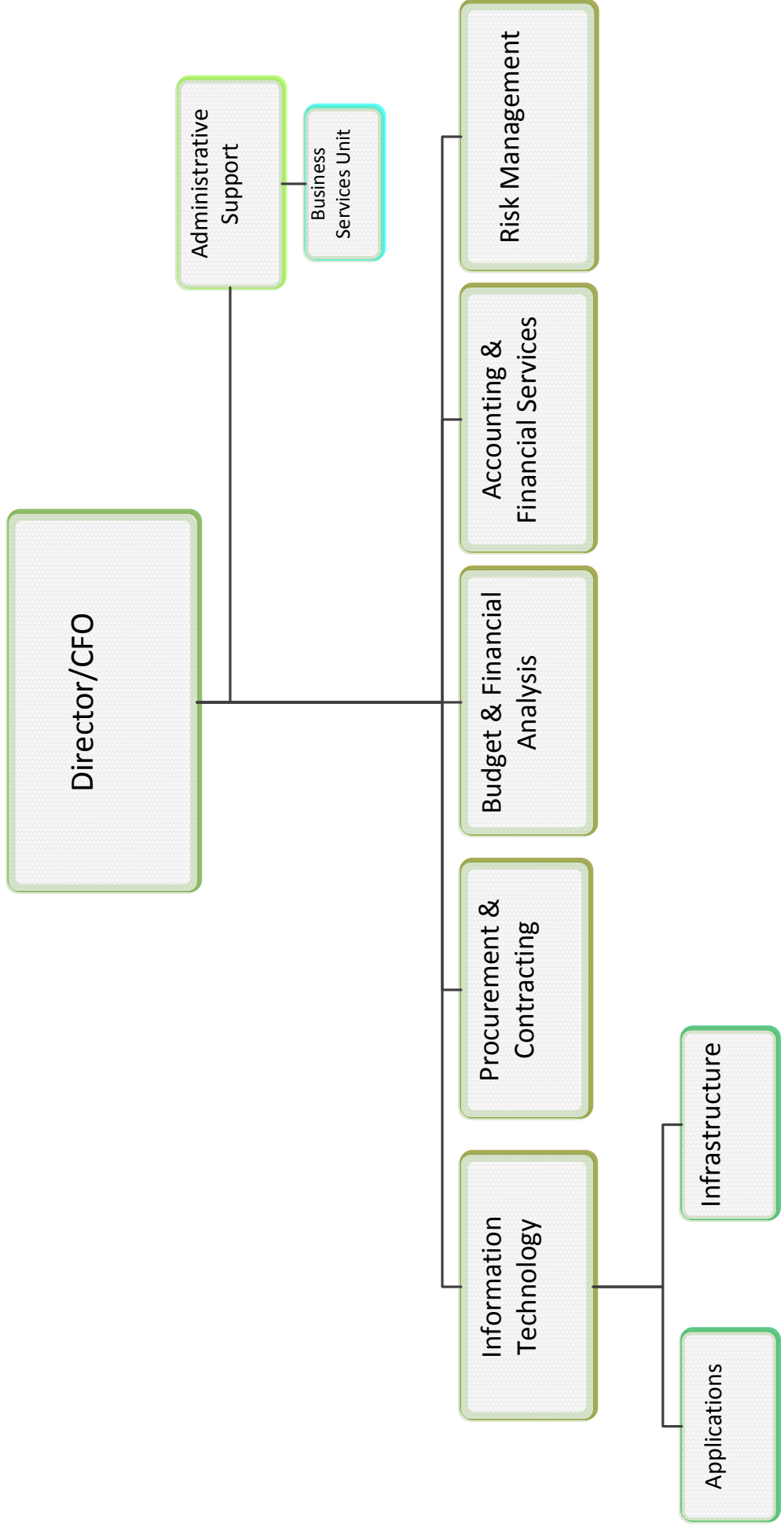
The goal of the program is to keep the commercial spaces leased and occupied at levels that allow SHA to at minimum cover expenses and any debt requirements for the building.

Highlights of work plans for 2015 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 change in lease provisions for the YWCA at Holly Court. The rent paid to SHA is increasing and we will shift payment of some utilities directly to the YWCA as part of the progression in the lease.
- Negotiate with Neighborhood House on the rent for the space committed to SHA at High Point. Due to the end of the New Market Tax Credit program, payments on the outstanding Promissory Note will no longer be covered under the program. We expect payments to be credited to the rent SHA pays to Neighborhood House.
- Work with the Senior Property Manager for the Scattered Site portfolio to address lease issues related to 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	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Admin Salaries & Temp Help	\$ 3,968,400	\$ 4,023,634	\$ 4,216,273	5%
General & Administrative Expense	8,513,625	8,009,031	7,904,203	(1%)
Tenant Services	-	-	-	-
Maintenance & Contracts	42,688	120,500	139,000	15%
Utilities	-	-	-	-
<b>TOTAL OPERATING</b>	<b>\$ 12,524,713</b>	<b>\$ 12,153,165</b>	<b>\$ 12,259,476</b>	<b>1%</b>
Less Internal Agency Fees	(397,998)	(438,228)	(351,238)	(20%)
Capital, Grant and Partnership & Other; Salaries & Benefits	-	-	-	-
<b>TOTAL</b>	<b>\$ 12,126,716</b>	<b>\$ 11,714,937</b>	<b>\$ 11,908,237</b>	<b>2%</b>

Full-time Equivalent Positions	2014 Approved	2015 Adopted
Total FTEs	39.8	40.35

For 2015, the Finance and Administrations operating budget is consistent with the 2014 adopted budget, increasing by only 1%. The most significant change over the prior year is in personnel costs. In 2015, F&A's FTE count increases by .55 FTE. This increase is the result of moving two part time purchasing personnel to fulltime status and increasing the hours of a Risk Management staff member. These changes were made to account for the additional workload associated with Yesler Terrace Redevelopment.

Finance and Administration continues to look for opportunities to create efficiencies, streamline operations and improve services to our residents. The other noteworthy variances between the 2014 and 2015 budgets are the result of such activities. One of these initiatives will be the implementation of electronic rent payment processing in 2015 which is further detailed in the Work Plan Highlight section below. It is expected that the additional service will lead to increased transaction charges from vendors who process rent payments for SHA; we estimate this added cost to be a little over \$100,000 in 2015. In 2014, SHA was able to restructure a portion of its debt which is expected to lead to a 7.5% reduction in interest expense in 2015. This reduction more than offset the increased cost for the electronic rent collection program.

### Department Purpose and Function

The Finance and Administrative Services 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. It 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 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; and performing 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 and CIO executive support.

## Work Plan Highlights

The Department's central and lead responsibilities for the Strategic Plan address the following 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:**
  - ✓ Implement solutions for electronic rent collection, either through lockbox or with lockbox and one or more companion vendor. This will follow a Request for Proposal (RFP) process, which will occur in 2014. Besides the objective of offering greater options and convenience to tenants for paying their rent, the objectives for the new system are greater security of rent payments; more timely collection of rent payments; reduced rejection of rent payments; and, reduced late payments and late charges. SHA may



make the transition in phases, but expects to transition to more payment options by mid-2015.

- ✓ Expand the use of e-payables and Automated Clearing House (ACH) for electronic payment of SHA vendors. The goal is to move seventy five percent of the largest twenty five percent of our vendors to e-payables and fifty percent of our medium size vendors to e-payables or ACH.
- ✓ Evaluate how effectively the e-payables program is working and identify methods to increase its utilization; consider setting standards that require contractors or vendors who do a certain level of business with SHA to accept electronic payments.
- ✓ Assess efficiencies gained through a new third party bill processing of mobile phone service implemented in 2014, and develop a plan to expand the phone bill processing service to optimize benefits in 2016.
- ✓ Take a new look at a biennial, instead of an annual budget process – identify the potential pros and cons, outline how a biennial process would work, and review with the Cabinet to determine whether the benefits are sufficient to warrant using Moving to Work (MTW) authority to move to a biennial budget schedule.
- ✓ If approved by SHA's Information Technology Steering Committee, work with IT to implement electronic routing and approval of vendor invoices to SHA, where all supporting documentation and charging data (amount, business unit, fund, and object account) 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.
- ✓ Evaluate and streamline processes for verifying that SHA contractors and vendors are eligible to do business with SHA, because neither their firms, nor the principles of those firms have been suspended or debarred.
- ✓ Revise procurement processes for consultant procurements and train departments on the revised process. Three months after implementation conduct initial evaluations of how the process is working with Purchasing and Department staff and make any revisions in the procedures needed to improve its effectiveness.
- ✓ Evaluate Purchasing's electronic contract tracking system that is being upgraded to a new platform in 2014. This system is used for Davis-Bacon certified payroll tracking and reporting on contracting goals for Section 3, apprenticeship, and Minority and Women's Business Enterprises.
- ✓ To facilitate workload planning and improve project delivery, develop a joint procurement plan and schedule with Departments and review together and update quarterly.
- **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:**
  - ✓ Develop financial reports for monthly and quarterly reporting which can be used on a multi-year basis, rather than creating new reports annually.
  - ✓ Review the structure of the Accounting and Budget departments to determine if the roles, responsibilities, and assignments of staff effectively align with the structure of other departments and programs.
  - ✓ Define and implement operational and/or financial management strategies to reverse or mitigate excess taxable losses in tax credit limited partnerships.

- ✓ Continue working with Housing Operations to monitor and evaluate the effectiveness of changes in responsibilities, standards, time, and cost expectations for the 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 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.
- ✓ Participate with the Rent Policy Work Group in finalizing and implementing the transition year budget for any rent policy changes adopted by the Board of Commissioners.
- ✓ With the HCV program staff, review the initial year experience with family and youth short-term rental assistance, and evaluate effectiveness and elements of an expanded program. Work with HCV staff to set-up the framework for evaluating the effectiveness of components of the housing search assistance program.
- ✓ Work with Human Resources, Housing Operations, and Information Technology departments to enhance SHA's conformance with the Housing Authorities Insurance Group (HAIG) Risk Control Dividend Plan, with special focus on meeting the Training and Education Standard and the Business Continuity Plan Standard. Compliance with these areas of best practices will increase the dividends earned.
- ✓ Evaluate causes and trends in insurance claims, share results with Housing Operations and Asset Management and work with them on mitigation and prevention methods. Prepare for independent Actuarial Study of Claims in 2016.
- ✓ Continuously develop and implement strategies to advance SHA's social equity policies to expand opportunities for minority and/or women-owned businesses and Section 3 qualified businesses to perform work advertised by SHA.
- ✓ Within the Section 3 employment program, work with Housing Operations and SHA's work force partners to prepare SHA residents for Section 3 jobs, particularly in construction.
- ***Strengthen Seattle Housing Authority's financial position and creditworthiness.***
  - ✓ 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.
  - ✓ Explore opportunities with limited partnerships to reduce projected tax liabilities for the homeWorks tax credit partnerships and the High Point South partnership. Review with Key Bank potential changes to the current bank bonds to reduce debt service cost at High Point South.
  - ✓ Complete closing of the tax credit partnership exit with the Othello Limited Partnership (New Holly Phase II) and determine whether to refinance the debt on the property.
  - ✓ Create a central file documenting the agreed upon debt reserve calculation formula for each LP. Each file will contain the method, definitions and be properly referenced to source documents.
  - ✓ Participate with Asset Management and Development in the solicitation for and selection of lenders and tax credit investors.
  - ✓ Develop a proposal to Financial Policy Oversight committee (FPO) on the level of reserves SHA should carry for potential tax credit liabilities and define a strategy and

source of funds for creating a tax credit liabilities reserve and fund it over the next 5-8 years.

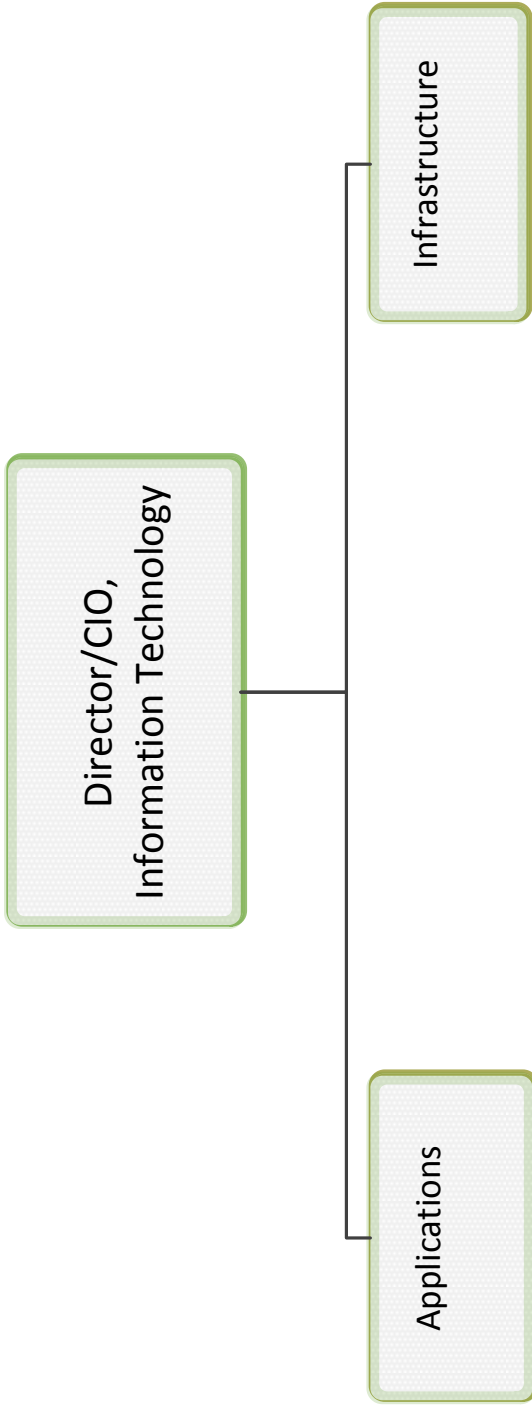
- ✓ With Asset Management, continue implementing recommended strategies for refinancing or newly financing properties to reduce debt service costs, fund capital reserves, and/or provide permanent financing and repayment of lines of credit.
- ✓ Continue to participate with Standard and Poor's in their annual review of SHA's credit rating and maximize opportunities to maintain SHA's AA-rating.
- ✓ Conduct regular quarterly reviews through the FPO committee, and semi-annual reviews with the Board of Commissioners, of SHA's unrestricted cash balances in relation to the Board's policies regarding committed funds and the level of unassigned funds or operating reserves.
- ✓ 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.
- ✓ Maintain Seattle Housing Authority's operating cash reserve (unassigned/unrestricted cash) equal to the Board Policy of at least one month's total operating and average debt service expenditures.
- ✓ 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 and/or acquisition budget; and, projected proforma changes resulting from the repositioning.
- ✓ 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.
- ✓ Align SHA's financial ratios to understand our risk position with those adopted by MTW agencies collectively and determine whether we want to augment the national MTW financial ratios for which SHA would establish benchmarks.
- ✓ Complete preparations for compliance in 2015 with GASB 68 requiring recognition of pension liabilities in SHA's financial statements.
- ✓ Prepare a Comprehensive Annual Financial Report (CAFR) that is confirmed by an 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.
- ✓ Continue to improve Finance and Administration's ability to forecast cash flow needs and the agency's undesignated unrestricted cash position.
- ✓ Continue implementing plans to pay down the current combined balance of \$7.5 million on the operating, real estate, and taxable Lines of Credit (LOC's) over the period 2014-2017. Planned sources of funds will be 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.
- ✓ Actively monitor the debt coverage ratio requirements for the 2013 and 2014 refinancing packages. Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios (DCRs) and reserve requirements. If problems exist, work with Asset Management and Housing Operations to conduct a thorough review of the properties and develop a corrective action plan.

