



CY 2016 Adopted Budget





SEATTLE HOUSING AUTHORITY

2016 ADOPTED BUDGET

Presented to
SEATTLE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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SHA Board of Commissioners
2016 Proposed Budget

Dear Commissioners:

Introduction

I am pleased to present to you today the Seattle Housing Authority's (SHA) 2016 Proposed Budget. The Total Expense budget proposed for 2016 equals **\$223.0 million**; this represents a decrease of **(2.6%)** from the 2015 Budget of \$229.0 million. This result reflects an overall modest increase in Operating budget resources and a drop in both ongoing Capital funds and Redevelopment resources. SHA's 2016 Operating budget expenses support daily operations, housing programs and rental assistance, and services provided through grant funding. For 2016, the proposed Operating budget totals **\$170.1 million**, an increase of \$5.0 million or **+3.0%** over the 2015 Operating budget. SHA's resources to support Capital and Redevelopment expenditures total **\$52.9 million** for 2016, a decrease from 2015 of (\$11.1) million or **(17.3%)**.

If approved, the proposed added staff capacity, including new grant-funded positions, will increase SHA's full-time equivalent (FTE) positions from **511.08 FTE** in the 2015 Budget to **526.9 in 2016**. This net **add of 15.8** positions is a **3.1%** increase over 2015, and remains 65 FTEs fewer than SHA had in 2010 prior to the beginning of federal deficit reduction efforts and sequestration. We are not projecting any layoffs based on the 2016 Proposed Budget, with the exception of temporary or project positions scheduled to end at the close of 2015.

SHA's highest priority remains to maintain and update our housing stock and serve more people in need of low income housing. In 2016, we expect to advance these priorities by funding capital preservation and improvements and by adding more replacement housing with the lease-up of 83 units at Raven Terrace, SHA's second new building to open at Yesler Terrace. In addition, we will complete leasing the 44 Veterans Affairs Supportive Housing (VASH) vouchers received in mid-2015. Thus, we project **new capacity to serve approximately 100 additional households in 2016**. With new capacity, turnover of vouchers and units, and a projected increase in voucher utilization, we **hope to exceed 500 new households served in 2016**, depending on market conditions.

Context and Strategy for the 2016 Proposed Budget:

The state of the economy, Congressional actions on the federal budget and changes affecting SHA's Moving to Work (MTW) Agreement have the greatest influence on SHA's future budget resources. Here are highlights of the prognoses for each of these factors:

Economic Forecast: The economy continues its slow but steady expansion, with Washington outpacing the national economy and the Puget Sound region outperforming the state. State and local forecasters report that upside indicators include:

- Unemployment claims continue below pre-recession levels and the unemployment rate in July 2015 in the Puget Sound Region was 4.4 percent.
- If the prediction of a 3.3 percent increase in Puget Sound employment for 2015 holds, the local economy will generate more new employment opportunities in 2015 than any year since 1998.

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- The Seattle area Consumer Price Index (CPI-W) remains tame at an annual rate of 1.2 percent in August 2015, due mainly to falling energy costs.
- Housing starts and sales, for both existing and new homes, remain strong.

The downsides of the economic forecast pertain primarily to conditions in the international economy:

- Slowdowns in the Chinese and emerging market economies are a drag on the U.S. economy.
- There continues to be lackluster growth in Japan and the Eurozone.
- A stronger dollar has a negative impact on U.S. exports.
- The U.S. stock market volatility of recent months undermines consumer confidence.
- And, despite the growth in employment, the number of the long-term unemployed remains above pre-recession levels.

The stronger economy brings a mixed blessing for SHA. On the positive side, SHA is seeing an increase in income from wages among tenants and voucher participants and this effect seems to be across portfolios, although more time and analysis is needed to assess how solid this apparent trend is. On the downside for SHA, the increase in housing construction has driven up construction prices as general contractors and sub-contractors are very busy and can be more selective in the jobs they take. The upside for SHA should be that the prices we get for land sales will rebound and follow a hot real estate market.

Federal Budget Picture: As has become the rule rather than the exception in the annual federal budget process, we again face the prospect of a federal shutdown at the end of September, if Congress fails to pass an Omnibus 2016 appropriations bill or enact a Continuing Resolution (CR). At this juncture, it is most likely that a short-term CR will be necessary to avoid a shutdown.

In developing SHA's 2016 Proposed Budget, we have considered the trends in our actual funding versus initial HUD allocations, the 2017 Budget ceilings embedded in federal law, and preliminary actions of the House and Senate Appropriations sub-committees. This has led us to what we consider to be a middle-ground approach to our federal revenue forecast for 2016.

MTW Contract Extension: The final terms of an MTW extension contract for the period 2019-2028 also remain uncertain and could have an adverse effect on our federal revenues, and on our MTW single-fund and regulatory flexibility. HUD is eager to finalize the terms of a new agreement and offer it to MTW agencies for signature in the next few months. At this writing, the nine-member MTW Steering Committee -- of which SHA is a part and which has been engaged with HUD over contract terms for the past year -- is not prepared to recommend HUD's latest contract proposal for approval by the 39 MTW agencies. That said, the Steering Committee continues to attempt to re-engage HUD in further negotiations and to assess options for a legislative resolution.

While financial terms of a new agreement would not be in place until current contracts expire at the end of 2018, implementation of changes in the terms will require planning and transition to begin well ahead of the new contract period. We expect this to be an important issue for the Board of Commissioners later this year and early next.

Strategy for the Budget in Light of Federal Uncertainty: The strategy we adopted in 2014/2015 for developing the budget has served us well and we have continued the approach in 2015/2016. The strategy has three parts:

- **Make one-time investments that increase the long-term efficiency and reduce future costs of our administrative support, program and property management, and service delivery;**

- **Maintain our core ongoing services and housing programs and augment them only where circumstances and our strategic goals are compelling; and,**
- **Make one-time investments that address critical service needs, backlogs, or allow SHA to fund more capital needs.**

This strategy has helped us to focus on cost effective investments that will payoff in constraining future costs; to identify ongoing investments that address changes in workload demands, and to capitalize on circumstances or opportunities that advance SHA's strategic objectives; and, to use resources wisely for one time (1-3 years) purposes, enabling SHA to increase spending on capital needs, on maintenance backlogs, and on other special circumstances. By spending significant resources on one-time investments, SHA reaps the benefits of accomplishing critically needed work and the flexibility to modify spending when funding reductions require without eroding core ongoing services.

Key Decisions and Work Plans for 2016

In preparing SHA's 2016 Proposed Budget, I asked the Departments and the Budget Office to continue the disciplined and strategic thinking they have applied in the last several years of declining resources when mapping out the most important investments we can make now to best serve SHA's long term future. I am proud of the work SHA's staff have done in developing a 2016 Proposed Budget that recommends prudent and strategic investments that respond to priorities raised by SHA Commissioners, staff and residents who participated in the 2016 budget survey.

In particular, there are two key decisions facing SHA in 2016 that will have significant influence on our future work and will affect our future flexibility, budget resources and choices. Given the importance of these decisions – and their impacts -- they are highlighted first in the sections below. This is followed by highlights of key budget proposals and expected accomplishments in 2016.

Core Decisions -- Strategic Plan 2016-2020: SHA is engaged in a robust process with residents, stakeholders, employees, and the Board of Commissioners that will culminate in a proposed new 2016-2020 Strategic Plan that will be submitted for public review and Board action in the first quarter of 2016. I anticipate that in the new plan we will build on work in progress under the current plan and make choices for new emphases and long range objectives. The results of this effort will set the future direction of the agency. SHA has a commitment and tradition of reliance on its Strategic Plan to actively inform and drive operational choices and decisions, making it a vital and important document.