- ✓ Determine sources for the SHA Development Reserve and build the balance from an initial \$5.8 million in 2013 to \$15 million by 2017.
- ✓ Track carefully the Yesler Terrace Redevelopment cash flow requirements and provide float through SHA assigned or unassigned reserves and/or through draws on SHA's Real Estate Lines of Credit. Ensure clear documentation of all float needs and the schedule for pay-off.
- ✓ Monitor and evaluate Moving to Work Housing Choice Voucher funding options throughout the year to ensure optimal funding. Track any deficits in federal funding of Veteran's Assistance Supportive Housing and Family Unification Program (VASH/FUP) vouchers and implement all possible actions to ensure full federal funding of VASH/FUP.
- ✓ Develop strategies to maximize investment earnings, while ensuring that SHA cash flow needs can be met. Review SHA's investments through the Local Government Investment Pool (LGIP) and determine whether to take advantage of new sub-pools through LGIP offering slightly longer maturity options.
- ✓ Continue submitting the new subsidy calculation for Low Income Public Housing Operating Subsidy. Ensure HUD is using the correct funding method to achieve the best funding outcome for SHA communities and its MTW Block grant.
- ✓ Work with Housing Choice Vouchers and Asset Management on a plan to synchronize the use and availability of tenant protection/project based vouchers for Yesler Terrace to ensure project-based voucher funding is available as replacement units come on line.
- ✓ Participate as team members of the Yesler Terrace Executive Committee and perform continuous review and projections of funding sources and uses.
- ✓ Work with Asset Management to identify critical capital financing needs that can be addressed through refinancing of outstanding debt at favorable terms.
- ✓ Ensure SHA maintains a minimum annual average voucher utilization rate of 90 percent, the HUD-prescribed threshold for eligibility for MTW contract extension through 2028.
- ✓ Collaborate with MTW agencies to achieve key common objectives: extend MTW contracts through 2028; reach agreement with HUD on a reporting tool for assessing the performance of MTW agencies; and, preserve MTW single fund authority and regulatory flexibility.

# **Information Technology**

**A Division of Finance and Administration**

# INFORMATION TECHNOLOGY



## Information Technology Budget

<b>Information Technology Department Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
Admin Salaries & Temp Help	\$ 1,944,856	\$ 2,084,177	\$ 2,375,987	14%
General and Administrative Expense	940,936	947,668	1,037,385	9%
Maintenance & Contracts	214,990	180,530	228,446	27%
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$ 3,100,782</b>	<b>\$ 3,212,375</b>	<b>\$ 3,641,818</b>	<b>13%</b>
Less Internal Agency Fees	(2,336)	(2,352)	(2,492)	6%
Capital, Grant and Partnership Salaries & Benefits		--	--	--
<b>TOTAL</b>	<b>\$ 3,098,446</b>	<b>\$ 3,210,023</b>	<b>\$ 3,639,326</b>	<b>13%</b>

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	18.0	20.0

In CY 2015, the Information Technology (IT) operating budget will increase by 13.0 percent to \$3.6 million. Two additional FTE's are added in 2015. A Senior Network Analyst position will fill a need for a senior level analyst who can concentrate on areas of network security and research and deploy network technology upgrades. Staff workload in the infrastructure area manages current technology and help desk tickets but does not allow any additional time to be devoted to these improvements. The new Project Manager will capture and advance the various Information Technology Capital Projects funded in 2015 and from previous years. This position will manage resources to develop and implement project goals in a timely fashion,

Maintenance and contracts gets a 27 percent increase in 2015. Annual increases in maintenance contracts for major software account for much on this increase. New software for the Human Resources Department accounts for about \$20,000 of the increase. Expiring warranties also need to be renewed for equipment that was purchased as part of the SHA Central Office move in 2012. This increase is in line with prior year actuals. The 2015 IT capital projects budget will be \$522,000. In order to mitigate some of this additional cost on the Central Services Operating Center, staff working on the Yardi property management system will be funded directly from MTW funding.

### Purpose and Function

The Information Technology group supports the mission of SHA by providing efficient and creative technology solutions to business problems. The Information Technology group supports the application and operating system software in use at SHA and the computers, telephones and other ancillary equipment used by agency staff. Information Technology 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 a consistent secure operating environment that enables uninterrupted access by staff to perform business requirements and provides a high level of assurance that SHA data is secure and individual privacy protected; to provide financial and property management records; and to communicate with the public, applicants for housing, residents, landlords, vendors, contractors, as well as each other. Automated systems reduce paper storage costs and reduce the need for manual data entry, asset tracking, and other administrative work.

Working with the guidance of the Information Technology Steering Committee which is composed of senior business department representatives, Information Technology is dedicated to ensuring a stable, reliable, and secure computer infrastructure and software to support SHA's computing needs. 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

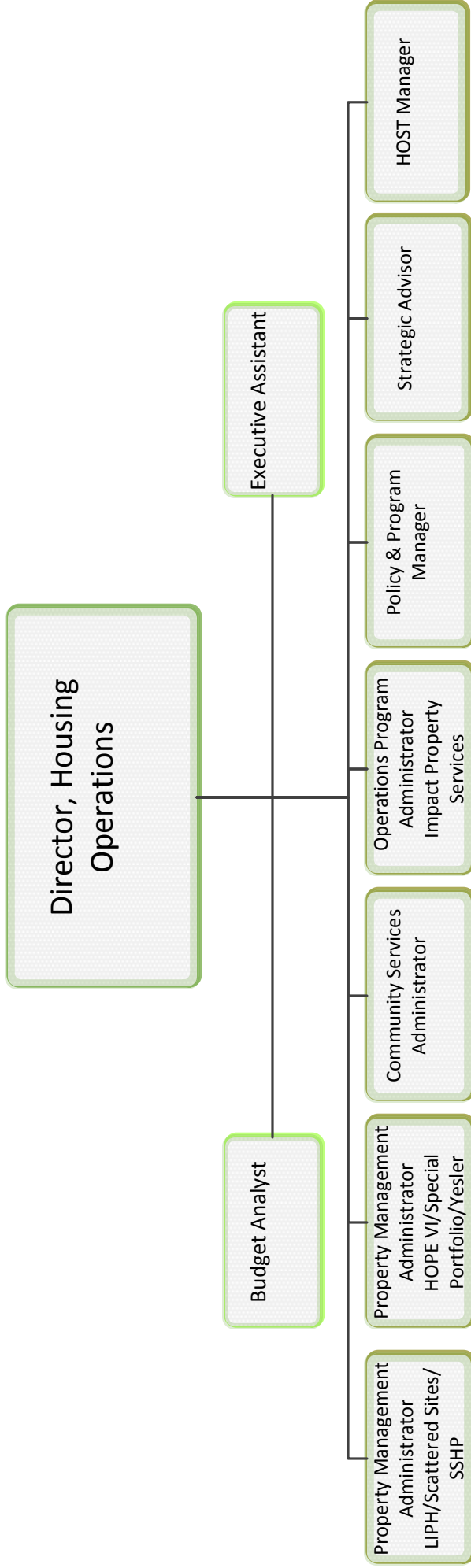
Information Technology's 2015 budget request contains the following elements to help further SHA's strategic directions and management strategies and to manage expenses:

- Continue the move to electronic filing for Housing Choice Vouchers and Housing Operations tenant files. This will create efficiencies and improve data security by enabling files to be examined remotely and will reduce storage space for paper files. 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.
- Work with the Communications Office to redesign the agency's public website and internal website for easier access to agency information.
- Maintain existing application software, networks, and computer infrastructure. The primary products are: EnterpriseOne, Yardi 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.
- When changes to rent policy are decided, move forward, with the Rent Policy staff group, to define the specifications for rent calculations that will be required to implement necessary changes in system functionality to Elite and Yardi. This will require a major effort and involve most of SHA's system applications developers.
- Research statistical analysis software to better understand the impact of our decisions and policies and the best options to add this critical capacity to SHA's electronic support for SHA's data analysis needs.
- Implement additional network infrastructure to accommodate changes within Housing Operations and the need for connectivity at more locations.
- Explore the feasibility of alternative options for providing Wi-Fi to community rooms in SHA LIPH and SSHP communities, looking for options that do not require SHA Information Technology staff to service and maintain the equipment. If feasible affordable options are defined, prepare a schedule for implementing Wi-Fi in 33 communities.



# Housing Operations

# HOUSING OPERATIONS DEPARTMENT



## Housing Operations Budget

Housing Operations Expenditures	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Admin Salaries & Temp Help	\$ 10,699,872	\$ 11,406,638	\$ 12,057,724	6%
General & Administrative Expense	8,469,669	9,067,528	9,431,620	4%
Tenant Services	1,625,837	1,674,462	2,174,156	30%
Maintenance & Contracts	25,145,998	25,525,445	27,954,446	10%
Utilities	9,555,660	10,193,618	10,334,678	1%
<b>TOTAL OPERATING</b>	<b>\$ 55,497,037</b>	<b>\$ 57,867,691</b>	<b>\$ 61,952,623</b>	<b>7%</b>
<b>Less Internal Agency Fees</b>	<b>(17,121,290)</b>	<b>(17,863,614)</b>	<b>(18,739,387)</b>	<b>5%</b>
Capital, Grant and Partnership Salaries & Benefits	\$ 5,478,334	\$ 5,443,635	\$ 5,708,575	5%
<b>TOTAL</b>	<b>\$ 43,854,080</b>	<b>\$ 45,447,713</b>	<b>\$ 48,921,811</b>	<b>8%</b>

Full-time Equivalent Positions	2014 Approved	2015 Adopted
Total FTEs	326.2	331.0

For CY2015, Housing Operations Department operating budget increased by seven percent mainly because of the conversion of Othello from a Limited Partnership to an SHA Tax Credit property in 2014 and increases in tenant service and maintenance expenses. The conversion of Othello to SHA Tax credit contributes about \$896,000 of the increase in operating expenses.

**Administrative salaries and temporary help expense** budget increases in 2015 by six percent from the 2014 level. Roughly four percent of the increase is attributable to rising benefit costs and annual salary adjustments for existing personnel. Another factor is the inclusion of the salary and benefits from the Othello Street Limited Partnership, which is expected to become part of SHA near the end of 2014.

The remainder of the FTE increase for 2015 is the result of changes to primarily grant funded positions which are not included in the above table. There is a 1.3 FTE increase in Economic Opportunity Specialists as a result of the restoration of three full time positions which were budgeted in 2014 to last only into the 3<sup>rd</sup> quarter due to a loss of grant funding. Two new grant funded Strategic Advisor positions are also being added in 2015.

**Tenant Service related expenses are budgeted to increase 30% in 2015.** The most significant driver of this increase is funding for mental health case management services. The primary third party provider of these services lost their grant funding in 2014. The additional funds from SHA will offset this loss, as well as provide for additional services at our Low Income Public Housing (LIPH) and Seattle Senior Housing Program (SSHP) communities. SHA also increased its commitment to providing positive summer activities for school aged children within our communities. Activities include recreation and learning opportunities as well as expanding our youth conservation and training program. Lastly, in 2015, SHA will also be funding a significant education initiative in conjunction with Seattle Public Schools and the Bill and Melinda Gates Foundation. These funds will be used to improve educational outcomes and promote academic success for the school age children living in SHA communities.

**Maintenance and contract expenses are ten percent higher in 2015** mainly because the department plans to perform an increased level of routine maintenance and repair work to address the backlogs in work orders resulting from spikes for vacates and pre and post inspection work orders. Housing Operations will use temporary staff to clear the backlogs. In addition, the department has also budgeted temporary funds in 2015 to “right size” over and under housed households at our Scattered Sites and NewHolly communities. These households either require more or less space due to changes in their family size. Additional security budget for the LIPH and SSHP properties in 2015 will address the growing concerns raised by residents. Various options will be considered, including the adding back of a Community Police Team and the use of private security. IPS added two positions discussed below. Finally, as previously cited, the conversion of Othello to an SHA tax credit property and its inclusion in the SHA budget adds to the increase in maintenance expenses.

The overall **Housing Operations Staffing** level is higher by a net 4.8 full-time equivalent positions (FTE) from 326.2 FTEs in 2014 to 331.0 FTEs in 2015. The increase in FTEs results from the addition of 6.3 FTEs, and the elimination of 1.5 FTEs; the FTE count does not include temporary workers. The increase of FTE’s includes 3.3 grant funded FTE’s in Community Services; two positions in IPS, one pest control position and a solid waste laborer; and one maintenance technician at 1105 East Fir. This is partly offset by a 1.5 FTE decrease in Yesler maintenance staff due to the reduction in units.

## Department Purpose and Function

Housing Operations is responsible for managing and maintaining SHA’s housing portfolio of approximately 8,100 units. In 2015, this diverse portfolio will be comprised of approximately: 5,400 original units of Low-Income Public Housing; about 1,030 Seattle Senior Housing Program units (894 units became public housing units in 2011); about 940 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 NewHolly, 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 programs, and it plays a major role in the successful implementation of the agency’s mission and strategic plan. Essential functions performed by Housing Operations include property management, maintenance and repair, and community services. These functions are carried out through the following groups: Housing Operations Central Administration and Admissions, Low Income Public Housing, Yesler Terrace, Seattle Senior Housing Program, Special Portfolio, Impact Property Services, Community Services, and Impact Property Management.

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

## Housing Operations Central Administration & Admissions

Housing Operations & Facilities Support	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Housing Operations Central Administration	\$ 1,273,000	\$ 1,522,000	\$ 1,622,000	7%
Admissions	\$ 789,000	\$ 727,000	\$ 748,000	3%
<b>TOTAL OPERATING</b>	<b>\$ 2,062,000</b>	<b>\$ 2,249,000</b>	<b>\$ 2,370,000</b>	<b>5%</b>

Full-time Equivalent Positions	2014 Approved	2015 Adopted
Housing Operations Central Administration FTEs	13.0	13.0
Admissions FTEs	7.0	7.0
Total FTEs	20.0	20.0

For CY 2015, the combined Housing Operations Central Administration and Admissions budget will increase by 5 percent above the 2014 level. The increase is mainly in Administrative Salaries and Temp Help. This increase results from inflationary adjustments and staffing changes that took place in 2014 following the reorganization of the Central Administrative Office. During 2014, the new Training and Development Coordinator and Housing Operations Support Team (HOST) Administrator positions authorized in the 2014 budget were filled.

### 2015 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. The proposed 2015 Housing Operations Work Plan supports Seattle Housing Authority's (SHA) mission by advancing the priorities identified in the Strategic Plan.

- Continue to have a lead role in 2015 in the relocation of residents at multiple properties, including Yesler Terrace, Leschi House, and possibly South Park Manor.
- Work closely with Asset Management regarding the proposed disposition of South Park Manor. Similar to Holly Court and YWCA relocation efforts, Housing Operations staff may be involved in relocating existing households at South Park Manor if a lease arrangement occurs in 2014. Staff is currently working on a proposal to lease South Park Manor to Downtown Emergency Service Center (DESC), a local nonprofit provider of housing and support services for the chronically homeless. Staff will work closely with Asset Management, and other stakeholders to ensure a smooth transition.
- Continue to work with Asset Management on the disposition of certain properties in our Scattered Sites Portfolio. In late 2014, SHA will move forward with the sale of four units to complete the previous 100 unit disposition. The work group has presented options to Asset Management that would entail repositioning of up to 250 more units, with the top 50 candidates identified. Property Management will continue exploring potential options for this portfolio with an interdepartmental team in 2015. Utilize the newly implemented central office structure to strengthen the centralized services of compliance, admissions and the Housing Operation Support Team (HOST) in order to meet the key priorities in Housing Operations

Continue to work on the Housing Operations Dashboard and review of the department's performance metrics.