Core Decisions -- MTW Contract Extension: The second most impactful decision we expect the SHA Board of Commissioners will address in early 2016 is how to respond to a final HUD-proposed MTW Agreement for the period 2019 through 2028. While we do not have a final contract proposal at this time for the Board's consideration, we anticipate that HUD will propose changes that will modify and/or eliminate current funding formulas for public housing, that will likely restrict the regulatory flexibility of MTW agencies, and that will effectively limit our MTW single fund or Block Grant flexibility in allocation of our federal resources across public housing, housing choice vouchers, and capital programs. This will severely impact SHA's business model and our ability to address local initiatives in collaboration with our community partners.

While we are working closely with the other thirty-eight agencies in negotiating with HUD, we will ultimately need to make our own independent evaluation of what course is in the best interest of our community and the people we serve.

Complementary 2016 Budget Investments – Housing Affordability, Serving More People, and Asset Preservation

- ***Increasing Successful Voucher Utilization:*** Due in part to a tight housing market in Seattle, SHA's efforts to increase voucher utilization have continued to be a challenge. We expect that the combination of investments that we have made in 2015, and are continuing and expanding in 2016, will prove more successful in increasing voucher utilization and thus the success of participants in securing stable housing. We will gauge the progress by mid-year and then determine whether further changes in the voucher payment standards are necessary.
- ***Progressing in Redevelopment of Yesler Terrace:*** We expect to have completed lease-up of 103 units at Kebero Court (1105 E Fir St) by the end of 2015, and complete lease-up of the 83 units at Raven Terrace (820 Yesler Way) in the first half of 2016. Construction of 111 units at Hoa Mai Gardens (221 10th Ave S), will begin in the first half of 2016 and will be completed and leased-up during 2017. By mid-2017, SHA will have developed a total of 312 units of housing, including 216 replacement units and 96 tax credit units at 40-60 percent of area median income. During 2016, we will work toward final design and plans for mixed financing and construction of Red Cedar Ridge (888 Fir St), currently planned for 130 to 140 units.

In 2016, we will also complete infrastructure projects and land transfer to the City that prepare for construction of the Central Park by the City Parks and Recreation Department to begin in 2016. We also expect Vulcan Real Estate to start construction in 2016 on 185 units of market rate and work force housing at Broadway Ave and Yesler Way. Finally, SHA expects to complete an agreement with a land trust organization to build 30 affordable homeownership units of workforce housing, and also to successfully market Yesler Terrace sites for additional market rate and work force housing development

- ***Preserving Existing Housing Resources:*** In 2016, we will use SHA's MTW Block Grant authority to increase resources for capital preservation, preventive maintenance, and routine maintenance and repairs to existing housing. We have proposed to focus capital resources on top priorities identified by residents in the Budget Priorities Survey. Consequently, we have proposed \$6.6 million -- or 56% of the capital budget -- be dedicated to projects in this category that include window replacement to prevent leaks, roof repairs and replacement, elevator upgrades or replacement, and exterior building siding replacement.

On the operational side, we have added capacity in the Scattered Site portfolio to intensify work with residents to identify, correct, and resolve problems with mold.

Budget Investments – Safety and Security of SHA Housing Communities

We have completed the planning work, begun in 2014 and completed in 2015, with security experts to determine the types of equipment and key card systems needed to improve security and safety throughout our low-income public housing and senior housing portfolios. We have tested the new equipment with installations at two initial buildings with very good results and, in 2016, will get as many properties as feasible scheduled for assessment and installation of the card key system, cameras, and lighting changes.

We will also continue our work in our mixed-income family communities, through the property staff, community builders, our Seattle Community Police Team, and our residents, to strengthen our partnerships to respond to security incidents and prevent safety problems from arising. We will also continue an emphasis on assisting residents in organizing and learning activities to build strong neighborhood crime prevention programs, develop constructive youth activities, particularly in the summertime, and promote community building activities among neighbors.

Budget Investments – Focus on Academic Success for SHA Students in Seattle Public Schools

During 2015, SHA and the Seattle Public Schools (SPS), supported by a grant from the Gates Foundation, completed the initial foundation for developing program actions to support the academic success of the 6,000 students in public schools who live in SHA housing or are assisted with a voucher. The initial work in our partnership focused on building a solid baseline of our shared students – a demographic profile, how proficient they are in their educational attainment, their absenteeism from school, and the disciplinary actions in which they are involved at school.

In addition, SHA and SPS collaborated on qualitative research to better understand the challenges and opportunities shared by SHA students. The team met with students, parents, teachers, administrators, and community stakeholders. Armed with the insights gained through this research, the steering team of partners will further this work in 2016, by identifying actions that both institutions can take to support the SHA students in ways that advance their educational performance in both the short and longer term.

This is a very exciting beginning to this new partnership and one that holds great promise for making a meaningful impact on SHA student lives and educational success.

Budget Investments -- Employee Development

SHA conducted an employee survey in 2015 to assess perceptions of the current working environment at SHA and help inform actions to address employee concerns and/or improve employee opportunities and learning. Sixty percent (60%) of employees completed the survey, which is quite high by most survey standards. It was gratifying to see that employees are proud to work at SHA, their work is satisfying to them, they have good relations with their co-workers, and that they understand how their work supports SHA's mission. The survey also pointed to some areas where we need to make improvements, in ensuring that our communications with employees are transparent and thorough, that employees have opportunities to communicate their ideas and suggestions, and that there is support for professional or career development opportunities.

We propose in 2016 to augment our Human Resources staffing to dedicate an experienced person to develop skills training opportunities focused on enhancing career options, define career development pathways and promote career development opportunities. This individual will also assume responsibility for support of the agency's Race and Social Justice Initiative, training in use of the RSJI Toolkit, and training in such programs as the Culture of Poverty to provide all staff greater insights into the impacts of poverty on the lives of the people we serve.

Budget Investments –Technology

We recognize that technology and the capacity it provides to support data-driven decisions and increased efficiency in our administrative management processes is an important tool to support our staff and their effectiveness.

We have proposed \$1.05 million in new Information Technology (IT) capital projects for 2016. This is nearly double the 2015 IT capital projects budget for applications improvements and IT infrastructure expenditures. The 2016 increase reflects a strong demand by departments for investments in business intelligence, document imaging, and process efficiency through electronic applications that will achieve operational streamlining and cost savings. Major initiatives for 2016 include implementation of an all-electronic Accounts Payable system, data driven Business Intelligence improvements, and the first year of a multi-year effort to implement Document Imaging for all Housing Operations tenant files.

Conclusion

Adapting to change and capitalizing on its opportunities are increasingly core strengths of SHA that will help us excel in our mission and meet the challenges we expect in the future. The investments proposed in the 2016 SHA Budget represent thoughtful strategic choices for the future.

We do important work with low-income people, whose well-being and dignity we care about deeply. Whether it be a partnership with the school district to support SHA students, redevelopment of Yesler Terrace, eradicating mold, promoting safe communities in partnership with residents and police, or improving success using a voucher to secure a decent and affordable home, everyone at SHA is driven by a common commitment to 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. We are informed and inspired by our residents, voucher participants, partners and community as we work together to better the lives of low-income individuals and families. I'm honored to be part of this powerful coalition and thank the Board of Commissioners for your service.