- Participate in the rent reform policy workgroups. Our priorities for rent reform include: the simplification of rent calculations, less administrative burden related to eligibility and annual reviews, and incentives for promoting self-sufficiency.
- Continue a document imaging program for the department piloted in a couple of HOPE VI properties with the goal of expanding to the entire department, and will begin with imaging tenant files. We hope to expand the program in 2015 to include processes that will help Housing Operations to find efficiencies and improve customer service.
- Continue to focus on the consistent application of payment plans across the department, for all housing portfolios.
- Hold quarterly review meetings between Finance and Housing Operations to review the status of Accounts Receivable and ensure that all appropriate actions are taken to address aged receivables in a timely manner.
- Continue to place an emphasis on ensuring compliance with policies and procedures for admissions and eligibility processes to reduce risk of tenant or employee fraud. Work with staff and SHA's fraud investigator, when appropriate, to follow up where compliance audits raise concerns regarding adequacy of controls and provide staff training as indicated.
- Review and analyze current policy and procedure as it relates to processing applications. We will continue to look for process efficiencies and simplification throughout the portfolios, while ensuring internal controls are thorough. We will also continue to review centralizing our admissions and wait-list management for our HOPE VI properties in order to reduce audit risk, ensure equitable treatment for our applicants and maximize our efficiency.
- Assist in creation of Admissions Standard Operating Procedures and streamline forms to accompany the launch of the new Admissions, Leasing and Occupancy Policy.
- Review and update our policies and procedures to address the high unit turn down rate and the length of time that tenants are waiting for an available unit. This process needs to be better coordinated between property management and admissions to ensure high occupancy rates, decrease risk of audit findings and increase satisfaction of applicants.
- Increase coordination with compliance to assist with auditing the waitlist function to identify any weaknesses in internal controls.
- Work closely with Housing Choice Vouchers to continue to seek better solutions for front desk management at the Housing Services Center that will fulfill the goals of SHA: That every person coming through the front door receives the best service possible.
- Focus on creating a sustainability plan for the agency to ensure that we are using our resources efficiently. The plan will encompass a number of years with an eventual goal of setting a comprehensive strategy for reduced energy and resource usage at all SHA properties.
- Continue working with the youth at various properties to help engage residents in conservation efforts. Expand our outreach efforts in the food waste and composting arena. This program will help reduce waste output at our properties and serve as a vehicle to engage our youth in bettering their communities.

- Continue to evaluate the utility billing structure at the HOPE VI properties to ensure that the program meets the goals of billing integrity, fewer customer complaints, reduced consumption and lower energy costs. A full analysis including administrative costs is underway and when completed will serve as the basis for any recommendations to improve the program.
- Prepare the analysis and update the utility allowances for LIPH properties to reflect rate increases projected to exceed 10% in 2015.
- Continue to analyze consumption, review utility bills for accuracy, request refunds, maintain accounts, pursue rebate programs, and create conservation programs that will enable us to either maintain or reduce consumption across the board.
- Continue to meet the City of Seattle's Energy Disclosure requirements by utilizing the energy star portfolio manager database to benchmark SHA's performance and to identify poor performing properties for improvement.
- Work to integrate contract oversight and Housing Operations procurement functions into our regular processes. We will seek efficiencies for property management staff as well as work to identify areas where contracting would reduce costs for SHA.
- Implement the new Admissions, Leasing, and Occupancy Policy. This implementation entails the development of desk manuals that include the following elements: standard operating procedures, forms, Yardi procedures, and citations to relevant regulations.
- Work to develop a new employee "on-boarding" plan that will ensure that new employees receive proper training before beginning work. This plan will include all required trainings as well as orientation in the various areas of the organization that are relevant to that particular job. Coordinate with Human Resources in this process.
- Continue to review best practices and design changes in property management and maintenance that will improve timeliness, efficiency, and cost effectiveness of services delivered on-site in housing communities.

## Low Income Public Housing

<b>LIPH High-rises, Scattered Sites and homeWorks Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
<b>TOTAL OPERATING</b>	<b>\$ 19,697,000</b>	<b>\$ 21,613,000</b>	<b>\$ 22,665,000</b>	<b>5%</b>

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	53.25	53.50

*The Low Income Public Housing (LIPH) program consists of approximately 6,100 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 6,100 units, approximately 950 are in HOPE VI properties serving low-income public housing residents, 894 units are in Seattle Senior Housing Program (SSHP) units brought into the Low Income Public Housing Program in 2011; and, 382 units at the end of 2014 and at least 282 at the end of 2015 are in Yesler Terrace, the public housing community undergoing redevelopment. The budgets for these units are accounted for in the Limited Partnerships, New Holly, Seattle Senior Housing Program, and Yesler Terrace sections. Low Income Public Housing serves low-income residents, with most residents at or below 30 percent of median income.*

The 2015 budget for LIPH is 5 percent higher in comparison to the 2014 budget. The increase resulted mainly from an increase in maintenance and repair expenses, security, and administrative costs. More than half of the increase in operating expenses is due to higher maintenance and repair expenses expected at the properties. Routine maintenance and repair expense will be higher by about \$650,000 of which \$270,000 will address maintenance work order backlogs and right-sizing of households at our Scattered Sites properties. The Low Income Public Housing properties will address the growing demand for routine maintenance and continue clearing work order backlogs. The security budget for LIPH increased in 2015 due to the growing concerns for security at SHA properties. About \$400,000 in additional funding is budgeted for security needs at the properties. A slight increase in administrative expenses is budgeted mainly due to changes in inflation.

## LIPH Work Plan Highlights

- Develop a plan to remove the pull cords in the LIPH high-rise program in 2015. This process will include informing and educating residents on the rationale for this decision.
- Complete emergency preparation meetings no later than December 31st, 2015 for LIPH high-rise program and the SSHP program. Property Managers will coordinate and complete this work with the Community Builders.
- Continue to focus on building security, livability and curb appeal. We are working closely with our Community Police Team (CPT) officers and have provided additional private security as soon as issues appear. We have been actively walking our buildings and targeting lease enforcement issues, like smoking. We plan to start a prototype for the “curb appeal” on our internal community spaces that will include consistent signage, planned postings and other targeted attention to improve the appeal.
- Continue to review areas of operations where expenses can be reduced. Monitor all aspects of our operations for cost savings and efficiencies. Continue efforts to increase staff awareness of actual expenses and budgets to the individual building level. Learn to maximize the power of the Yardi software to better monitor our work.
- Continue working on process improvements to ensure compliance and provide better resident file maintenance.
- Continue to address resident needs in the Scattered Site portfolio. Added a property manager in 2014 to focus on resident and neighbor complaints, moisture issues, unit inspections and re-inspections and vacates.
- Continue the effort to make sure that annual reviews and interim reviews are completed in a timely manner, that rent collection meets or exceeds 98% at each property and that the approach for vacates leads us to our established departmental vacate goals.

## Seattle Senior Housing Program (SSHP)

<b>Seattle Senior Housing, includes Ravenna and Leschi Tax Credits</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
<b>Operating Expenditures</b>	<b>\$ 4,850,000</b>	<b>\$ 4,671,000</b>	<b>\$ 4,907,000</b>	<b>5%</b>



<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	14.0	14.0

The Seattle Senior Housing Program (SSHP) along with the Leschi House LLLP consists of about 1,030 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 resources for capital rehabilitation and repairs. A small amount of subsidy is used for SSHP operations, while the major share is dedicated to SSHP's Ten Year Rehabilitation Plan.

The 2015 operating budget for SSHP is 5 percent higher as compared to the 2014 budget. This increase is mainly due to higher maintenance and repair expenses. The portfolio budget is slightly higher for utilities than in 2014. There are no changes in positions.

## SSHP Work Plan Highlights

Continue the effort to improve building security with installation of key card entry systems (ACAM for short), security cameras, and exterior lighting.

Review the SSHP rent policy, as the program has more than ten percent of its residents outside of the existing rent tier system. The agency has agreed to take a closer look at the SSHP rent structure once the work on the rent policy affecting work-able tenants is complete.

Continue to examine what the appropriate staffing level should be for Leschi House, a new tax-credit property.

Establish best practices for completing certification reviews for the SSHP program in 2015.

Complete rehabilitation work at Pinehurst Court in 2015 including rot removal from water intrusion, exterior siding and window replacement, as conditions warrant, elevator modernization, and security upgrades. Complete exterior rehabilitation work for Phinney Terrace in 2015 and the process for major rehabilitation work at Michaelson Manor.

## Yesler Terrace

<b>Yesler Terrace, Baldwin and EOC Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
Yesler Terrace	\$2,795,000	\$2,672,000	\$2,316,000	(13%)
Baldwin Apartments	\$8,000	\$39,000	\$69,000	77%
Epstein Opportunity Center		\$12,000	\$62,000	417%
<b>TOTAL OPERATING</b>	<b>\$2,803,000</b>	<b>\$2,723,000</b>	<b>\$2,447,000</b>	<b>(10%)</b>

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	12.40	11.50

Originally, Yesler Terrace consisted 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. Most of the low income households are at or below 30 percent of area median income. The YWCA program, which used to occupy 40 of the 561 units at Yesler Terrace, relocated to Holly Court in 2012. The relocation of an additional 139 residential units has also been completed. The next phase of relocation will continue in 2015 and involves another 106 residential units. The Yesler Terrace redevelopment project envisions a multi-year transformation of the community.

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

The construction of replacement and tax credit units at 1105 East Fir Street and 820 Yesler Way will continue into 2015 with 1105 East Fir Street scheduled to be completed early 2015. A mixed finance close and the start of construction is expected in 2015 at 221 10<sup>th</sup> Avenue South.

The 2015 Yesler Terrace (old and redeveloped) operating budget is 10 percent below the 2014 adopted budget, mainly due to the anticipated implementation of Phase III Yesler Relocation Plan. One hundred and six households are expected to relocate from Yesler Terrace into other housing options in 2015. Utility and maintenance expenses are expected to be lower as a result of fewer occupied units onsite due to the relocation. The Baldwin Apartments and EOC budgets for 2015 reflect initial full year operating budgets.

### Yesler Terrace Work Plan Highlights for 2015 include:

- Continue to manage and operate Yesler Terrace at current levels of service and mitigate construction related issues through construction of infrastructure, two sites of housing construction, and the Hill Climb.
- Bring on-line the 1105 East Fir Street Apartments, scheduled for the 2nd quarter of 2015. This will include outreach to relocated Yesler Terrace residents, and lease up activities. The 1105 East Fir Street office will serve as the hub for Yesler Terrace's east campus of properties.
- Continue to participate in redevelopment activities for 820 Yesler Way replacement housing scheduled to be completed in late 2015 or early 2016.
- Plan and conduct the relocation of the current management office to 1105 E. Fir Street.
- If viable, Yesler Terrace staff will take over the property management of the newly rehabbed Leschi House located just a few blocks from Yesler. This is an SSHP building, with 69 units. Leschi House is a tax credit property with HCV project-based rental assistance.

### Special Portfolio Housing Program (SP)

Special Portfolio	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Operating Expenditures	\$ 4,917,000	\$ 4,693,000	\$ 4,868,000	4%

Full-time Equivalent Positions	2014 Approved	2015 Adopted
Total FTEs	15.75	15.50

The Special Portfolio group manages over 980 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 CY 2015, a number of Special Portfolio properties will benefit from pooled refunding of a series of bond measures that lowered most of these properties' overall cost for annual debt service and, in several instances, provides 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 and are not included in the table above. The budget for Bayview Tower is included in the Special Portfolio budget shown above. The 2015 Budget for Special Portfolio will increase by 4 percent over 2014 mostly due to inflation adjustments.

## Special Portfolio Work Plan Highlights

- Continue to review the management structure of the Special Portfolio properties in tandem with other housing portfolios, as part of a Department-wide review of the most effective and efficient means of operating the properties and serving the residents.
- Continue to evaluate the use of maintenance and repair work order processes through the Yardi property management system. Refine the use of Yardi to enhance efficiencies, monitor property performance and repairs. Continue to use site-based maintenance staff to reduce operating costs wherever possible.
- Continue to evaluate properties that are not currently meeting Debt Coverage Ratio (DCR) and make recommendations on corrective actions. Participate with Asset Management in discussions about any remaining opportunities to refinance properties to take advantage of lower interest rates to reduce financing costs.
- Continue to explore innovative ways to decrease costs to the portfolio, such as using more durable materials with a longer useful life, and finding appliances that cost less to replace and/or repair. Continue to pursue funding to update unit interiors.
- Continue to pursue funding to improve the exterior curb appeal of the properties, which will keep the properties in good standing within the neighborhoods.
- Continue to foster relations with other departments, such as Housing Choice Vouchers, to enhance services we provide to our residents, and to improve efficiencies and communication between departments.

## Impact Property Services (IPS)

<b>Impact Property Services Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
Impact Property Services Operations	14,403,000	14,932,000	16,014,000	7%
Housing Operations Facilities	303,000	315,000	332,000	5%
<b>TOTAL OPERATING</b>	<b>\$14,706,000</b>	<b>\$15,247,000</b>	<b>\$16,346,000</b>	<b>7%</b>

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Operating Budget FTEs	117.0	120.0
Capital Budget FTEs	16.0	16.0
<b>Total IPS FTEs</b>	<b>133.0</b>	<b>136.0</b>

The Impact Property Services' (IPS) operating budget will increase 7 percent to \$16.0 million in 2015. The 2015 budget incorporates an increase of three positions: two pest control technicians, one of which is a transfer from the Yesler Terrace and HOPE VI portfolios. The other Pest Control position will enable the Pest Control unit to undertake an inspection, and treatment where needed, of all LIPH and SSHP buildings in 2015, as well as continue its response to reports of bedbugs. The third position is a new solid waste laborer who will implement plans to comply with State and City regulatory requirement associated with environmental clean-up in the area of the Duwamish River. The laborer will also be available for garbage pick-up to avoid use of overtime.

The IPS budget development focused on backlog issues and resulted in several short-term projects that make up the majority of IPS' cost increase. Temporary staff will address backlogs from work order spikes that result from the preparation for and the completion of funder inspections. In addition, several portfolios have families in units not appropriately sized for their household. These families will be moved to 'right sized' units and added temporary staff will handle the resulting turnover. Temporary staff will also be used at the HOPE VI and Special Portfolio communities on back flow and fire alarm issues.

IPS started managing the facilities budgets at the MLK Maintenance site, South Operating Facility and the Operating Support Center in 2014. The IPS Facilities budget will increase 5 percent in 2015 to \$332,000. The increase is due to: an increase in telephone costs, the need for additional security at the South Operating Facility due to an increase in break-ins, and a projected 2.6 percent increase in utility expenses.

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

## IPS Work Plan Highlights in 2015 include:

### Maintenance and Repair

- ✓ Focus on vacate costs, turn-around time and satisfactory workmanship for applicant or customer acceptance.
- ✓ Flatten the workload by using temporary staff on maintenance work orders requested by management due to funder inspections, meeting vacate goals, and other routine work orders.
- ✓ Turn units that have residents identified as over- or under- housed. A quick turn over reduces relocation and administrative costs.
- ✓ Perform contract work at the HOPE VI and Special Portfolio communities for back flow work and complete fire alarm monitoring.

### Pest Control

- ✓ Implement a program to inspect all Low Income Public Housing and Seattle Senior Housing Program buildings for bedbugs and provide treatment as required; where there have been persistent bedbug problems at buildings, work with Property Management to include a focused educational session for residents.
- ✓ Respond to resident requests for pest inspections in a more timely manner, with the additional staff.
- ✓ Complete a prevention plan for ensuring that bedbug infestations are addressed effectively by residents and property managers, as well as best control.

### Preventive Maintenance

- ✓ Produce data analyses on Preventive Maintenance (PM) costs, system experiences and conditions, including identifying building systems that are at or near the end of their useful life. Include the data analyses in discussions for future capital needs.
- ✓ Work with management to bring certain Special Portfolio, HOPE VI and commercial properties under the IPS Preventive Maintenance Plan.
- ✓ 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.
- ✓ Expand the Preventive Maintenance program to more Hope VI and commercial properties.

### Solid Waste:

- ✓ Achieve and maintain compliance with Dept. of Ecology Storm Water Pollution Prevention Plan, which will reduce any negative impact of Solid Waste Operations on the environment.
- ✓ Utilize the new dual body side load garbage truck capable of increasing productivity by 40% when a driver and a laborer work the route together. This will help the Solid Waste department continue to operate as efficiently as possible, and will also help reduce the use of overtime.
- ✓ Support the full implementation of the successful organics diversion program. This program helps to divert tonnage from the garbage waste stream, thus saving the agency money and reducing the negative impact on the environment.
- ✓ Advocate for solid waste financial software to work in tandem with the Routeware system, to provide enhanced and more time efficient account management, billing and

reporting and more highly detailed rate information.

Fleet:

- ✓ Identify and manage the fleet replacement of certain vehicles that have specifically identified repair or replace issues.
- ✓ Work with the Budget Office to review options for reinstating a fleet replacement fee.