Sincerely,



Andrew J. Lofron
Executive Director
Seattle Housing Authority

cc: Cabinet Members

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Seattle Housing Authority CY 2016 Adopted Budget

Introduction

The CY 2016 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 2016. The CY 2016 Budget was prepared under the provisions and authorizations contained in the Authority's contractual agreement with the U.S. Department of Housing and Urban Development (HUD) and the *Moving To new Ways* (MTW) Program.¹ The MTW contract with HUD was amended in December 2008 and extended through 2018. The MTW program provides two critical sources of flexibility:

- ✓ MTW provides a process to waive 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 to use funds across federal and local housing programs serving low-income people.

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

OVERVIEW OF THE 2016 SHA ADOPTED BUDGET

The 2016 SHA Adopted Budget has total expenses of \$223.0 million, with the Operating Budget at \$80.2 million; Housing Assistance Payments at \$87.9 million; grants at \$1.98 million; Capital Budget at \$18.2 million; and, the Redevelopment Budget at \$34.7 million.

The total 2016 Budget of \$223.0 million is less than the total 2015 Budget by \$6.0 million or (2.6) percent. This change reflects a decrease of \$10.1 million in projected redevelopment spending at Yesler for infrastructure, planning, and construction activity in 2016. The core operating and rental assistance programs in 2016 are \$4.0 million, or 2.5 percent, above the adopted 2015 Budget.

The added staff capacity, including new grant-funded positions, will increase SHA's full-time equivalent (FTE) level from 511.1 in the 2015 Budget to 526.9 in 2016. This net **add of 15.8** positions is a **3.1 percent** increase over 2015, and remains well below levels established prior to federal budget reductions and sequestration.

SHA's highest priority continues to be maintaining and updating our housing stock plus finding ways to serve more people in need of low income housing. In 2016, we expect to advance

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

these priorities by funding capital improvements and adding more replacement housing by leasing up Raven Terrace, an 83 unit development. Additionally, we will complete leasing the 44 Veterans Affairs Supportive Housing (VASH) vouchers received in mid 2015. We project new capacity to serve approximately 100 new households in 2016, not including turnover from existing vouchers and housing units and an increase in our voucher utilization rate. With new capacity, turnover, and increased voucher utilization, we hope to exceed 500 new households served in 2016, depending on the housing market.

RESPONDING IN 2016 TO STRATEGIC DIRECTIONS

In 2015, SHA will be developing a new Strategic Plan for 2016 – 2020. Until this process has been completed, departments are continuing to address the strategies and directions of the 2011-2015 SHA Strategic Plan and to focus on our core mission and values. In the pages that follow, we address 2016 work plans pertaining to the 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)*

- Perform exterior building envelope rehabilitation of Carroll Terrace to eliminate water infiltration.
- Modernize four passenger elevators with state of the art technology at Bitter Lake Manor, Pleasant Valley Plaza, and Jefferson Terrace.
- Repair or replace kitchen drain lines at Capitol Park and Green Lake Plaza high rise buildings.
- Establish building portfolio cross training of maintenance staff to increase knowledge and skill base.
- Implement a new approach to maintenance and management operations to increase resident engagement, improve property operation, and increase staff accountability and performance.
- Continue bedbug and pest inspections and provide treatment as needed. At communities with frequent call backs, conduct preventative education meetings with residents.

❖ *MOVE FORWARD WITH REDEVELOPMENT OF YESLER TERRACE (SD-1.3)*

- Master planning through continued marketing of the Yesler Terrace scope and vision to support residential and office development.
- Complete infrastructure design to support redevelopment of sites to the north and south of Yesler Way and prepare for residential, park, and office development.
- Construct 111 units at Hoa Mai Gardens to be completed and leased up in 2017. By the end of 2016/early 2017, SHA will have developed a total of 312 units of housing, including 216 replacement units and 96 tax credit units at 40-60 percent of area median income.
- Finalize design and plans for mixed financing and construction of Red Cedar Ridge, currently planned for 130 to 140 units.

- Continue to market properties for affordable and market rate residential development consistent with the adopted Yesler Redevelopment Plan.
- Transfer the Yesler Terrace Park property of 1.75 acres to the City of Seattle. The City Parks Department will complete development, own and operate the new central park.
- Education and career training will continue with emphasis on the Section 3 job placement program for residents at Yesler Terrace.
- Integrate the Yesler Terrace Art Master Plan which will embed arts into the redevelopment.

❖ **WORK WITH PARTNERS TO TAKE ADVANTAGE OF OPPORTUNITIES TO DEVELOP NEW LOW-INCOME AND WORKFORCE HOUSING (SD-1.5)**

- Seek partners for development of mixed income senior housing, particularly new assisted living models. The new model will integrate aging in place features into the units and buildings and provide space for additional senior services.
- Follow up on the Mayor's Plan for additional affordable housing units that may bring new tools and funding sources. Possible activities include preservation of older apartment stock in the broader Yesler Neighborhood, development of the King County Archives and Records site with a mix of affordable housing, identifying a partner and developing affordable homeownership at Lake City Court, and developing new strategies for the creation of 50-year workforce units.
- Work with the City of Seattle on renewal of the Housing Levy in 2016 and define how SHA can continue to be a catalyst for affordable housing development with rental assistance vouchers.
- Explore opportunities to work with private and project-based landlords to increase affordable housing opportunities for voucher holders and enhance housing stability for voucher families with school aged children.

❖ **WORK TO END HOMELESSNESS (SD-1.6)**

- Assess the feasibility and, if feasible, develop and implement a pilot project with the Seattle Public Schools and other partners, to assist homeless families with children in Seattle Public Schools find housing.
- Continue to participate in local programs for rapid rehousing and short term rental assistance in partnership with the City of Seattle, King County, United Way and the Committee to End Homelessness (All Home). This will be SHA's third year of participation in these programs to serve families, youth, and, most recently, single adult men. Focus this year with our partners on evaluation of the effectiveness of these programs.

❖ **EXPANDING CHOICE AND OPPORTUNITY FOR VOUCHER PARTICIPANTS (SD-2.2)**

- Enhance voucher issuance capabilities and improve voucher utilization by adding an Issuance Supervisor and two Certification Specialists.
- Develop, implement and monitor the voucher-based programs utilizing non-traditional funds with assistance from the new Strategic Advisor position. These programs provide additional services such as short-term rental assistance and enhanced housing search and referral services. Improve monitoring and management of new and existing Project-Based, Mod Rehab and Agency Based contracts.

❖ **ENHANCING EDUCATION SUPPORT AND OPPORTUNITIES FOR YOUTH (SD-3.1)**

- Continue the partnership among SHA, Seattle Public Schools (SPS), and the Gates Foundation to define interventions to support the academic success of SPS students from SHA communities and voucher households. SHA and Seattle Public Schools established an initial shared data set for the 12% of SPS students (over 6,000) served by both systems.
- Work with Seattle Public Schools to include data on graduation rates, mobility rates for families, student motivation and engagement. Analyze and gain a deeper understanding of the needs of students and families, define SHA's goals, and narrow our focus on where our shared efforts can have the greatest impact.
- Continue to promote positive activities for youth in communities where SHA has a significant presence. Host events to sign up participants for College Bound Scholarships; collaborate with Neighborhood House to hold workshops on college financing and college applications.
- Continue efforts to assist youth in obtaining education and job placement. Assess education and career goals; assist in overcoming barriers and meeting individual goals. Collaborate on education and self-sufficiency initiatives including tutoring services. Place 35 teens in summer jobs with non-profit groups and place 5 teens in positions working on redevelopment issues at Yesler Terrace.
- Continue the summer program to provide youth access to sports, recreational and arts programming through contracts with city and non-profit organizations.
- Train youth to conduct door to door recycling, composting and resource conservation outreach in their respective communities. Continue to partner with Seattle Parks and Recreation to employ youth.

❖ **ADVANCE EDUCATIONAL AND EMPLOYMENT OPPORTUNITIES FOR WORK-LIKELY PARTICIPANTS (SD-3.3)**

- Assist residents to obtain housing, education and job placement. Assess tenant education and career goals, and assist in overcoming barriers to meeting the tenant's goals. Collaborate on education and self-sufficiency initiatives including tutoring services and the Workforce Opportunity Systems (WOS) pilot. Make 150 job placements in 2016; focus on the job placement program at Yesler Terrace.
- Undertake research and collaborative data sharing with other agencies to better understand barriers to economic betterment of SHA work-able residents and voucher holders, realistic job opportunities and expectations, and support needed to enhance economic success by SHA residents and voucher holders.
- Develop with Workforce Opportunity System (WOS) partners changes in programs, services, and expectations based on evaluation results of the WOS pilot and continue to refine system changes to support the success of SHA participants in the WOS.
- Advertise and promote an 8-week English Language Learner Opportunity Quarter offered at South Seattle College for SHA residents who speak English as a second language.
- Re-emphasize the Section 3 trainee programs to further self-sufficiency goals for SHA residents and participants by providing valuable job training and experience. Support a new pre-apprenticeship class with South Seattle College for residents interested in Section 3 construction employment opportunities.

- Provide individualized career navigation and placement services through an Employment Specialist provided by the Workforce Development Council (WDC).
- Collaborate with partner agencies to leverage and coordinate resources to ensure a continuum of economic opportunity services for residents that involve asset building, training, job placement and retention.
- Encourage increased self-sufficiency through sewing skill activities for residents at Yesler. Continue the successful industrial sewing classes at Yesler Terrace. Create a pathway for women to engage in other vocational activities with Seattle Colleges.
- Continue the partnership with local employers in the Yesler Neighborhood that provides job shadowing and on-the-job ESL training opportunities for workers in medical and dental assistant positions.

❖ **INCREASE HOUSING AND SERVICES TO SENIORS (SD-4.0)**

- Examine and recommend a rent policy specifically for SHA's elderly and/or disabled populations in 2016 for implementation in 2017. Establish goals, scale, scope, and design then develop and analyze policy options. Begin a community engagement process.
- Develop and analyze ways to provide more accommodations to residents aging in place in our properties. Seek funding to support focused case management and develop programs to assist our seniors with physical, mental health, and financial issues to allow them to age in place.
- Reach out to senior community organizations to build partnerships to refer residents, as appropriate, for relevant services. Explore the need for a senior services information packet.
- Work with Resident Councils to invest in training, internet access and other educational areas determined to be Council priorities. Support and provide technical assistance to residents to develop matching grant applications for computer labs.

❖ **CREATE HEALTHY, WELCOMING, AND SUPPORTIVE SHA COMMUNITIES (SD-5.0)**

- Continue to promote positive activities with partner agencies for youth in communities where SHA has a significant presence, including support for education through computer labs, promotion of scholarship opportunities, workshops on college applications and financing.
- Work with the Seattle Police Department's Community Police Team Officer, Crime Prevention coordinator, private security, and Block Watch groups to support residents in safe community activities.
- Provide case management services to Elderly and Disabled residents in the high-rise buildings and in scattered sites through contracts with mental health providers. These programs assist more than 1,200 residents and provide a stable influence in our communities.
- Strengthen relationships with the Resident Councils to promote close community connections, provide active and available computer labs to assist with education and employment objectives, and provide training in Emergency Preparedness.
- Continue to expand opportunities for residents, voucher holders, employees, the general public and SHA's service partners to identify service and capital budget priorities.

- Continue to incorporate healthy living design features in Yesler Redevelopment projects such as energy recovery ventilation systems and use of hard flooring instead of carpeting.
- Evaluate Community Police Team and private security concerns and needs at communities after physical improvements related to security cameras, lighting, and ACAMs are made.

❖ **MANAGE SHA'S ASSETS EFFECTIVELY AND ENSURE OPERATIONS ARE COST EFFECTIVE (MS-1.1)**

- Information technology improvements planned for 2016 include moving to electronic tenant files in Section 8 and Housing Operations. Electronic data storage will be enhanced and electronic data security efforts will be heightened to protect resident and employee personal information.
- Implement an electronic Accounts Payable system to reduce the staff time and manual efforts throughout the agency to review, approve, and pay SHA's bills. The new system will also enable cost savings through increased early pay discounts and provide greater security of billing records.
- Analyze proposed service delivery improvements and cost implications for management and maintenance services. Review performance measurements and standards established for staff and properties. Develop a data system to capture information on performance measurements and standards.
- Increase and improve data reliability for systematic and meaningful analysis and data driven decision making. Increase the number of data fields for reporting residents' education level and resident participation in services. Take steps to address validity issues and add missing information to the data base.
- Implement changes to voucher portability by requiring new voucher holders to live in Seattle for their initial year in the program. The policy supports using federal resources provided for Seattle primarily to benefit Seattle residents.
- Continue to evaluate the utility billing program for costs and administrative burden to the HOPE VI communities. Work with the utility billing vendor to enhance the collection process for water overages.
- Improve the management oversight approach to the Solid Waste division, Special Portfolio, and Scattered Sites portfolio to enhance service and operational effectiveness.
- Improve customer service by centralizing the Admissions process for subsidized units at HOPE VI, newly added Yesler properties and two Special Portfolio properties (Longfellow Creek and Wisteria Court).
- Finalize the 2016 to 2020 proposed Strategic Plan to set priority goals for the next five years for review and adoption by the SHA Board of Commissioners.
- Continue to evaluate vacate costs and focus on reducing management days for unit turnaround.

❖ **STRENGTHENING OUR FINANCIAL CONDITION AND CREDITWORTHINESS FOR THE LONG RUN (MS-1.2)**

- Continue current assessments of long-term exit tax liabilities across SHA's tax credit partnerships. Identify actions to mitigate and minimize potential tax liabilities; determine desirable timing to exit partnerships and negotiate terms of the exit. Explore early exit plans for the Desdemona, Escallonia, and High Point North Limited Partnerships.

- Depending on evaluations conducted in 2015, consider pursuing Rental Assistance Demonstration (RAD) conversions for some Asset Management Projects (AMPs), particularly in Special Portfolio and Scattered Site properties.
- Undertake a detailed review of the short-term rental assistance programs administered through the City to determine potential future funding and program design changes. Assess cost effectiveness compared to full-subsidy vouchers.
- Work with other MTW agencies in negotiating reserve levels for MTW agencies, working capital levels to be held at the housing authority, and treatment of HUD held reserves on agency balance sheets. Negotiate the most favorable position feasible under a new operating funding formula for renewal of the MTW agreement at the end of 2018.
- Participate with Standard and Poor's annual review of SHA's credit rating and maximize the opportunities to maintain or improve our rating.
- Implement HUD's cash management policies in a manner that best protects SHA's financial position and provides adequately for ongoing working capital and cash flow needs.
- Coordinate on a plan to synchronize the use and availability of tenant protection and project based vouchers for Yesler Terrace to ensure project-based voucher funding is available as replacement units come on line.
- Ensure that plans and actions are in place so SHA will meet any required performance levels – such as voucher utilization – for extension of MTW contracts through 2028.
- Continue monitoring and evaluating the balances and use of Operating, Real Estate, and Taxable lines of credit (LOC) over the period 2016-2017 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 lines of credit.
- Explore options for early repayment of homeWorks Phase I bond financing in order to increase capital grant funds available for projects and reduce bond interest costs.
- 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.
- Perform continuous review and projections of funding sources and uses for Yesler Terrace redevelopment; identify funding gaps, options, and issues as early as possible, and address resolution as quickly as feasible.
- Monitor and review use of the Development Reserve and Development Revolving Fund to ensure the amounts set aside are sufficient and appropriately used as determined by the Financial Policy Oversight (FPO) Committee.
- Establish bridge financing plans, including alternative sources of bridge funding, terms of use for alternative sources, and schedules and plans for repayment of bridge funding of Yesler projects.