## Community Services

<b>Community Services Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
<b>TOTAL OPERATING</b>	<b>\$3,208,000</b>	<b>\$3,381,000</b>	<b>\$3,969,000</b>	<b>17%</b>

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	26.2	29.5

Historically, funding for Community Services (CS) has come from SHA funds and a variety of external sources, including federal, state and local grants, and funds from foundations, and other agencies. This external funding is reflected in 2015 with 11.7 of the 29.5 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.

In 2014, there were three FTE's funded by a federal Resident Opportunities and Self Sufficiency ROSS service coordinator grant that were scheduled to be eliminated due to a loss of funding in the second half of 2014. HUD expects to run the ROSS grant funding process in later 2014 and Community Services is eligible to apply; as reflected in the grants section, the budget assumes SHA will be successful in securing these funds; these positions have been retained and are included in the FTE count for 2015. If a new rent policy is adopted, these positions are likely to play a central role in its implementation. Community Services also plans to apply for a Jobs-plus grant in hopes of funding these positions with grant funds, if the ROSS grant does not come through. Community Services also added two new strategic advisor positions funded by the Bill and Melinda Gates Foundation and the Chase Bank Foundation.

Other Community Services Operating expenses vary by account. There is a slight increase in labor related expenses as a result various small allocation changes. The most significant change is in tenant services where several new programs were added for school aged children. In addition, SHA addressed the need for additional case management services by committing an additional \$200,000.

## Work Plan Highlights for Community Services in 2015 include:

Continue work with the Gates Foundation and Seattle Public Schools to promote academic success for the 8,400 school age children SHA houses. This work will most likely focus on a small number of initiatives that support students across our housing portfolios, along with a new initiative that will be implemented in conjunction with the Housing Choice Voucher program for homeless families.

Expand the current youth conservation and training program from High Point and NewHolly to Cedarvale Village, Jackson Park Village, and Lake City Court. This program trains students in conservation and recycling programs and engages students in promoting and teaching

conservation methods in their communities.

Restore the summer youth programs at the High Point and NewHolly communities that were eliminated in 2013. These programs are expected to engage over 200 young people with active recreation and learning opportunities. Use information collected from parents and youth in these communities to design the program focus in each community.

For the fifth year, partner with the College Success Foundation and SHA employee volunteers to market College Bound and other scholarship opportunities to all SHA housed youth.

Team with Seattle Central College District and the Workforce Development Council, with funding from the Chase Foundation, to develop and implement a “proof of concept” self-sufficiency pilot program.

Continue to serve as the lead for the People elements of the Choice Neighborhoods Yesler revitalization initiative. In 2015, this will include an education initiative with Seattle University and others to utilize student data to better tailor academic support programming to individual student needs.

Increase the number of community health workers serving the Yesler neighborhood as a result of philanthropic funding. This will provide increased access to health resources and improve health related outcomes for the underserved community of Yesler Terrace.

Continue to support and grow our model of community building in the mixed income communities which are based on helping create social networks through affinity groups and neighborhoods coming together around common interests. For Yesler Terrace we want to build on our knowledge of this model of community building and work with multiple internal and external stakeholders to develop a community building approach that will work for the redeveloped Yesler that will be very different than any of our other communities.

Support the duly elected public housing councils of the high rise buildings and work with the councils on utilizing the funds for investments in training, internet access and other areas that the councils decide are important to them.

Continue to support community members to successfully obtain and implement grants from the Department of Neighborhoods and the Department of Information Technology.

Continue to collaborate with property management and other SHA colleagues to ensure that residents are able to comment on SHA policies and investment decisions (budget process) by maintaining the Joint Policy Advisory Committee (JPAC) and ensuring regular meetings between staff and resident members. We will also work with property management to launch a JPAC for Seattle Senior Housing Program.

Continue to strategically invest SHA resources in social services programming that address community priorities and serve to leverage additional investments by partner agencies. We will monitor closely all social services contracts but particularly those involving youth. In 2015 we will be experimenting with a new program model for serving teens at High Point and NewHolly in response to feedback from teens and parents in these communities gathered during the development of our 2015 budget.

Help residents and participants gain financial stability via access to employment, vocational training, college education, financial literacy, and savings and banking services through partner organizations such as YearUp, Workforce Development Council, Seattle Jobs Initiative, Office of Economic Opportunities, YWCA, and Seattle College.

Continue to serve through our Economic Opportunities staff team some 600 residents annually with economic opportunity services that involve asset building, training, job placement and retention, all of which promote financial stability. Build on and grow existing employer and community college training partnerships to ensure that residents are placed into jobs with

growth potential.

Continue implementation of the Yesler Employment Pathway Initiative with neighborhood employers (Harborview, Swedish, Seattle University, and Seattle College) and hope to expand the youth component with Science, Technology, Engineering and Mathematics ('STEM') students that started in 2014 and the paid on-the-job training component for adult ESL students.

Work with the Development Department, Purchasing and others on the implementation of the Section 3 initiative for Yesler Terrace. The year 2015 will be another critical year in terms of the implementation of the Yesler Community Workforce Agreement and filling the Section 3 new hire openings for the construction sites.

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 from early education through elementary, middle, and high schools and into college.

Continue to seek funding from private foundations to support our work at Yesler and across the housing portfolios. We anticipate in 2015 there will be more opportunities from private foundations to support our cross-departmental work with Harborview to design and implement new models of respite care and/or aging in place for seniors.

Work closely with the City of Seattle's Division on Aging and Disabilities in handling case management services to over 1,200 high-rise and SSHP residents due to required changes in service delivery resulted from the Affordable Care Act.

Promote positive activities for youth in communities where SHA has a significant presence, including: hosting sign-up events for College Bound Scholarships; collaborating with Neighborhood House and SHA Community Builders to hold workshops on college applications and financial aid; and participating in Higher Education Project, an inter-agency community coalition providing SHA youth and their families with services to help them pursue higher education.

Apply to locate a Workforce Development Council (WDC) "Work Source" site in SHA's Housing Services Center, both as a convenient source of information on job fairs, job training programs and career development services, and as a possible site for conducting participant assessments for self-sufficiency plans.

## Impact Property Management – HOPE VI Communities and Parks

### Impact Property Management – HOPE VI Administration, NewHolly and Others Expenditures

	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
Impact Property Management	\$ 498,000	\$ 460,000	\$ 453,000	(2%)
NewHolly Phase I & II (NewHolly and Othello)	2,037,000	2,011,000	3,071,000	53%
Parks	258,000	294,000	311,000	6%
Campus of Learners	461,000	524,000	546,000	4%
<b>TOTAL OPERATING</b>	<b>\$ 3,254,000</b>	<b>\$ 3,289,000</b>	<b>\$ 4,381,000</b>	<b>33%</b>



<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	51.6	51.0

The above chart accounts for the expenses for Impact Property Management (IPM) administration for the HOPE VI sites, including the Campus of Learners at NewHolly; Parks maintenance for HOPE VI communities; and NewHolly Phases I & II, tax credit properties that will be owned by SHA in 2015. NewHolly Phase I is currently owned by SHA and Othello NewHolly Phase II is expected to close in the later part of 2014. 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. There was a small decrease in FTEs as a result of a pest control position being transferred from the LPs and NewHolly Phase I & II to IPS.

For the most part, these budgets remained flat or had modest increases for inflation, with the certain exceptions noted below. The most significant change was at NewHolly Phase I. There are three primary factors that lead to the 7% increase in the 2015 budget for the NewHolly properties. An additional \$60,000 was added to NewHolly Phase I's budget to reduce the number of over- or under- housed tenants. The second reason for the increase is the result of a dramatic rise in the projected 2015 Surface Water Management fees. These charges nearly doubled between 2011 and 2014. Lastly, the water incentive payments to tenants for limiting their water usage were not budgeted in 2014 at NewHolly Phase I.

The increase in the Parks and Campus of Learners budgets can be traced to a few specific items beyond the standard inflationary increases. The Parks department experienced a small increase due to two existing parks budgets being transferred in from other departments. In prior years Campus of Learners had not been charged the standard allocated IT Fee. This fee was added in 2015.

IPM manages HOPE VI housing units owned by seven limited partnerships, for which SHA serves as the General Partner and Managing Agent – NewHolly Phase III, Rainier Vista, Lake City Village, and High Point. In 2015, IPM-HOPE VI will manage about 1,700 public housing and tax credit units in these communities, including SHA's NewHolly Phase I & II Tax Credit properties.

IPM also oversees operation of the parks and common amenities in these communities. In addition, the Yesler Terrace public housing family community, NewHolly 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 also separately presented.

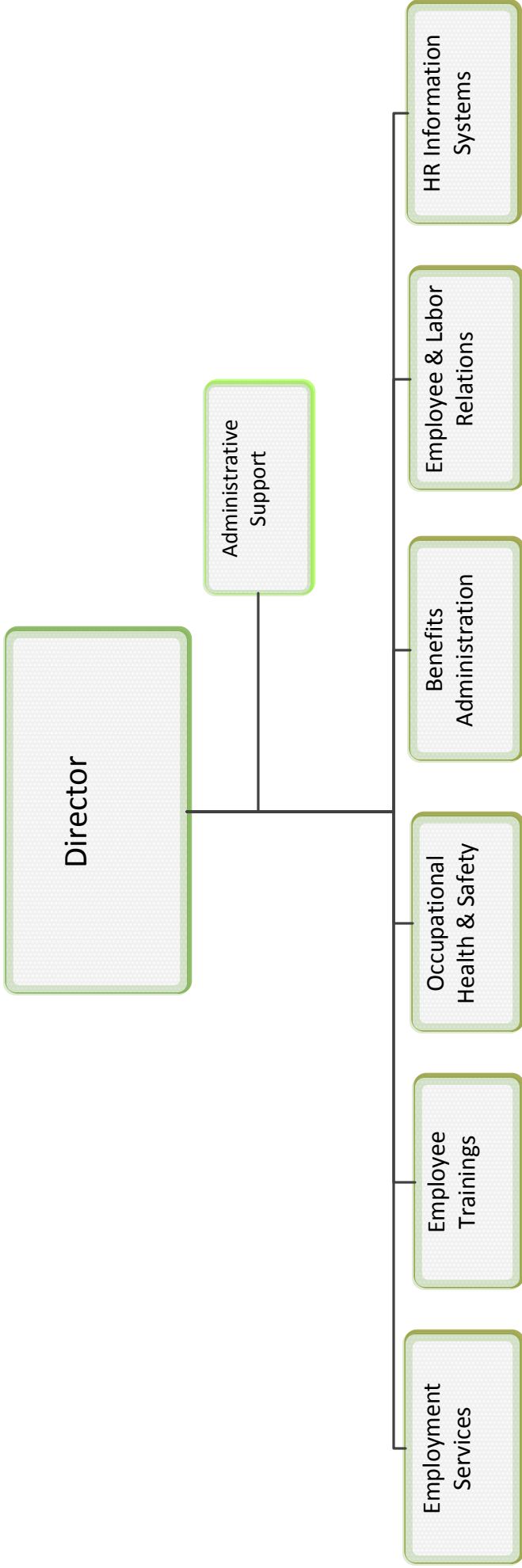
### **IPM – HOPE VI Work Plan Highlights for 2015 include:**

- Begin document imaging tenant files starting in the HOPE VI properties, part of a long term program to improve records maintenance, security, and accessibility.
- Continue to review centralizing our admissions and wait-list management for HOPE VI properties in order to reduce audit risk, ensure equitable treatment for our applicants, and use resources efficiently.
- Improve maintenance and reduce vacancies at High Point and other portfolios by hiring temporary maintenance staff to address spikes in work load due to vacancies and preparation for and responding to inspections from funding agencies.

- Explore innovative ways to decrease costs to the LPs, such as using more durable materials that will have a longer life, finding appliances that cost less to replace and/or repair.
- Continue to evaluate the use of maintenance and repair work order processes through the Yardi system and further refine these processes to enhance efficiencies, monitor property performance and repairs.
- Establish a cross portfolio peer training of maintenance staff to increase knowledge and skill base:
  - ✓ Appliance trouble shooting and repair
  - ✓ Lock cylinder re-pinning
  - ✓ Floor repair
  - ✓ Painting and cleaning strategies
- Continue to participate with Asset Management in discussions about refinancing options for High Point South LP to take advantage of lower interest rates to reduce its mortgage payments. Start initial planning discussion for the buy out of Desdemona LP and High Point N LP. Both placed into service in 2005.
- Continue to support IPS Solid Waste and community partners to promote participation and compliance with the organics program for the rental units in High Point, NewHolly and Rainier Vista.
- Engage with 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 one of the Regional Command Centers for Seattle Housing and integrate the functions of the Command Center with the City of Seattle's Command Center for West Seattle. This will include set-up, training, and participation in emergency preparedness drills.
- Engage in the transition of control from SHA as declarant to the High Point Homeowner's Association Board and Rainier Vista NE Homeowner's Association Board.
- Continue to review the right landscaping model at High Point. As this property continues to have challenging landscaping needs, we plan to review the balance between staffing and seasonal temps and the alternate option of contracting for landscape services to cover the needs throughout the property.
- Establish a temporary maintenance fund that is set aside to address the spikes in workload by having a resource to fund temporary staff to address vacates and work orders.

# Human Resources

# HUMAN RESOURCES DEPARTMENT



## Human Resource Budget

Human Resources Department Expenditures	2013 Actual	2014 Budget	2015 Adopted	% change 2014-2015
Admin Salaries & Temp Help	\$ 1,340,349	\$ 1,673,928	\$ 1,815,595	8%
General and Administrative Expense	281,863	281,793	299,678	6%
Tenant Services	--	--	--	
Maintenance & Contracts	152,608	93,768	107,643	15%
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$ 1,774,820</b>	<b>\$ 2,049,489</b>	<b>\$ 2,222,916</b>	<b>8%</b>
Less Internal Agency Fees	(\$107,499)	(\$107,703)	(\$99,166)	(8%)
Capital, Grant and Partnership Salaries & Benefits	--	--	--	
<b>TOTAL</b>	<b>\$ 1,667,321</b>	<b>\$ 1,941,786</b>	<b>\$ 2,123,750</b>	<b>9%</b>

Full-time Equivalent Positions	2014 Approved	2015 Adopted
Total FTEs	9.17	9.50

For CY 2015, the Human Resources (HR) Department's operating budget will increase by 8 percent above CY 2014 to \$2.22 million. This increase reflects a net change of 0.33 FTEs in staffing primarily related to the addition of a new part-time administrative position who will assist with the emergency preparedness program. This increase was partially offset by a 2014 timing difference between when the new Labor Relations Negotiator began and when the HR Technician position was eliminated. Other line items contributing to the increase in HR's budget includes a \$61,000 increase in agency commuting costs and \$20,000 in additional funding for equipment and training for the emergency preparedness program.

### Department Purpose and Function

Human Resources' mission is to provide progressive and comprehensive programs to meet the needs and expectations of SHA employees and contribute to the achievement of SHA's strategic goals. This department is responsible for Employment Services, which includes recruitment, classification and compensation, agency wide temporary staffing, and performance evaluation. In addition, HR is accountable for Benefits Administration, Workers' Compensation, Labor and Industries, Employee and Labor Relations, Safety and Wellness, Training and Staff Development, Rideshare Program, and Employee Recognition. These responsibilities entail administration and compliance with federal, state, and local employment laws, with HUD regulations, and with court decisions regarding employment rights and responsibilities.

HR supports the Strategic Plan and the Authority by giving assistance to departments in the recruitment, hiring, and on-going development of staff. The goal of HR is to ensure employees are working in a safe, productive, and non-discriminatory environment. HR investigates means of operation to reflect the "best business" practices of comparable public agencies. The efforts for best business practices are activities such as implementation of SHA University, an online training application system that will reduce the time and cost for course scheduling, registration and data input. In addition, HR staff will be analyzing demographic data for staffing safety concerns and costs and continually examining technology for process improvements.