❖ **IDENTIFY AND IMPLEMENT SUSTAINABLE PRACTICES THROUGHOUT THE AGENCY TO MINIMIZE IMPACTS ON THE ENVIRONMENT (MS-2.0)**

- Analyze and implement a Resource Conservation Plan. Look for energy savings at properties and offices, as well as in utility consumption and waste reduction. SHA purchased its first electric vehicle in 2015, following the City of Seattle model of driving electric vehicles. When feasible, strive to purchase and use green products in as many processes as possible with the ultimate goal of reducing SHA's carbon footprint.
- Hire an arborist to evaluate the health of Heritage Trees located in Rainier Vista and NewHolly. Provide any necessary maintenance to protect the health of the trees.

❖ **PROMOTE A HEALTHY, ENGAGED AND PRODUCTIVE WORKFORCE (MS-3.0)**

- Create a new project position to enhance and facilitate employee training and further ingrain the Race & Social Justice and Culture of Poverty methodologies into SHA's culture.
- Develop and put in place processes and procedures for an agency-wide emergency preparedness and management program. Update policies and ensure facilities have proper emergency equipment. Develop business continuity plans to ensure the Agency and its staff recognize the survival priorities in case of an emergency and/or disaster. An additional 0.5 FTE was added to help support these preparations.
- Produce an updated New Employee Orientation video that provides for a revised focused snapshot of SHA's mission and vision in action. Instill a greater sense of connection for newer staff and provide a stronger sense of SHA's vision and mission.
- Work in partnership with the City of Seattle Office of Housing to provide more work force housing for our own employees as well as provide opportunities for tenant based voucher holders to find housing in the city.
- Increase staffing to address workload demands for selected areas and ensure best use of our physical resources for agency staff. A review of current space usage and revised plans to best accommodate staffing changes will occur in late 2015.

Consolidated Budget

CY 2016 Adopted Budget

The following summary presents the adopted operating and capital budgets for Calendar Year (CY) 2016 in comparison to 2015 for all housing programs and business activities. It also describes changes in staffing levels from the CY 2015 budget to CY 2016.

	CY 2015 Budget	CY 2016 Adopted Budget	Percent Change
Program Operations and Administrative Expenses	\$76,270,000	80,200,000	5.2%
Housing Assistance Payments (HAPS)	87,830,000	87,930,000	0.1%
Grant-Funded Expenses	986,000	1,984,000	101.2%
Capital & Non-Routine Expenses	19,170,000	18,170,000	(5.2%)
Redevelopment	44,790,000	34,700,000	(22.5%)
Total Expenses	\$229,046,000	222,984,000	(2.6%)

Notes: Expense budgets above \$2 million are rounded to the nearest \$10,000

Overview -- The adopted CY 2016 combined operating and capital budget totals \$223.0 million and is 2.6 percent less than the 2015 budget. This year-to-year decline is the result of less capital and redevelopment activity. Capital and Redevelopment activity decreases by 17 percent, grant funding sources are budgeted to double in 2016, and core operating (excluding service grants) and Housing Assistance Payment expenses show a combined increase of 2.5 percent.

Increases in **Program Operations and Administrative Expenses** in 2016 result from a variety of reasons. The major causes are as described below.

Seattle Housing Authority has taken several steps to increase 2016 voucher utilization and improve voucher holders ability to find housing in the tight Seattle rental market. Most significant was raising the voucher payment standard in response to the revised 2015 Fair Market Rents. The HCV department also increased staffing by 4.12 FTEs. The majority of the FTE increase is for positions that will help increase capacity and provide for improved levels of service to both landlords and voucher holders. SHA also maintained its funding for the pilot project with the YWCA modelled after the Landlord Liaison Project that provides enhanced housing search, risk reduction funds and deposit assistance. These commitments are expected to result in increased utilization and housing search success into 2016.

In an effort to increase efficiency and gain economies of scale, the **Admissions Office** will centralize administration of the admissions process to subsidized units at HOPE VI, newly added Yesler properties and a couple of Special Portfolio properties. The acceptance of new residents to these units will be handled by the central Admissions team which is currently handling admissions to Low Income Public Housing and Senior Housing properties. The team will administer over 1,200 additional units. The office will add two new positions to address increased workloads. On the other hand, the HOPE VI sites will reduce one FTE to account for the transfer of admissions tasks to the Admissions Office. The net additional staffing will help the Admissions Office to enhance customer service, provide consistent service across portfolios, comply with regulations and have a good auditable waitlist and admissions process.

In the area of **building maintenance**, we will continue our effort to address work order backlogs at public housing units which were carried over from prior years and move forward with right sizing of over/under housed families at our Scattered Sites communities. SHA started to notice **work order** spikes and backlogs in late 2013 which continued through 2015. Temporary skilled trades staff were added to get ahead of the backlog of vacates and work orders and return response time to normal over the next year. In 2015, we added temporary trades' staff to help property managers in LIPH Scattered Sites and in NewHolly to redress **over and under housing** situations. The effort will continue through 2016 and 2017. Through these efforts, we expect to "right size" about 12 households per year who either need more or less space depending on changes in their family size. Temporary maintenance staff have also been added to address projects for Special Portfolio and the minor repair, replacement and rehabilitation work funded by the capital budget.

We will also address a strong demand for **property management staffing** at public housing properties. The adopted budget includes funding for a new floater Assistant Property Manager (APM) and a second Property Manager (PM) in the Scattered Site portfolio. The floater APM will work at the portfolios across public housing and will help in completing annual reviews, interim reviews, leasing units and rent collection. A strong demand for additional support has been approved primarily as a result of work absences related to staff annual and other leaves. The property manager will work at the Scattered Sites program which has 711 units spread throughout the city boundaries. The position is added for two years to help address complaints, moisture issues, resident disputes, curb-appeal issues, rent collection, and vacate inspections.

Human Resources increased their adopted FTE count by 1.5 FTE. In response to employees' desire for enhanced training, a two year project training position was created. This position will also assist with furthering the Race and Social Justice Initiative along with expanding the Culture of Poverty training. The other 0.5 FTE increases a current part time staff person to full-time on a temporary basis to help establish the organization's Emergency Management program and assist in the development of business continuity plans.

The **Parks** budget will increase 16% over 2015 resulting primarily from a couple of one time expenses. SHA owned parks in the New Holly and Rainier Vista communities contain trees that have been designated Heritage Trees and as a result SHA is required to take additional steps to ensure their care. In 2016, SHA will set aside funds to have the trees inspected by arborists and perform prescribed maintenance. A Cost Needs Assessment is also planned for all of SHA parks to determine what will be needed for the coming years.

With funds from both operating subsidy and capital grants, SHA continues the multi-year effort to enhance **building safety and security**. SHA will **use capital enhancements and technology** to make improvements to include cameras, card key entry systems, and improved exterior lighting.