## Work Plan Highlights

The Human Resources (HR) Department's CY 2015 work plan includes:

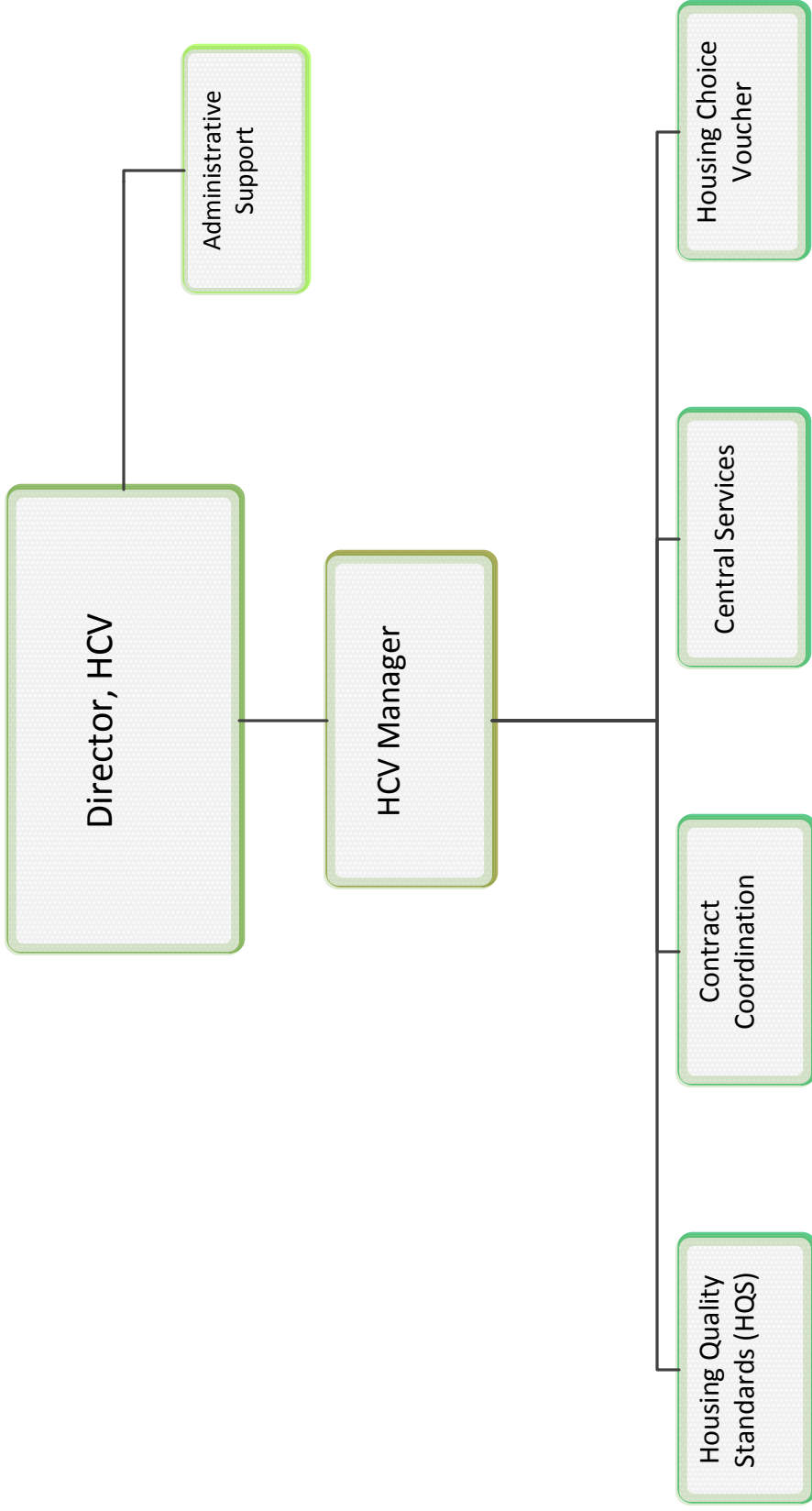
- Implement and support the SHA and HR Strategic Plans, which includes advancing the use of technology to increase efficiency and effectiveness within the department. Continue efforts to implement employee career-development training and succession planning, as well as process improvement efforts.
- Work with managers and directors to create career development and career paths for employees based on agreed upon goals. To assist in this effort, Human Resources will be working with Halogen Software on the continued implementation of an online performance evaluation tool for all staff. In 2015, the goal is to expand the electronic performance system to represented staff, including the implementation of the baseline performance levels for the Teamsters' merit pay program.
- Continue to monitor, review, and implement new federal, state and local laws that are relevant to the Authority's employment practices. Provide on-going training for HR staff to ensure the Authority's ability to comply with employment laws and regulations.
- Continue efforts of implementation and education of the Race & Social Justice Initiative (RSJI). Efforts will include foundation training for current and new staff and the development of a RSJI toolkit to review policies and procedures through an RSJI "lens."
- Continue efforts to increase supervisory skills by offering training classes for supervisors and managers. Continue training to meet the needs of staff, improve employees' skills, and comply with federal, state and local employment laws and regulations. Continue utilization of the SHA University to advertise in-house training, and to implement training information for individual employees.
- Conduct an employee survey to develop training programs for supervisors and staff to address techniques for managing workload stress.
- 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.
- Work with our Employee Assistance Provider to coordinate training, referrals, and special interventions regarding incidents affecting SHA staff.
- Develop programs and processes that will continue to reduce the accident rate; thereby, reducing lost time and Workers' Compensation costs. Develop safety and wellness programs to reduce work-related injuries and illnesses by increasing awareness via training programs and communication media. These efforts also include continuation of a dynamic and static stretch program to reduce over exertion claims.
- Continue annual audits of facilities and staff in the field to ensure safe work locations and practices.
- Work with Labor and Industries (L&I) to close open claims of employees who have been out of work for an extended period, and assign injured staff to "light" duty for potential reimbursement by L&I. Continue to process claims to the "Stay at Work" program for payment reimbursement.
- Continue to provide safety training (in-house or external trainers) such as ladder safety, blood borne pathogens, hazardous waste, and workplace violence prevention.

- Update the Authority's Safety and Health Manual as needed to ensure compliance with federal and state regulations. Provide safety training, and work with the Safety Committees to address the needs of our workforce.
- Continue to strengthen the relationship with labor unions to enhance communications, reduce grievances and partner to implement SHA's mission and goals. Work with the unions to ensure the contracts are consistent with SHA's financial capacity, and efforts to create efficiencies in operations and cost containment.
- Continue updating the Employment Section of SHA's Manual of Operations, to reflect the latest employment laws and regulations to ensure compliance and prevent litigation. Human Resources will be developing a systematic review process that will ensure all policies are reviewed for relevancy.
- Coordinate annual agency meetings and events, such as the All Staff Meeting, Holiday Brunch, Service Anniversary Luncheon and Combined Charities Campaign.
- Establish a foundation for the Emergency Preparedness Program to enhance the agency's efforts toward planning and recovery for any potential emergency. These efforts help to minimize loss of life, minimize property damage, and help in the recovery processes. In 2015, the focus will be to finish outfitting the command centers, additional staff and management training and providing basic emergency supplies to high-rise and SSHP buildings.

# Housing Choice Voucher Program



# HOUSING CHOICE VOUCHER PROGRAM



## Housing Choice Voucher Program Budget

<b>Department Expenditures</b>	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2015 Adopted</b>	<b>% Change 2014-2015</b>
Admin Salaries & Temp Help	\$ 4,183,784	\$ 4,599,671	\$ 4,999,588	9%
General & Administrative Expense	3,459,277	3,837,762	4,217,771	10%
Tenant Services	15,572	209,018	628,199	201%
Maintenance & Contracts	50,106	70,710	509,729	621%
Utilities	-	-	-	-
<b>TOTAL OPERATING</b>	<b>\$ 7,708,739</b>	<b>\$ 8,717,161</b>	<b>\$ 10,355,287</b>	<b>19%</b>
Less Internal Agency Fees	(2,433,162)	(2,799,154)	(3,175,337)	13%
Housing Assistance Payments	78,552,745	85,703,489	87,829,296	2%
<b>TOTAL</b>	<b>\$ 83,828,322</b>	<b>\$ 91,621,496</b>	<b>\$ 95,009,246</b>	<b>4%</b>

<b>Full-time Equivalent Positions</b>	<b>2014 Approved</b>	<b>2015 Adopted</b>
Total FTEs	57.85	61.18

For CY 2015, the Housing Choice Voucher (HCV) Program's operating expenses will increase 19 percent above CY 2014 to \$10.4 million. The number of personnel will increase by a net 3.33 FTE positions. A Housing Counselor will be added in mid-2014 to address the need to assist participants in finding units to lease successfully in a challenging rental market condition in Seattle. Due to an increase in caseloads with increased project based vouchers and to the need to expedite processing of landlord rent increase requests, a Certification Specialist II and a Certification Specialist I are being added for 2015. Also there will be an increase in work hours for the Director of the Rental Assistance Program and an HCV Community Liaison position to attend external partnership meetings and to address the workload demand that is necessary to achieve the department's target goal of a voucher utilization rate 94.1% overall.

The non-labor operating budget, particularly tenant services and contracts, increase substantially due primarily to the expansion of short term rental assistance programs. We will double our participation in the Short Term Rental Assistance Program operated by the King County Committee to End Homelessness -- from 25 to 50 families and 5 to 10 youth; plus we will participate in a new single adult program for 5 households. We will also add capacity for another short-term rental assistance program for homeless families (including those sleeping in their cars), paired with focused efforts to enhance academic performance for low income children.

The adopted budget also includes funding to improve housing search assistance by partnering with YWCA through a contract similar to the Landlord Liaison model. The housing search assistance is designed to improve the leasing success rate for voucher participants, and to improve mobility opportunity by providing housing search services, deposit assistance, as well as risk reduction funds as incentives for landlords.

**Housing Assistance Payments (HAP)** will increase by 2% from the 2014 budget to the 2015 budget due to a planned issuance push from the waitlist and the utilization of 59 new VASH vouchers, 30 HCV tenant protection vouchers for Yesler Terrace residents and 158 vouchers with the Yesler increment to households from our tenant-based waitlist. These new vouchers

will cost more than the existing stock of vouchers due to the tightening rental market. 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. Our authorized voucher average will increase to 10,270 in 2015 from 10,051 in 2014, excluding mod rehab.

Another factor that is expected to increase Housing Assistance Payments is the rise in rent in the Seattle market. 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 3.6% in 2015. HCV is also approved to increase Voucher Payment Standard (VPS) for two-bedroom and six-bedroom units to mitigate rent burden issues for some of our participants. Hence, HAP will be impacted by it as well. The full impacts of the above changes will occur over 2-3 years as the changes are implemented over a period of time, not all at once.

## 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 10,800 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 developed a five-year plan for its activities that aligns with SHA's Strategic Plan and that will guide the 2015 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.***
  - ✓ Expand our financial commitment to partner with local funders such as City, County and philanthropic funders to implement Short Term Rental Assistance (STRA) and rapid rehousing programs for homeless families, young adults and single adults by using our MTW authority. These efforts increase our contribution to end homelessness in Seattle/King County based on priorities from the Committee to End Homelessness (CEH) and allows us greater fiscal control over our subsidies if federal funds decline.
  - ✓ Augment the partnerships with parents for academic enrichment at Bailey Gatzert School with a STRA opportunity for parents whose families are homeless or living in their cars.
  - ✓ In anticipation of approval by the Board of Commissioners, prepare for the implementation of rent reform for work-able households by realigning our department staffing model to promote efficiency, program excellence and enhanced service to our participants, which support the agency's strategic goals and MTW principles of efficiency, self-sufficiency and housing choice.
  - ✓ Invite private landlords and non-profit housing providers in the Seattle area to engage through educational meetings throughout the year to discuss the impact of rent reform. If approved, provide additional outreach to our households who are paying minimum rents to ensure that they have the tools available to navigate the initial year of implementation. As information about these changes spreads throughout the community it is our expectation that the department will experience additional demands on the call center, walk in clients, and inquiries.
  - ✓ Apply for any voucher subsidies, which become available to increase the supply of affordable units in Seattle and expand the number of people we serve.
  - ✓ Improve timeliness in processing rent increase requests from HCV tenant-based program landlords in order to maintain existing landlords in the program and recruit new landlords, particularly in Seattle areas of high opportunity. Increase Voucher Payment Standard (VPS) for 2 bedroom and 6 bedroom units in order to enable participants to find units to lease in a challenging rental market condition.
  - ✓ Expand housing search assistance to increase opportunities for mobility and improve leasing success rate.
  - ✓ Reach an average voucher utilization of 94.1% and use our MTW authority to increase the number of people served by using HCV funding in innovative ways.
- ***Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers.***
  - ✓ Continue the Ready to Rent series for HCV participants in 2015, by 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.
  - ✓ Implement best practices from research conducted in 2014 on how to actively recruit landlords in areas of the city with high opportunities and low poverty rates to expand housing choice for voucher holders.

- ✓ Expand housing search assistance for our tenant-based participants in 2014 and 2015 to improve leasing success rates and increase opportunities for mobility. Explore a contract with the YWCA to use a model similar to the Landlord Liaison Project (LLP). The LLP model provides housing search and deposit assistance as well as risk reduction funds as incentives for landlords.
- ✓ Due to the need to increase the average utilization rate of the HCV program in 2014, the department instituted an issuance push which will lead to the depletion of our 2013 waitlist by first quarter of 2015. Therefore, we plan to create a new HCV waitlist through an on-line lottery.
- ✓ Redesign neighborhood guides from regions (Northwest; Northeast, etc.) of the City to provide more specific information on resources by neighborhood (e.g. Ballard, Lake City, Greenwood). The guides address schools, transportation, health and social service resources; tips on searching for a housing unit, employment, and the like; and, data on how the neighborhood performs on factors identified with high opportunity locations.
- ***Assist housing participants in gaining access to education and employment opportunities so they can improve their lives.***
  - ✓ Expand our relationships with the education and workforce development communities, such as the Work Source Centers, Seattle Jobs Initiative and Goodwill, so participants will receive information about job fairs, job training programs and career development services.
  - ✓ Continue our partnership with the Economic Opportunity team to improve HCV participant access to education, employment and training opportunities through Family Self Sufficiency and with external partners. Increased self-sufficiency of tenants typically yields a greater ability to pay market rent and long term financial stability.
  - ✓ Seek out training to learn more about the work force development system and motivational interviewing so interactions with our participants will be focused on self-sufficiency and financial stability.
  - ✓ Improve our linkages to schools, increasing school performance for participants' children and strengthen our ties to the schools across Seattle.
  - ✓ College Bound registration events will continue for the fifth year in 2015.
  - ✓ Establish service models that may include using agencies with an expertise in connecting tenant-based program participants to housing, while connecting them to resources for stability and self-sufficiency services. We will work with coordinated entry for families and workforce development providers to best meet the needs of our applicants and participants.
  - ✓ Identify and implement sustainable practices throughout the agency to minimize impacts on the environment.
  - ✓ Expand electronic filing to reduce onsite records retention, increase efficiency and reduce paper use.
- ***Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.***
  - ✓ Test and implement enhancements to our Elite data system and potentially to Onbase.
  - ✓ Increase the work hours for one of our HCV Community Liaisons. The scope of work will include attending the CEH (Committee to End Homelessness) homeless meetings and handling program design, contract oversight, ongoing partner meetings and redesign that will be related to the expansion of STRA (Short Term Rental Assistance)

- ✓ Add a project Certification Specialist I to process the high incidence of landlord requests for approval of rent increases in Seattle's tight housing market.
- ✓ Use MTW authority to improve efficiency, productivity, customer service and to obtain cost savings.
- ✓ Implement a landlord portal allowing landlords in the Housing Choice Voucher program electronic access to information about their Housing Assistance Payment (HAP) payments; this will enable SHA to move to direct deposit enrollment for all landlords. This will result in cost savings and efficiencies in paper and postage, in banking charges, and in staff time for the Housing Choice Voucher program, Finance, and Information Technology. In addition, this will provide improved service to landlords, who can find all of their HAP payment records and tax return records in one electronic file.
- ✓ Continue to realize increasing recovery of funds owing under payment plans with Housing Choice Voucher participants with the implementation of electronic statements to participants. The piloting of the statements saw an increase of 30% in the number of payments received and a 15% increase in the amount received in March-April 2014 payments compared to the same time period in 2013 when no statements were issued.
- ✓ Housing Choice Vouchers will continue to recover overpayments through issuance and enforcement of repayment agreements for overpaid HAPs; these are most often due to untimely or failure to report household income changes.
- ✓ Housing Choice Vouchers will implement an electronic filing system to reduce paper usage, demand on the physical filing system, and improve security of records. This is a multi-year project and, in the long run, will create operational efficiencies.
- ✓ Continue to absorb port-ins from housing authorities outside the tri-county region and initiate portability swaps with King County Housing Authority (KCHA), to reduce the SHA's administrative expenses and increase our voucher utilization.

## 190 Queen Anne Central Office

190 Queen Anne Central Office Expenditures	2013 Actual	2014 Budget	2015 Adopted	% Change 2014-2015
<b>TOTAL OPERATING</b>	<b>\$1,597,298</b>	<b>\$1,597,936</b>	<b>\$1,623,241</b>	<b>2%</b>

The Central Office continues to strive to provide a clean, safe, welcoming environment for our staff and building visitors. Preventive pest control maintenance service has been utilized on a regular basis to control for pests that could be introduced in our general high volume public areas.

The 190 Queen Anne budget increased by 2 percent due to increases in building rent and associated Common Area Maintenance (CAM) fee to the building management company. The building lease was revised with the increase to the usable storage space and reduction of one motor pool parking space. The additional storage space will be used to archive personnel files and safety training equipment. The revised total leased contract area is 67,600 square feet. This budget should remain stable for several years with CAM fee adjustments and non-discretionary rental expenses changing with inflation.

## Work Plan Highlights for 190 Queen Anne in 2015 include:

- Ensure excellence in the building management of our office and reception areas by working with the Management Company and staff to provide a clean, safe, welcoming environment for our staff and visiting residents.

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

## Capital Improvement Program Summary

The Capital Improvement Program describes SHA's CY 2015 plans in the following areas:

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

The tables below describe the projected sources and expenditures for CY 2014 and CY 2015. Sources reflect a 39.1 percent increase in capital and redevelopment funding compared to 2014. The capital source increases are due to more reserves being budgeted for capital projects and a \$2.5 million increase in MTW grant for Seattle Senior Housing. The redevelopment source increases are due to the a mixed finance transaction for 221 10<sup>th</sup> Avenue South, part of the Yesler Terrace transformation, and Yesler Terrace infrastructure spending reported in 2015 for the first time. Finally, prior year sources are budgeted for 820 Yesler Way, 1105 East Fir Street and Leschi House redevelopment, a Senior Housing Program rehabilitation and new construction project.

<b>Summary of SHA Capital Sources</b>	<b>CY 2014</b>	<b>CY 2015</b>
Public Housing (MTW portion)	\$ 10,820,000	\$ 10,162,000
Seattle Senior Housing (MTW portion)	2,860,000	3,500,000
Other MTW Funds	--	2,100,000
Special Portfolio/Local Housing Reserves	800,000	799,000
Short and Long Term Financing	4,400,000	24,400,000
Tax Credit Equity to 820 Yesler Way in 2014 and 221 10 <sup>th</sup> Avenue South in 2015	10,000,000	14,900,000
Program Income contribution to 820 Yesler Way	3,900,000	--
Program Income contribution to 221 10 <sup>th</sup> Avenue South	1,000,000	3,800,000
Program Income contribution to Building Ilc	--	1,250,000
Choice Neighborhood Implementation Grant at Yesler Terrace	5,200,000	6,134,000
JPMorgan Chase Foundation feasibility grant	100,000	--
Funds for Infrastructure	--	12,175,000
Use of Prior Year Resources – Mixed Finances	29,700,000	18,430,000
homeWorks Reserves	1,017,000	1,377,000
Limited Partnership Reserves	800,000	1,210,000
Facilities and Impact Property Services Reserves	400,000	23,000
Special Portfolio Refinancing funds	1,100,000	--
Prior Year Capital funding for Minor Repair, Replacement and Rehabilitation	200,000	--
City, State and Federal Grants	<u>2,203,000</u>	<u>3,400,000</u>
<b>TOTAL SOURCES</b>	<b>\$ 74,500,000</b>	<b>\$ 103,660,000</b>

Projected capital plus redevelopment expenditures in 2015 are 13.2 percent higher than 2014. The majority of the expenditure increases are due to the new construction at 221 10<sup>th</sup> Avenue South, 820 Yesler Way and infrastructure in the surrounding Yesler neighborhood.



The following table compares 2014 and 2015 projected capital expenditures:

<b>Summary of SHA Capital Expenditures</b>	<b>CY 2014</b>	<b>CY 2015</b>
Mixed Finance Redevelopments, 2015 closing date	\$ 8,900,000	\$ 12,200,000
Yesler Terrace Prior Year Mixed Finance projects	22,871,000	32,589,000
Public Housing (MTW portion)	8,955,000	9,981,000
Seattle Senior Housing Program (MTW portion)	2,763,000	3,500,000
Seattle Senior Housing Program (Non-MTW portion)	7,885,000	40,000
Other MTW Funded Capital Projects	1,034,000	2,281,000
Capital Projects for Other Housing Properties	<u>4,078,000</u>	<u>3,369,000</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 56,486,000</b>	<b>\$ 63,960,000</b>

## Choice Neighborhoods Implementation: Yesler Terrace – Redevelopment

The Choice Neighborhoods Initiative ('CNI') grant program is designed to transform distressed neighborhoods into sustainable, mixed-income communities by linking affordable housing with quality schools, public transportation, good jobs and safe streets. Seattle Housing Authority was awarded two grants. The 2011 grant award was for \$10.27 million and the 2012 grant award was for \$19.7 million. The grants are merely the first steps in the transformation of Yesler Terrace and the surrounding neighborhood. Yesler Terrace Redevelopment implementation will range from 10-20 years, depending on fund sources and the development business cycles.

The CNI grants will support elements of infrastructure and housing construction in the Yesler Terrace neighborhood. The 221 10<sup>th</sup> Avenue South mixed finance will close in 2015. 820 Yesler Way will be in its second year of construction. 1105 East Fir Street and Leschi House are in their final year of construction and will be fully occupied in 2015.

## Redevelopment of Housing Communities

### 1105 East Fir Street

Residents will start to move into 1105 East Fir Street in the second quarter of 2015. The redevelopment project will create 83 replacement-housing units for current Yesler Terrace residents and 20 tax credit units.

<b>1105 East Fir Street Sources</b>	<b>Total</b>
Construction Loan/Bonds	\$ 15,250,000
Tax Exempt First Mortgage	7,050,000
Choice Neighborhoods Initiative grant	4,960,000
Restricted Program Income	2,400,000
SHA Loan	1,400,000
Deferred Developer Fee	750,000
City of Seattle, Office of Housing various	1,850,000
Tax Credit Equity	<u>12,000,000</u>
<b>TOTAL</b>	<b>\$ 45,660,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 30,410,000</b>
<b>Less Short Term Financing</b>	<b>\$ 15,250,000</b>

The project uses are budgeted as follows:

<b>1105 East Fir Street Uses</b>	<b>Total</b>
Construction	\$ 24,000,000
Design, Engineering and permitting	3,090,000
Financing costs	3,320,000
<b>TOTAL</b>	<b>\$ 30,410,000</b>
<b>2015 Expenditures</b>	<b>\$ 3,830,000</b>

1105 East Fir Street is being coordinated with an adjacent private developer of a workforce and market rate housing property at 12<sup>th</sup> Avenue South and East Yesler Way, called Anthem on 12<sup>th</sup>. This is the first private development to be built at Yesler Terrace under the CNI umbrella. This mixed-use 120 unit apartment building will include ground level retail with affordable opportunities for local small businesses and will be completed in early 2015.

### **820 Yesler Way**

Seattle Housing's first new apartment building to be constructed on Yesler Way is in the construction phase. The building is located just south of the recently rehabilitated Epstein Opportunity Center, formerly known as the Steam Plant. Of the 83 apartments, 50 will replace public housing units previously at Yesler Terrace. The building will also include an outdoor courtyard, retail space, and a large meeting room. Construction will be completed in 2015.

<b>820 Yesler Way Sources</b>	<b>Total</b>
Construction Loan/Bonds	\$ 15,000,000
Tax Exempt First Mortgage	4,000,000
Choice Neighborhoods Initiative grant	6,000,000
Program Income	4,200,000
Deferred Developer Fee	1,000,000
City of Seattle, Office of Housing various	1,300,000
Tax Credit Equity	11,200,000
<b>TOTAL</b>	<b>\$ 42,700,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 27,700,000</b>
<b>Less Short Term Financing</b>	<b>\$ 15,000,000</b>

The project uses are budgeted as follows:

<b>820 Yesler Way Uses</b>	<b>Total</b>
Construction	\$ 22,300,000
Design, Engineering and permitting	2,500,000
Financing costs	2,900,000
<b>TOTAL</b>	<b>\$ 27,700,000</b>
<b>2015 Expenditures</b>	<b>\$ 13,300,000</b>

### **221 10<sup>th</sup> Avenue South**

Seattle Housing has its third building in the planning and design stage. It will house replacement units south of the Yesler Community Center, near the new playground and ball field. The current estimate is that the apartment building will house 106 units. Construction will start next summer.

<b>221 10<sup>th</sup> Avenue South Sources</b>	<b>Total</b>
Construction Loan/Bonds	\$ 16,500,000
Tax Exempt First Mortgage	7,900,000
Choice Neighborhoods Initiative grant	5,400,000
Program Income	3,800,000
Deferred Developer Fee	800,000
City of Seattle, Office of Housing various	3,400,000
Tax Credit Equity	14,900,000
<b>TOTAL</b>	<b>\$ 52,700,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 36,900,000</b>
<b>Less Short Term Financing</b>	<b>\$ 15,800,000</b>

The project uses are budgeted as follows:

<b>221 10<sup>th</sup> Avenue South Uses</b>	<b>Total</b>
Construction	\$ 29,800,000
Design, Engineering and permitting	3,500,000
Financing costs	3,600,000
<b>TOTAL</b>	<b>\$ 36,900,000</b>
<b>2015 Expenditures</b>	<b>\$ 12,200,000</b>

### ***Building Ilc at Yesler Terrace***

In 2015, Seattle Housing will have its fourth building in the planning and design stage throughout 2015. It will have between 130 and 140 units. The financing will close in 2016 and construction will start soon after that.

<b>Building Ilc at Yesler Terrace Sources</b>	<b>Total</b>
Construction Loan/Bonds	\$ 16,000,000
Tax Exempt First Mortgage	8,000,000
Choice Neighborhoods Initiative grant	5,000,000
Program Income	3,000,000
Deferred Developer Fee	1,000,000
City of Seattle, Office of Housing various	3,000,000
Tax Credit Equity	15,000,000
<b>TOTAL</b>	<b>\$ 51,000,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 35,000,000</b>
<b>Less Short Term Financing</b>	<b>\$ 16,000,000</b>

The project uses are budgeted as follows:

<b>Building Ilc at Yesler Terrace Uses</b>	<b>Total</b>
Construction	\$ 30,000,000
Design, Engineering and permitting	2,500,000
Financing costs	2,500,000
<b>TOTAL</b>	<b>\$ 35,000,000</b>
<b>2015 Expenditures</b>	<b>\$ 1,250,000</b>

### ***Leschi House, Seattle Senior Housing***

Leschi House was a 34 unit building until the 2014 rehabilitation started. The new wing will add 35 units. The entire building will have a new exterior stucco wall system and new windows. Other improvements 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 \$17.3 million of which \$10.5 million is construction related. Construction is expected to be completed in early 2015.

<b>Leschi House Sources</b>	<b>Total</b>
Construction Loan/Bond	\$ 9,000,000
Tax Exempt First Mortgage	3,500,000
SHA Loan	2,800,000
Deferred Developer Fee	200,000
Housing Trust Fund	2,500,000
City of Seattle, Office of Housing various	1,700,000
Limited Liability Corporation Equity	6,600,000
<b>TOTAL</b>	<b>\$ 26,300,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 17,300,000</b>
<b>Less Short Term Financing</b>	<b>\$ 9,000,000</b>

The project uses are budgeted as follows:

<b>Leschi House Uses</b>	<b>Total</b>
Site acquisition	\$ 3,100,000
Construction	10,500,000
Design, Engineering and permitting	1,600,000
Financing costs	2,100,000
<b>TOTAL</b>	<b>\$ 17,300,000</b>
<b>2015 Expenditures</b>	<b>\$ 1,300,000</b>

## **Infrastructure Activity**

### **Phase 2 and 3 Infrastructure at Yesler Terrace**

SHA has secured the following funds for Phase 2 Infrastructure improvements in the Yesler Terrace neighborhood. In 2015 SHA will complete the initial infrastructure work and Hill Climb. The Hill Climb will be available for use. The pedestrian paths and bicycle lane on Yesler Way will be started. Phase 3 housing and Epstein building will be demolished. Fir Street improvements will be completed and Block 3 and 4 infrastructure improvements will begin. The Neighborhood Park infrastructure will be completed. SHA will coordinate with Parks Department and hand the Neighborhood Park site over to the City in late 2015 to construct the Park. Complete South Washington Street improvements from Yesler to 10<sup>th</sup> Avenue South. Complete 10<sup>th</sup> Avenue South from South Washington Street to Main Street. Install a signal for a future traffic light at Eighth and Yesler Way. Complete the deep sewer and storm water work starting at 12<sup>th</sup> Avenue South and Main Street along Main Street to Boren Avenue and onto 13<sup>th</sup> Avenue South. Start the bicycle lane on Yesler Way.

<b>Phase 2 Infrastructure Sources</b>	<b>Total</b>
City of Seattle, Seattle Public Utility funding	\$ 3,000,000
Community Development Block Grant	500,000
Critical Communities 2	2,759,000
Critical Communities 1	300,000
City of Seattle, Dept. of Transportation	500,000
City of Seattle, Yesler Improvements	3,084,000
For Sale Proceeds	6,987,000
JPMorgan Chase	650,000
<b>TOTAL</b>	<b>\$ 17,780,000</b>

The project uses are budgeted as follows:

<b>Phase 2 Infrastructure Uses</b>	<b>Total</b>
Demolition	\$ 1,606,000
Infrastructure Design and, Engineering	1,001,000
Initial projects	9,434,000
Additional street work	2,716,000
Yesler Way	3,023,000
<b>TOTAL</b>	<b>\$ 17,780,000</b>
<b>2015 Expenditures</b>	<b>\$ 6,752,000</b>

### **Phase 3 Infrastructure at Yesler Terrace**

SHA has secured the following funds for Phase 3 Infrastructure improvements in the Yesler Terrace neighborhood.

<b>Phase 3 Infrastructure Sources</b>	<b>Total</b>
CNI Grant relocation	\$ 400,000
Community Development Block Grant	200,000
For Sale Proceeds	5,523,000
<b>TOTAL</b>	<b>\$ 6,123,000</b>

The project uses are budgeted as follows:

<b>Phase 3 Infrastructure Uses</b>	<b>Total</b>
Relocation	\$ 1,462,000
Demolition	1,320,000
Infrastructure from 9 <sup>th</sup> Avenue to Broadway	800,000
Infrastructure for Blocks 3 and 4	<u>2,541,000</u>
<b>TOTAL</b>	<b>\$ 6,123,000</b>
<b>2015 Expenditures</b>	<b>\$ 5,422,000</b>

### **Public Housing and Overall Asset Preservation Funding**

The 2015 budget includes public housing modernization and renovation projects, and capital planning of \$9 million, a modest increase over 2014. Capital grant funds of \$3.5 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.

Approximately \$2.2 million is budgeted for the Special Portfolio/Local Housing Program. This is a combination of reserves and MTW capital grant. Low Income Housing Tax Credit partnerships will spend \$2.6 million of their reserves for major maintenance and non-routine activities. Miscellaneous capital expenditures are budgeted at \$342,000.