The **Communications Division** will see an increase to its budget over 2015, due to the high demand, both internally and externally, for their expertise. Communications will add one senior level FTE to the division to assist with **workload** issues, related to both proactive and responsive communications with the press, external partners, residents and SHA staff. Additionally, SHA has budgeted a total of \$40,000 for on-call assistance with graphic design, photography, and videography. This budget will be used on an as-needed basis. Finally, there is a one-time increase of \$95,000 in 2016 to **upgrade SHA's website**. The current web design is not optimized for mobile devices; this redesign will bring a new content management system that will allow easier and more frequent content updates.

The program budget includes **Policy and Strategic Initiatives**. In 2016, there will be five Policy and Strategic Initiative project positions assigned to work on the Workforce Opportunity System pilot and Rent Reform. Although funding was set aside for the projects in 2015, 2016 will be the first year of formally budgeting this activity. SHA has added \$200,000 for temporary help to backfill for positions in departments that may work on the various policy activities during the year.

Housing Assistance Payments (HAP)

For 2016, SHA adopted a HAP budget of \$87.9 million which is a \$105,000 increase over 2015. If it were not for the Gatewood's lease expiring the increase would be slightly more. The loss of the Gatewood will reduce the number of available Mod-Rehab units by 74 and is the primary driver for the projected \$437,000 decrease in Mod-Rehab HAP expenses. The HAP for MTW and other special purpose vouchers is projected to increase \$542,000 over the 2015 budget. However, when compared to the current 2015 pace of HAP spending, the 2016 budget would result in an increase of 7 percent. This increase is the result of the expected rise in the average HAP cost resulting from SHA's recent increases to the Voucher Payment Standards. In just over a year, SHA has increased the VPS three times in an effort to increase the number of units available to our voucher holders. With the increased VPS and the addition of several programs designed to assist voucher holders find new housing, the overall voucher utilization is projected to be 92.4 percent.

Grant Funded Expenses: The budget for agency grants is \$1,984,000. During 2016, SHA will be spending from two **Gates Foundation** grants. The first will focus on a small number of initiatives that will promote academic success for school aged children. Seattle Housing Authority (SHA) is working closely with Seattle Public Schools (SPS) to improve the educational outcomes for the over 6,000 school age youth who are served by both SHA and SPS. This request builds on prior work funded with support from the Bill and Melinda Gates Foundation.

The **J.P. Morgan Chase Foundation** grant will be utilized to develop and support SHA's Workforce Opportunity Systems Pilot. The goal is to increase the economic mobility and self-sufficiency of SHA's work likely adults. SHA aims to generate sustainable and effective best practices.

The **Choice Neighborhood Initiative** grant SHA received for Yesler Terrace Redevelopment includes funds for supportive services and "people" programs. The fund will be used to support family and students through a partnership with Seattle University and other educational partners. The support includes youth tutoring, parent child home visits, college preparation and academic services for middle school and high school students, summer academic enrichment programs and to help families and students develop education plans for their future goals.

A new **Kresge Foundation** grant will be used to support three elements of the Yesler Terrace Arts Master Plan: community engagement; "Art and Green Healthy Living", to engage artists in expressing environmental stewardship through art as part of the "Green Loop" of the Yesler community; and, "Art and Economic Opportunity" to nurture a home-grown "cottage industry" of artfully crafted objects of beauty, utility and value.

In 2015 SHA applied for HUD's **Resident Opportunities and Self Sufficiency (ROSS)** grant. However, SHA was not among the winners of the ROSS lottery for grant funds. The 2016 budget continues these positions on MTW funding for a year to focus on efforts to complement the lessons learned from the Workforce Opportunity System Pilot project.

Capital and Non-Routine Expenses are projected to decrease for most housing portfolios from 2015 to 2016, with the exception of the Seattle Senior Housing Program portfolio which had an increase of \$450,000. SHA anticipates a \$2 million reduction in HUD's capital grant funding which drives the overall decrease in most portfolios. The capital budgets over the last two years plus 2016 have included added capital contributions from the MTW block grant.

The **Public Housing Portfolio** capital budget emphasizes exterior repairs at Bell Tower, Jackson Park Village, Cedarvale Village and Scattered Sites for \$600,000, exterior paint and other paint projects and window repairs of \$650,000 are planned for Scattered Sites, interior and unit upgrades for \$250,000 are planned for Bell Tower, Scattered Sites, Jefferson Terrace and Denny Terrace, and allowances for minor repair, replacement and rehabilitations for \$340,000.

The increase in the **Seattle Senior Housing Program (SSHP) portfolio** over the 2015 budget is due to SHA's commitment to the SSHP 10 Year Capital Rehabilitation Plan. SSHP had significant capital needs and 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. The original plan uses SHA's MTW authority to maintain the SSHP program within Public Housing and uses all but a small portion of the HUD Operating Subsidy plus the Capital Grant for SSHP units to support an annual average capital requirement of \$3.0 million in known major capital work. This work primarily pertains to the integrity of the building envelopes to correct water intrusion, rot, window replacement and to modernize elevators.

The 2016 major rehab project for SSHP will be Carroll Terrace. It will join other active rehabilitation projects funded in prior years; Phinney Terrace (funded in 2013), Pinehurst Court (funded in 2014) and the Michaelson Manor rehabilitation (funded in 2015). Projects at Carroll Terrace include exterior siding, window replacement, intercom replacement, mailbox replacement and patio repairs. Exterior repairs also include mailbox replacements at many properties. Elevator upgrades are planned for Pleasant Valley Plaza and Bitter Lake Manor. Ongoing elevator repair projects include Reunion House and Michaelson Manor. SSHP's budget also has allowances for Uniform Federal Accessibility Standards (UFAS) unit upgrades of \$220,000. We will also fund the removal of emergency pull cords and minor repair, replacement and rehabilitations.

Special Portfolio has major projects to replace doors, paint exteriors, upgrade units such as new kitchen cabinets, to repair or replace roofs, soffit and trim repairs, and new screen doors. Special Portfolio has capital improvements budget for 2016 of \$1.75 million.

Information Technology (IT) capital projects are at \$1.05 million for 2016. This is nearly double the 2015 IT capital projects budget for applications improvements and IT infrastructure expenditures, and reflects a strong demand by departments for increased investments in business intelligence, document imaging, and process efficiency through electronic applications to achieve operational streamlining and cost savings. In addition to our base and infrastructure parts of this budget, major efforts will be put forward for implementation of an all-electronic Accounts Payable process, data driven Business Intelligence improvements, and the first year of a multi-year effort to implement Document Imaging for all Housing Operations tenant files.

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 to SHA equity. All SHA’s development project expenditures for 2016 are dedicated to Yesler Terrace neighborhood redevelopment, including two apartment buildings and an array of infrastructure projects that are underway and continuing to 2016.

The **Hoa Mai Gardens** financing may close in 2015 with expected lease up to start in late 2016. Red Cedar Ridge will be in design development in 2016 and scheduling of closing and initiation of construction could be in 2016 or 2017 depending on market conditions.

Infrastructure work includes a major sewer replacement project that will span the site from south to north and will include rebuilding/repaving of S. Washington St and 10th Avenue. The infrastructure work planned for 2016 will also support requirements to service development on blocks purchased for development by private developers. SHA will complete a portion of the green-street loop, a portion of the pedestrian paths, and the bicycle lane on Yesler Way from Broadway to I-5 in 2016. SHA will complete the site preparation and transfer of the Yesler Central Park to the City of Seattle for park development. All of these projects are multi-year undertakings.

For a full list of 2016 Capital Budget and Redevelopment allocations, please see the Capital Improvement Program, Grants and Limited Partnership section of the budget book.