Funding for capital needs in public housing communities comes from SHA's annual Capital Grant from HUD. The 2015 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**

	<b>CY 2014 Budget</b>	<b>CY 2015 Budget</b>
<b><i>MTW Funded Capital Budget for Public Housing</i></b>		
Scattered Sites	\$ 878,000	\$ 958,000
Aki Kurose	--	3,000
Bell	--	63,000
Cedarvale Village	49,000	75,000
Denice Hunt	--	43,000
Denny Terrace	--	2,000
Holly Court	15,000	258,000
Jackson Park Village	--	27,000
Jefferson Terrace	935,000	668,000
Meadowbrook	--	1,000
Olive Ridge	15,000	81,000
Tri-Court	100,000	85,000
Westwood Heights	33,000	200,000
Yesler Terrace	138,000	67,000
Minor Repair, Replacement and Rehabilitation	238,000	637,000
Predevelopment – Yesler Terrace planning	1,175,000	763,000
Water Harvesting design at 221 10 <sup>th</sup> Avenue South	--	250,000
Water Intrusion Specialist	--	53,000
Physical Needs Assessment and administration	--	383,000
Program Administration	1,305,000	1,345,000
Debt Service for homeWorks projects	3,002,000	3,003,000
Indirect Services Fee	<u>1,072,000</u>	<u>1,016,000</u>
<b>MTW Funded Capital Budget TOTAL</b>	<b>\$ 8,955,000</b>	<b>\$ 9,981,000</b>

**MTW Funded Capital Projects for Senior Housing Properties**

Bitter Lake Manor	\$ 30,000	--
Blakeley Manor	30,000	\$ 5,000
Columbia Place	--	215,000
Fort Lawton Place	5,000	--
Island View	5,000	--
Michaelson Manor	--	1,800,000
Phinney Ridge	--	5,000
Pinehurst Court	1,830,000	--
Pleasant Valley Plaza	5,000	--
Schwabacher House	15,000	--
Sunrise Manor	21,000	--
Wildwood Glen	13,000	275,000
Willis House	--	275,000
Elevator project	400,000	--
Minor Repair, Replacement and Rehabilitation Allowance	313,000	825,000
Indirect Service Fee	96,000	100,000
<b>MTW Funded Capital Projects for Senior Housing Properties TOTAL</b>	<b>\$ 2,763,000</b>	<b>\$ 3,500,000</b>

**MTW Funded Capital Projects for Other Housing Properties**

Special Portfolio	\$ 558,000	\$ 1,442,000
Non-residential Facilities Projects	11,000	317,000
Management Improvements through Technology	465,000	522,000
<b>Other MTW Funded Capital Projects TOTAL</b>	<b>\$ 1,034,000</b>	<b>\$ 2,281,000</b>

**Other Capital Projects for Other Housing Properties**

Seattle Senior Housing Reserves	\$ 40,000	\$ 40,000
Special Portfolio	1,922,000	759,000
Limited Partnership Capital Projects	1,714,000	2,587,000
Non-residential Facilities Projects	402,000	23,000
<b>Capital Projects for Other Housing Properties TOTAL</b>	<b>\$4,078,000</b>	<b>\$3,409,000</b>

**TOTAL ASSET PRESERVATION PROJECTS \$ 16,830,000 \$ 19,171,000**

The Minor Repair, Replacement and Rehabilitation 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, SHA and HUD converted Seattle Senior Housing Program ('SSHP') into the low income public housing program to provide financial support via Operating subsidy and Capital grant allocations. In 2015, SHA will transfer \$2.5 million to SSHP's capital improvement plan to augment a capital grant allocation of \$1.0 million. Fourteen SSHP properties, in the 2014 and 2015 approved budgets, will receive security improvements, such as added cameras, key card entry and exterior lighting. The CY 2015 capital budget will rehabilitate three elevators, one each for Michaelson Manor, Wildwood Glen and Willis House. In addition to the elevator repairs, Michaelson Manor is scheduled for siding repair or replacement and Uniform Federal Accessibility Standards upgrades to some units. The roof at Columbia Place will be repaired or replaced. Interior improvements such as updated units or common areas are scheduled for Blakeley Manor and Phinney Terrace. Significant rehab work on the siding and windows of Pinehurst Court and at Phinney Ridge will occur in 2014 from funds budgeted in 2013 and 2014.

<b>Summary of SSHP Capital Projects</b>	<b>CY 2014 Budget</b>	<b>CY 2015 Budget</b>
Exterior Improvements	\$ 1,924,000	\$ 1,710,000
Interior Improvements	70,000	40,000
Elevator rehabilitation	400,000	825,000
Minor repair, replacement and rehabilitation	<u>313,000</u>	<u>825,000</u>
<b>Total Asset Preservation Capital Projects</b>	<b>\$ 2,707,000</b>	<b>\$ 3,400,000</b>
<b>Indirect Service Fee</b>	<b>96,000</b>	<b>100,000</b>
<b>TOTAL SSHP Capital</b>	<b>\$ 2,803,000</b>	<b>\$ 3,500,000</b>

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 \$5 million, including the asset preservation projects listed above, the final year of redevelopment expenditures for Leschi House, and Ravenna School LP.

### **Special Portfolio**

SHA owns housing acquired with a variety of financing plans and two Section 8 New Construction buildings. The CY 2015 capital work focuses on security or exterior improvements. Five Special Portfolio communities have funds approved in 2014 and 2015 for security improvements. Rainier Avenue has a roof repair or replacement in the 2015 Budget. The Budget also includes exterior improvements for sidewalks or driveways, etc., at Montridge Arms, Spruce Street Townhomes and Wedgewood Estates. Common area improvements and/or unit upgrades are budgeted for Bayview Tower, Market Terrace, and Villa Park, Westwood Heights, and Wisteria.

Major repairs are planned for Longfellow Creek Apartments, an 84-unit property, in 2015. Projects include awning replacements, entry door replacements, vinyl siding replacements, roof replacements, garage door replacement and soil erosion correction near Buildings E and F.

### **Management Improvement through Technology**

Each year SHA's Information Technology Steering Committee reviews proposed technology projects for infrastructure and network investments. Projects may include new applications development or investments to create efficiencies and cost reductions in operations. The 2015 project list includes:

- Support SHA's Stepping Forward Initiative with system upgrades and training.
- Complete analysis of SHA's data security. Create a plan to reduce our vulnerability regarding data, specifically personal information.
- Acquire new Storage Area Network equipment to ensure continued data availability.
- Secure upgrades to support software products that will no longer be supported by the manufacturer. Also upgrade hardware servers to replace outdated physical servers.
- Upgrade to an employee self-service feature to enable employees to update their personal information.

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

SHA is the owner of three tax credit property and general partner in sixteen tax credit limited partnerships. The 2015 capital repair, replacement and rehabilitation plan for these communities approximates \$2.6 million. The projects are funded from replacement reserves, which are annual deposits defined within the terms of the partnership agreements. Individual project descriptions are in the chart at the end of this section.

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

Non-residential Facilities Projects of \$317,000 will support a vehicle replacement reserve, the Central Park association at Rainier Vista and maintenance crew vehicles. SHA's fleet has seventy-seven cars over 20 years old. A careful analysis of criteria will be used to select vehicles for replacement. SHA is part owner of the Rainier Vista Central Park and is obligated to contribute to its care and maintenance. Two flat bed trucks will be replaced for the construction crew. Miscellaneous Facilities expense of \$23,000 will furnish the common areas at the Epstein Opportunity Center, the old Steam Plant.

## **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.

In 2015, 83 replacement units at 1105 East Fir Street will be completed and 50 replacement units will be completed at 820 Yesler Way and ready for occupancy in 2016. SHA is looking 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 in 2015.

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

SHA is exploring another Scattered Site Repositioning project. Homestead Community Land Trust will purchase four scattered site units in 2014. The units will be dedicated as low income homeownership for thirty years. SHA plans may include selling additional units in 2015 and will have further conversations with Homestead on their continuing interest in purchasing properties for low income home ownership. Replacement plans for any units that might be sold in 2015 have not yet been finalized.

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

SHA plans to continue to maintain and improve its current stock of housing. Property development continues in 2015 at the Leschi House wing addition and 1105 East Fir Street in Yesler Terrace. Three new projects at Yesler Terrace, 820 Yesler Way and 221 10<sup>th</sup> Avenue South, began in 2013, see earlier sections of this Capital Improvement Program, Grants and Limited Partnership for a broader description. The fourth Yesler Terrace building is described as Building IIc and also described in the earlier section. No acquisition projects are planned for 2015.

### ***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 2015. SHA created a revolving fund for reimbursable predevelopment activities in 2010. These funds may be used in 2015 in anticipation of mixed finance funding for



initial work at Yesler Terrace, including 221 10<sup>th</sup> Avenue South and Building Ilc. 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 warming 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 - 2015 Capital Activities

## SHA 2015 Capital Projects - MTW Grant-funded Activities

### Low Income Public Housing Projects

LIPH - Scattered Sites	Replace windows, repair or patch siding and paint, repair balconies, inspect soffits, repair or replace roofs, paint exteriors, repair fences, repair flashing, repair chimneys, paint doors, repair decks, replace mail box structure, and investigate and repair balcony and deck coating for structural safety issues.	\$ 958,000
Aki Kurose	Irrigation system repairs and landscape and erosion mitigation.	3,000
Bell Tower	Paint common lobby areas, add mesh to fence to improve security, improve security to roof door, replace showers in five units and replace fence and garage door.	63,000
Cedarvale Village	Repave and repair driveway to correct for drainage issue, install security cameras, repair or replace sidewalk and walkway and upgrade exterior lighting in parking and playground areas.	75,000
Denice Hunt Townhomes	Replace roof, repair gutter and siding, paint as necessary.	43,000
Denny Terrace	Paint upper parking lot walls.	2,000
Holly Court	Upgrade ACAM and install security cameras, install exterior lighting, seal elevator pits, upgrade trash enclosure, remodel and upgrade common areas, and perform study to convert to individual electrical unit meters in two of three buildings.	258,000
Jackson Park Village	Repair and seal south parking lot and repair or replace sidewalk and deteriorating patio.	27,000
Jefferson Terrace	Upgrade ACAM, remodel community room and common area, repair or replace flooring, update office with paint and carpet, modernize one elevator, replace stove hoods, restripe parking lot, replace strategic water supply shut-off valves, study and design repiping for domestic hot water and hot water return lines.	668,000
Meadowbrook View Apartments	Paint common areas and garage door.	1,000
Olive Ridge	Repair exterior stucco cladding.	81,000

Tri-Court	Replace floor tiles in all building entryways, repair and seal parking lot, replace or repair and paint exterior metal doors, and install security fence for parking area.	85,000
Westwood Heights	Tile community room, seal exterior of building and reglaze or replace windows.	200,000
Yesler Terrace	Repair common areas, repair sewer, replace appliances, Abate and replace subfloors, trim and remove trees, and repair roof as needed.	67,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation for boiler replacement, appliances and unit upgrades, and to remove unit pull cords. Physical Needs Analysis update.	637,000
<b>Public Housing Capital Projects Subtotal</b>		<b>\$ 3,168,000</b>
<b>Special Portfolio Projects</b>		
Delridge Triplexes	Upgrade interiors cabinets, countertops, lighting and new paint.	15,000
Fir Street	Upgrade interior cabinets, countertops, lighting and new paint.	25,000
Lake City Commons	Replace gate on east side of building.	1,000
Lam Bow Apartments	Design and install new boilers, enlarge dumpster areas on north and south side of building to include recycling dumpsters. Upgrade interior cabinets, countertops, lighting and new paint. Remove and replace large 8' by 4' closet doors for forty-nine units.	218,000
Longfellow Creek Apartments	Replace fourteen awnings, replace fourteen entry doors, remove carpet from exercise room and install vinyl, replace broken vinyl siding in various areas, replace garage door #1, replace five roofs, correct soil erosion problems near Buildings E and F, rehabilitate as funds allow.	1,000,000
MLK Jr Way Townhomes	Replace siding.	8,000
Norman Street Townhomes	Repair window seals, upgrade interior cabinets, countertops, lighting and new paint.	75,000
Spruce Street Townhomes	Upgrade interior cabinets, countertops, lighting and new paint.	50,000
Portfolio wide	Trim trees as needed.	50,000
<b>Special Portfolio Subtotal</b>		<b>\$ 1,442,000</b>

**Planning and Predevelopment Projects**

Yesler Terrace	Yesler Terrace redevelopment is underway on the ground with resident relocation, education and workforce development programs and infrastructure, community facility and rental housing construction. Infrastructure work has advanced past design and permitting and moved to grading, park design, and street improvements.	763,000
221 10 <sup>th</sup> Avenue South	Start planning and design activities for a rainwater harvesting system for the new 221 10 <sup>th</sup> Avenue South apartment building.	250,000
Portfolio wide	Water Intrusion Specialist will continue analyzing and reporting on structural issues for each portfolio.	53,000
Portfolio wide	HUD has mandated all public housing authorities to perform a physical needs assessment for the Low Income Public Housing portfolio. A consultant will be hired to analyze the portfolio.	300,000
Portfolio wide	A data specialist will be hired to define the scope of work and oversee consultant selection and performance, approve study methodology, perform data collection and analysis, and review and evaluate the physical needs assessment for conformance with contract, compliance with HUD requirements, and to project costs.	83,000
<b>Planning and Predevelopment Subtotal</b>		<b>\$ 1,449,000</b>

**Non-residential Facilities Projects**

South Operations Facility	Vehicle Replacement	\$ 245,000
Rainier Vista Central Park	Contribute to the park association, as the original homeowner, for security improvements.	20,000
Various	Two flatbed truck replacements for construction crew	52,000
<b>Non-residential Facilities Subtotal</b>		<b>\$ 317,000</b>

**Financing and Administrative Costs**

Various	Asset Management administration	\$ 631,000
Various	Construction administration	274,000
Yesler Terrace	Yesler Terrace redevelopment administration	440,000
LIPH-LP High-rises	Debt service and other financial costs for homeWorks I, II, and III	3,003,000
<b>Finance and Administrative Subtotal</b>		<b>\$ 4,348,000</b>

<b>Central Services Operating Cost Allocation</b>	<b>\$ 1,016,000</b>
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<b>Total 2015 MTW Block Grant Budget for LIPH and Local Programs</b>	<b>\$ 11,740,000</b>
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**Seattle Senior Housing Program Projects**

Blakeley Manor	Update or repair automatic doors	5,000
Columbia Place	Repair or replace roof, update common area to meet Uniform Federal Accessibility Standards	215,000
Michaelson Manor	Rehabilitate exterior siding, modernize elevator and upgrade units to meet Uniform Federal Accessibility Standards	1,800,000
Phinney Terrace	Update or repair automatic doors	5,000
Wildwood Glen	Modernize elevator	275,000
Willis House	Modernize elevator	275,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation for added ACAM security at properties not previously upgraded, painting exteriors and interiors, appliance replacements, floor repairs, parking lot repairs, toilet mechanism replacements, sidewalk repairs, tree trimming and water heater replacements.	825,000
<b>Seattle Senior Housing Program Projects</b>		<b>\$ 3,400,000</b>
<b>Central Services Operating Cost Allocation</b>		<b>\$ 100,000</b>
<b>Total 2015 MTW Block Grant Budget for SSHP</b>		<b>\$ 3,500,000</b>
<b>Other MTW Funded Capital Projects</b>		
All Communities	Management Improvement through Technology	\$ 522,000
<b>Other MTW Funded Capital Projects</b>		<b>\$ 522,000</b>
<b>Total 2015 MTW Capital Budget</b>		<b>\$ 15,762,000</b>