All Staffing Levels – 2016 adopted Full-Time Equivalent (FTE²) regular positions increase by 3.1 percent in 2016, to a total of 526.88 FTEs. The staffing increases reflect the items to address workload levels and the new initiatives discussed above.

Program Element	FTE’s CY 2015	Adopted FTE’s CY 2016	Change 2015 to 2016
Housing Operations	329.00	333.50	4.50
Housing Choice Voucher Program	60.18	64.30	4.12
Other Departments ³	<u>121.90</u>	<u>129.08</u>	<u>7.18</u>
Total	511.08	526.88	15.80

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

³ “Other Departments” are Human Resources, Finance and Administration, Information Technology, Development, Asset Management, Executive, and Policy and Strategic Initiatives.

Operating and Capital Budget Comparisons – 2015 vs. 2016

Program Expenditures	2015 Budget	2016 Budget	Percent Change
<u>Operating Funds</u>			
MTW General	\$119,052,000	\$122,766,000	3.1%
Local Housing	6,551,000	6,387,000	(2.5%)
Community Services	4,073,000	4,444,000	9.1%
Seattle Senior Housing Program	5,500,000	5,929,000	7.8%
Other Operating Funds	28,925,000	28,611,000	(1.1%)
Total Operating Expense	\$164,101,000	\$168,137,000	2.5%
<u>Service Grants</u>	\$986,000	\$1,984,000	101.2%
<u>Capital Projects</u>			
Redevelopments	44,789,000	34,700,000	(22.5%)
LIPH Capital	13,481,000	12,113,000	(10.1%)
Other Capital Projects	5,690,000	6,060,000	6.5%
Total Capital & Non-Routine	\$63,960,000	\$52,873,000	(17.3%)
TOTAL OPERATING AND CAPITAL	\$229,047,000	\$222,994,000	(2.6%)

Sources of Funds

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

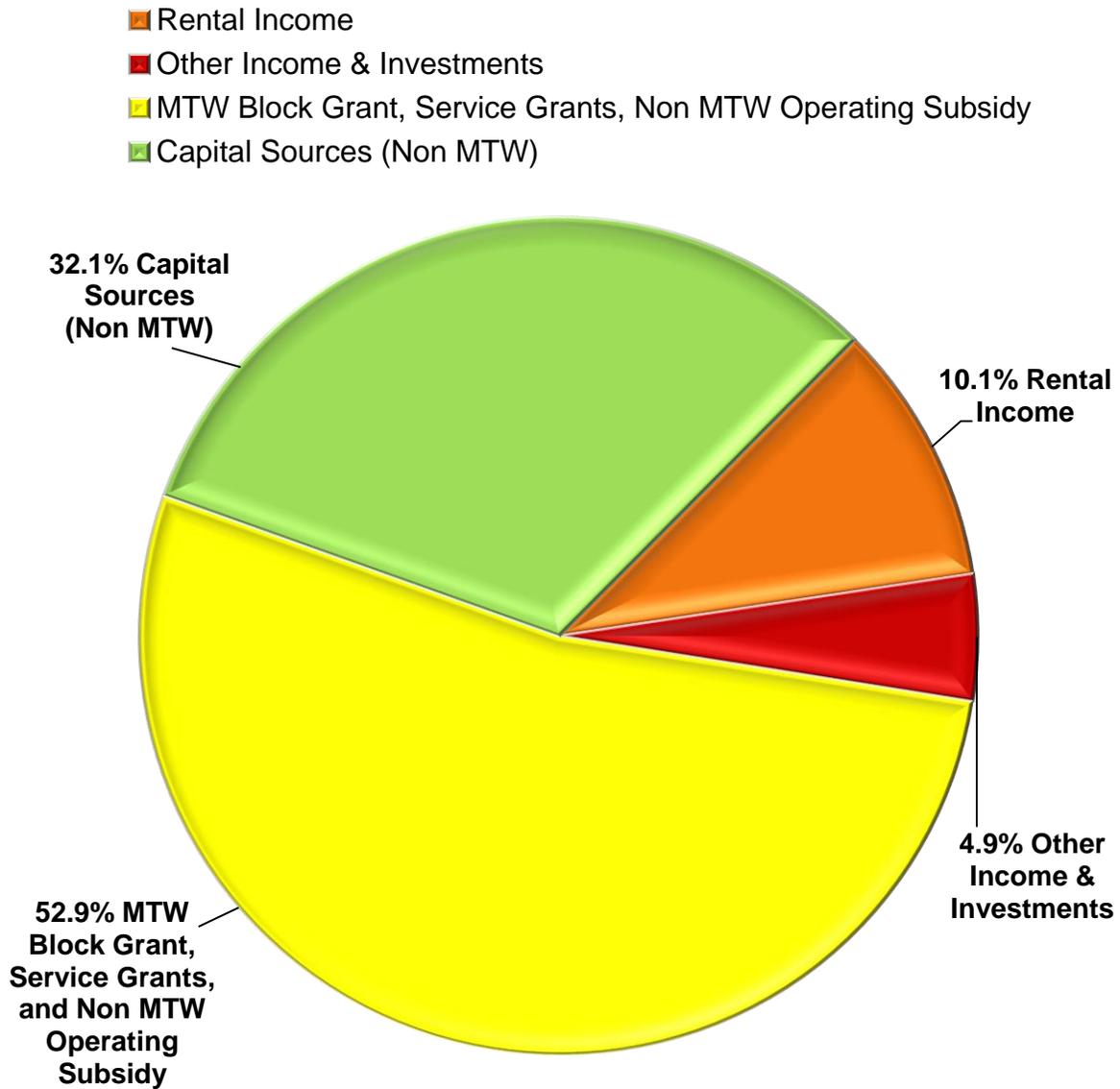
<u>Projected Sources</u>	<u>CY 2016</u>
Dwelling Rental Income	\$ 29,097,000
Investment Income	564,000
Other Income/Sources	13,384,000
MTW Block Grant and Non MTW Operating Subsidy	150,109,000
Service Grants	1,984,000
Capital Sources (Non MTW)	
Other Capital	4,750,000
Redevelopment	23,060,000
New Capital Projects	64,320,000
<u>Grand Total</u>	<u>\$ 287,268,000</u>

Compared to the uses in the section that follows, sources exceed uses by \$64 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 related to redevelopment activity, 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 2016.