## SHA 2015 Capital Projects – Other Funds and Redevelopment Activities

### Special Portfolio and Other Projects

Alder Crest Apartments	Install security card access to the elevator controls, update and install brighter lights in the covered parking area.	\$ 19,000
Bayview Tower	Repair or replace exterior coating of building, replace patio doors, secure entry gate system at front of building, update to meet Uniform Federal Accessibility Standards, update ACAM and cameras, secure back entry door, replace hall carpet on floors 2 through 7.	213,000
Main Street Apartments	Install 24/7 fans in bathrooms, scrape and repaint metal railings at entrance.	13,000
Market Terrace	Replace hall carpets on upper floors.	30,000
Montridge Arms	Repave and restripe parking lot.	10,000
Rainier Avenue Apartments	Repair gutters that have pulled away from the building.	1,000
Ravenna School Apartments	Repair and replace roof, update unit upon vacancy.	184,000
South Park Manor	Turn unit upon vacancy, repair intercom and mailboxes as necessary.	40,000
Spruce Street Townhomes	Replace current mailboxes to a centralized location.	11,000
Villa Park	Replace countertops, replace padding in play area and paint equipment.	15,000
Wedgewood Estates	Seal cottage and storage areas to prevent flooding, install second pool drain and resurface pool, repair or replace walkway to decrease ponding water, repair or replace call boxes or intercoms for Buildings A, B and C.	171,000
Westwood Heights East	Install cameras for entry doors, replace recalled fire sprinkler heads, replace interior handrails with a wrap style, paint covered garage area, replace locks on all units and entry, install fence around recycling dumpster, clean and restripe parking lot, repaint front metal gate and fencing, repair or replace fire doors.	45,000
Wisteria Court	Replace kitchen cabinets in four units; replace signage on north and south side of building.	47,000
<b>Special Portfolio and Other Projects Subtotal</b>		<b>\$ 799,000</b>

**CY 2015 Facilities Projects**

Epstein Opportunity Center	Purchase and install common area furnishings.	\$ 23,000
<b>Facility Projects Subtotal</b>		<b>\$ 23,000</b>

**CY 2015 Limited Partnership and HOPE VI Capital Projects**

Holly Park (Phase I)	Repair or replace 5% of unit hydronic heating components, hot water tanks, repair or replace 25% of the wood stairs and porches, replace appliances, repair fence, replace flooring, refurbish playground equipment, repair and stripe parking lot, replace 10% of the storage units, repair siding and trim and repair walkways.	\$ 519,000
Othello LP (Phase II)	Repair or replace 5% of unit hydronic heating components, replace hot water tanks, replace appliances, repair or replace flooring, replace wood fences, repair sidewalks and redirect down spouts and repair flashing.	73,000
Desdemona LP	Repair or replace 5% of unit hydronic heating components, replace appliances, clean roofs and gutters, change exterior lighting to LED, wash and paint exterior trim and wash exterior vinyl, repair or replace flooring, update site, repair fences, trim trees and repair sidewalks.	154,000
Ritz Apartments LP	Replace hot water tanks as necessary, replace appliances as necessary, paint interior stairwell, replace carpet with vinyl composition tile in basement, and replace wall mounted mailboxes.	17,000
Escallonia LP	Contribute to the Central Park Upgrade, repair sidewalks, replace exterior lights, replace appliances as necessary, replace 5% of the hot water tanks, expansion tanks and mixing valves, replace power door operators, replace stair coverings at Snoqualmie Building, and repair sidewalks.	98,000
High Point North LP	Appliance replacement, repair erosion near driveways, paint exterior and trim, repair fencing, repair flooring, repair or replace garage door locks, pressure wash gutters and roof, repair interior doors, restore parking bays, repair or replace printed circuit boards in boiler panels, and replace waste containers in parks.	242,000
High Point South LP	Appliance allowance, repair erosion near driveways, flooring allowance, repair or replace garage door locks, pressure wash gutters and roofs, repair interior doors, and repair or replace printed circuit boards in boiler panels.	107,000

LIPH LP (homeWorks I)	Add alarm to sump pump in basement or install elevator sump pump system, replace exterior metal doors, survey roof and make repairs or re-coat roof, repair, reseal and restripe parking lot, install ACAM at doors, replace fire pump, replace corridor heating and thermostats, paint exterior concrete and metal surfaces, replace roof doors, upgrade five units, replace boiler, repair, replace and rehabilitate for hazardous waste removal, remove pull chords, replace appliances, flooring, counter tops, sinks and cabinets, install or upgrade security cameras and lighting, repair sidewalks and make other exterior repairs.	817,000
LIPH LP (homeWorks II)	Repair and restripe parking lot, repair front door slider, replace garage door operator, waterproof exterior brick wall, replace rusted side exterior door, seal exterior brick, install fall protection on roof, survey roof and make possible repairs.	229,000
LIPH LP (homeWorks III)	Replace community room carpet, install back-up exit lights, relocate dumpster, seal exterior brick, divide kitchen and community room, survey roof and make possible repairs, replace boiler, perform hazardous waste abatement and disposal, stripe and seal all parking lots, remove unit pull chords, replace appliances, repair flooring, countertops sinks and cabinets.	331,000

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**Total CY 2015 Limited Partnership and HOPE VI  
Capital Projects subtotal**

**\$ 2,587,000**

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**Total CY 2015 Other Funds Capital Budget**

**\$ 3,409,000**

**CY 2015 Redevelopment Projects**

221 10th Avenue South	Second year of planning and design for new development.	\$ 12,200,000
820 Yesler Way	Third year of construction project to build 83 low-income units to support the Yesler Terrace relocation and redevelopment effort.	13,300,000
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.	3,830,000
Building Ilc	First year of planning and design for new development	1,250,000



Infrastructure for Phase 2 and 3	Ground work near Yesler Way to support future development of housing and commercial space critical to the Yesler Terrace neighborhood success. Reconstruct Yesler Way from the I-5 overpass to Broadway. Complete initial infrastructure work and Hill Climb. Start the pedestrian paths and the bicycle lane. Demolish Phase 3 housing and Epstein building. Construct Fir Street improvements and begin Block 3 and 4 infrastructure improvements. Complete the Neighborhood Park infrastructure. Complete South Washington Street improvements. Complete 10th Avenue South improvements. Install a signal for a future traffic light at Eighth and Yesler Way. Complete the deep sewer and storm water work starting at 12th Avenue South and Main Street along Main Street to Boren Avenue and onto 13th Avenue South.	12,175,000
Leschi House	Leschi House redevelopment closed in mid-2013. This is the third year of redevelopment.	1,300,000
Community Services for Yesler Terrace	Choice Neighborhood Initiative funds will support various community services activities in 2015.	734,000
<b>Total CY 2015 Redevelopment Capital Expenses</b>		<b>\$ 44,789,000</b>
<b>Total CY 2015 Non-MTW Capital Budget</b>		<b>\$ 48,198,000</b>
<b>Total Overall CY 2015 Capital Expenditures</b>		<b>\$ 63,960,000</b>

## Grant Program Descriptions

In CY 2015, grant expenditures for community services and technical assistance activities are budgeted at **\$986,000** as detailed below.

Service Grant	Total Award	CY 2015 Budgeted Receipts	Grant Award Period
<b>ROSS Service Coordinators Program Grant</b>	\$738,000	\$222,000	1/1/2015 to 12/31/2018
<p>Seattle Housing Authority has applied for the Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators grant of \$738,000 from the US Department of Housing and Urban Development (HUD). SHA was a previous recipient of this grant and as a result is considered a priority applicant. This grant will help fund services to assist low-income residents achieve their self-sufficiency goals. This grant is part of \$36 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 NewHolly 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>			

Service Grant	Total Award	CY 2015 Budgeted Receipts	Grant Award Period
<b>Family Self-Sufficiency (FSS) Coordinator</b>	\$414,000	\$414,000	1/1/15 to 12/31/15
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists voucher participants in their efforts to become self-sufficient. FSS staff will provide one-on-one case management support to assist HCV and LIPH participants in their efforts to: overcome barriers that prevent them from moving forward; identify services that are available to assist them; set goals and the steps to reach those goals; and obtain employment and training services offered by local providers. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home or for other approved self-sufficiency uses.</p>			

<b>Service Grant</b>	<b>Total Services Award</b>	<b>CY 2015 Budgeted Services Receipts</b>	<b>Grant Award Period</b>
<b>Sound Families Initiative</b>	\$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>			

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2015 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>Chase Foundation Grant</b>	\$190,000	\$190,000	9/2014 to 12/2015
<p>The Chase Foundation Grant will provide for funding for the development of an economic self-sufficiency plan and pilot program for public housing tenants and HCV holders. The plan will support tenant efforts to access resources from major workforce system partners in order to receive training, placement services, and retention services. SHA will partner with the Seattle Community College District, the Workforce Development Council, Seattle Jobs Initiative, the Seattle Chamber of Commerce, and the Seattle Office of Economic Development to implement a one year pilot program that will serve 300 SHA tenants and voucher holders. The program will provide training, support and job placement in job sectors where additional trained and qualified employees are needed to fill vacant positions.</p>			

<b>Service Grant</b>	<b>Total Award</b>	<b>CY 2015 Budgeted Receipts</b>	<b>Grant Award Period</b>
<b>Choice Neighborhoods Initiative at Yesler Terrace</b>	See Capital Section	\$732,401*	See Capital Section
<p>SHA entered a contractual agreement with HUD for the Choice Neighborhood grant. Through the grant the Seattle Housing Authority will continue our cradle-to-college education initiative in the Yesler neighborhood until at least the summer of 2019. It has enabled NeighborCare Health to hire two Yesler residents as community health workers and the Workforce Development Council to increase job placement services at Yesler Terrace.</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 2015

Name	Date	Amount	CY 2015	Remaining
ROSS Service Coordinators Grant	2015	\$738,000	\$222,000	\$516,000
Family Self-Sufficiency Coordinator Grant	2015	414,000	414,000	-
Gates Foundation Education Grant	2014	150,000	150,000	-
Chase Bank Foundation Grant	2014	190,000	190,000	-
Sound Families Initiative	2007	400,000	10,000	19,703
<b>TOTAL</b>		<b>\$1,892,000</b>	<b>986,000</b>	<b>\$535,703</b>

Note: With the exception of the Sound Families Initiative, the amounts listed above are estimates; grant awards have not yet been announced for 2015.

## Limited Partnership Operations

At the beginning of 2015, SHA expects to have sixteen 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. This does not include either the Ravenna School or the Othello limited partnerships, which SHA will have exited prior to the end of 2014. The budgets for these properties are now being shown in the Seattle Senior Housing Program and the SHA HOPE VI tax credit property budgets. Two new Limited Partnerships (LP), Leschi House and 1105 East Fir Street, will complete construction and are represented in the following draft budgets. The 820 Yesler Way LP will remain in development throughout 2015 and has not been included in the draft budget. SHA anticipates entering into an additional limited partnership in 2015 to support the 221 10<sup>th</sup> Avenue South project.

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

When applicable, intercompany allocated costs will be incorporated into the final recommended budgets that will be sent to the various limited partners in the 4<sup>th</sup> quarter of 2014. In approving the 2015 SHA Budget resolution, the Board of Commissioners will approve the draft LP budgets and recognize that final budget approval rests with the limited partners. Below are the 2015 draft budgets that were finalized in October and November of 2014 and submitted to the general partner (SHA) and the limited partners for approval.

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

Name	Desdemona	Escallonia	High Point North	Ritz Apartments	Alder Crest	homeWorks Phase I	homeWorks Phase II	High Point South
<i>First year of operations</i>	2002	2002	2003	2004	2005	2007	2008	2008
# of units	219	184	344	30	36	704	691	256
Rental Income	1,301,787	861,883	1,692,868	167,060	156,300	1,910,176	1,755,621	1,152,856
Operating Subsidy	516,465	271,441	631,511	0	0	2,121,845	2,350,429	191,406
HCV Subsidy	351,124	472,850	949,815	50,000	113,836	0	0	1,855,635
Other Income	22,101	43,800	89,242	(1,232)	(978)	285,599	295,699	124,563
Transferred Funds								
<b>TOTAL REVENUE</b>	<b>2,191,477</b>	<b>1,649,974</b>	<b>3,363,436</b>	<b>215,828</b>	<b>269,158</b>	<b>4,317,620</b>	<b>4,401,749</b>	<b>3,324,460</b>
<b>Administrative Expenses</b>								
Salaries	131,407	116,700	175,601	4,186	31,986	468,261	493,363	131,680
Other Admin Costs	335,779	253,360	434,635	81,580	51,099	790,262	772,601	333,347
Utilities	385,293	348,254	661,867	19,935	38,909	783,423	734,253	551,176
Tenant Services	2,737	660	3,060	0	22,950	4,889	9,944	115,520
<b>Maintenance &amp; Repair</b>								
Salaries	175,231	107,639	353,045	12,256	18,914	0	0	215,511
Supplies	54,926	59,984	122,257	500	5,351	0	0	88,906
Contracts	115,019	119,991	176,070	15,370	31,114	1,404,347	1,431,324	136,329
<b>General Administrative Exp</b>								
Property Insurance	66,201	68,072	122,843	9,767	13,079	189,316	303,598	108,659
Benefits, other	167,473	111,845	274,890	9,573	26,995	240,216	255,538	192,447
<b>Financial Expenses</b>	<b>449,984</b>	<b>265,283</b>	<b>494,749</b>	<b>1,350</b>	<b>1,575</b>	<b>134,891</b>	<b>131,615</b>	<b>886,543</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,884,050</b>	<b>1,451,788</b>	<b>2,819,017</b>	<b>154,516</b>	<b>241,972</b>	<b>4,015,605</b>	<b>4,132,236</b>	<b>2,760,118</b>
<b>NET INCOME (LOSS)</b>	<b>307,427</b>	<b>198,186</b>	<b>544,419</b>	<b>61,312</b>	<b>27,186</b>	<b>302,015</b>	<b>269,513</b>	<b>564,342</b>

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

Name	homeWorks Phase III	South Shore	Lake City Court	Tamarack Place	Rainier Vista Northeast	Leschi House	1105 E Fir	TOTAL 2015 LP BUDGET
<b>First year of operations</b>	<b>2009</b>	<b>2009</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2015</b>	<b>2015</b>	
<b># of units</b>	<b>586</b>	<b>44</b>	<b>86</b>	<b>83</b>	<b>118</b>	<b>69</b>	<b>103</b>	<b>3553</b>
Rental Income	1,545,815	242,731	427,859	261,697	407,385	636,307	634,800	13,155,145
Operating Subsidy	1,965,843	0	184,291	178,159	260,380	0	0	8,671,770
HCV Subsidy	0	123,791	65,841	290,095	503,430	0	0	4,776,417
Other Income	164,695	4,417	7,560	27,087	14,796	5,703	10,200	1,093,252
Transferred Funds								0
<b>TOTAL REVENUE</b>	<b>3,676,353</b>	<b>370,939</b>	<b>685,551</b>	<b>757,038</b>	<b>1,185,991</b>	<b>642,010</b>	<b>645,000</b>	<b>27,696,584</b>
<b>Administrative Expenses</b>								
Salaries	444,782	37,129	71,014	55,580	79,263	44,176	70,104	2,355,231
Other Admin Costs	661,260	135,338	118,747	239,111	306,128	76,109	82,508	4,671,865
Utilities	624,288	46,269	160,825	120,012	226,421	84,154	74,250	4,859,329
Tenant Services	2,326	0	750	317	441	1,000	0	164,594
<b>Maintenance &amp; Repair</b>								
Salaries	0	22,438	67,880	51,144	72,939	9,360	32,105	1,138,461
Supplies	0	1,908	14,869	9,966	18,222	2,488	21,500	400,878
Contracts	1,255,432	22,938	44,014	12,571	67,755	76,592	26,700	4,935,566
<b>General Administrative Exp</b>								
Property Insurance	119,519	14,830	53,487	0	58,854	25,000	35,124	1,188,349
Benefits, other	235,013	29,869	75,184	53,255	75,881	25,905	50,380	1,824,462
<b>Financial Expenses</b>	<b>111,942</b>	<b>1,995</b>	<b>3,870</b>	<b>65,635</b>	<b>5,835</b>	<b>0</b>	<b>5,635</b>	<b>2,560,902</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>3,454,561</b>	<b>312,714</b>	<b>610,640</b>	<b>607,591</b>	<b>911,740</b>	<b>344,784</b>	<b>398,306</b>	<b>24,099,638</b>
<b>NET INCOME (LOSS)</b>	<b>221,792</b>	<b>58,225</b>	<b>74,911</b>	<b>149,447</b>	<b>274,251</b>	<b>297,226</b>	<b>246,694</b>	<b>3,596,946</b>

# THE HILL CLIMB PROJECT



Artwork by  
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