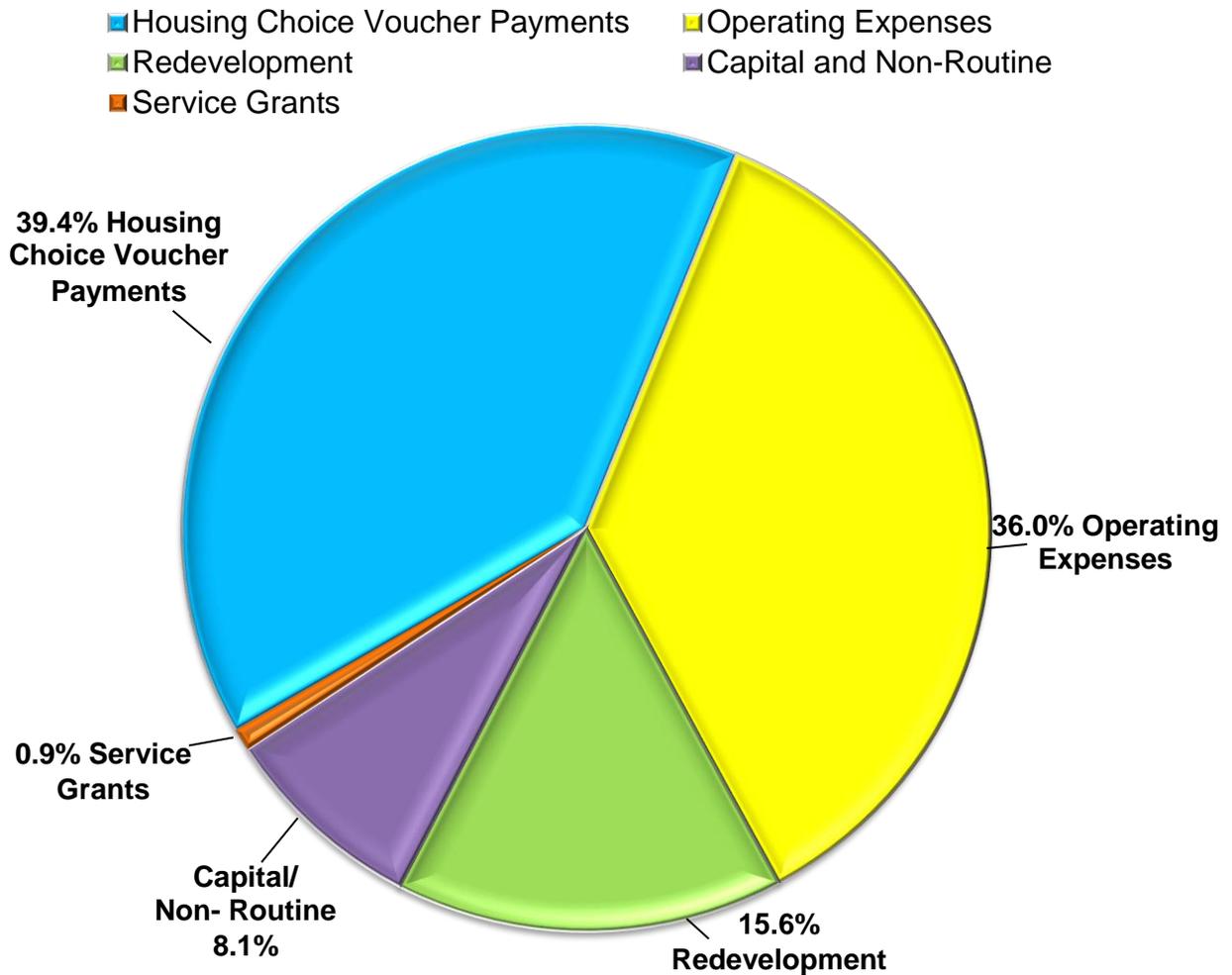
2016 Operating and Capital Sources \$287.3 million



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 \$87.9 million and at 39 percent represent the largest portion of uses. Capital and redevelopment projects total \$52.9 million at 24 percent. Low Income Public Housing, Seattle Senior Housing Program, Local Housing and other operating and service grant programs make up the remaining 37 percent in CY 2016.

2016 Operating and Capital Program Expenses \$223.0 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. A federal emphasis on reduced spending for “discretionary” programs began in 2011; however a partial reprieve from sequestration occurred when the 2014-2015 budget Congress enacted led to a more favorable outcome. For 2016, we have considered the trends in our actual funding versus initial HUD allocations, the 2017 Budget Ceilings embedded in federal law, and preliminary actions of the House and Senate Appropriations sub-committees. This led us to what we consider to be a middle-ground approach to our federal revenue forecast for 2016.

At its annual Budget Retreat held in March, 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 2016, our estimates showed a positive net income for the second year in a row. While optimism surrounds the 2016 forecast, there are numerous signs indicating that funding reductions are likely in the coming years. Based on this knowledge, the Executive Director put forth the following budget directives for developing the 2016 budget:

- *Making our administrative support, program and property management, and service delivery as efficient as we can*
- *Focusing resources on proven solutions that have the greatest intended impact*
- *Targeting new investments to one-time expenditures that allow us to catch-up, get ahead, or otherwise reduce costs we would face in the future.*

He also directed the Directors and the Budget Office to apply the same disciplined and strategic approach to increases in the budget as they had in previous years to reductions.

This year, the Budget Office in cooperation with the Housing Operations Department and the Information Technology Department undertook a dual pronged approach to the budget outreach process. The IT Department and the Budget Office worked together to create an online survey where residents, voucher holders, employees and the general public allocate gold bars between priorities such as support services and the upkeep of housing and grounds. The survey also included a demographic section which allowed SHA staff to gain a better understanding of the priorities of the various constituencies. The web based survey was also converted to a paper handout and completed at meetings with the Resident Action Council and the Joint Policy Advisory Committee. The Housing Operations department utilized the same categories available in the online survey for individual community meetings.

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 direction or management strategy from the current Strategic Plan, with an emphasis on improving the quality and efficiency of existing services as opposed to expansion and on making our processes and services more impactful on tenant/participants/applicants lives;
- The proposal is part of planning and implementing strategic policy initiatives – rent policy; improving service delivery at the property level; scattered site repositioning; admissions policy; or HCV Administrative Plan reforms;
- 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 or 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; positions should be project positions with a duration of up to two years unless there is clear evidence that the workload pressure is long-term;
- 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 2016 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 2016 and the Summary of the 2016 SHA Proposed Budget were published August 31, 2015, distributed to stakeholders, and posted on www.seattlehousing.org for public review and comment. The Executive presents the recommended budget and Proposed 2016 Budget book to the Board of Commissioners for their review and action. The annual public hearing was held on September 17, 2015 and written comments were accepted through September 30, 2015. A first reading of the 2016 Budget Resolution was presented to the Commissioners at the September 21, 2015 Board meeting. Approval and adoption of the CY 2016 Proposed Budget, along with the 2016 MTW Annual Plan, occurred at the Board's meeting on October 12, 2015.

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 2016; summary comparisons of the 2015 Budget versus the 2016 Budget, and of staffing levels. That is followed by a comparison of the operating and capital budgets and a summary of funding sources expected in 2016. Two pie charts present the overall sources of funds and uses of funds in the 2016 Budget.

Department Budgets: This section displays CY 2016 expenditures by SHA department, as well as changes in staffing levels from CY 2015 to CY2016. Budgets for each department and major sub-division are presented, along with highlights of their 2016 work plans. Departments and groups covered are Executive (including the Policy Office), Asset Management, Development, Finance and Administrative Services, 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. Operating Budgets for all limited partnerships where SHA is a general partner are presented in the last section of the Budget book. The budgets were sent to the limited partners for review and approval.

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. All 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 CY 2016.

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 currently 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 2016 operating budgets submitted to the limited partners for each of the limited partnerships.

The partnerships have separate budgets that are approved by SHA as the General Partner and presented for final approval to the private investors who are the limited partners. The Limited Partnership section of this budget includes preliminary 2016 budgets for each of the sixteen tax credit partnerships that will be operational in 2016. For accounting purposes, these entities are treated as “Component Units”. In total, the 2016 Operating Budget for the limited partnerships is \$25.4 million. SHA closed on a new mixed financing partnership, Hoa Mai Gardens, in late 2015 and expects to close on another in 2016. These two mixed finance partnerships will be under development in 2016 and are not included in this section of the budget book. Information on these properties, Red Cedar Ridge and Hoa Mai Gardens can be found in the Capital Improvements program section.

Limited Partnerships in CY 2016

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	Kebero Court
Leschi Apartments	Raven Terrace
Hoa Mai Gardens	Red Cedar Ridge (Planned)

Department Budgets

The table below shows total operating expenditures for departments and housing assistance payments. The CY 2016 operating expenditures (excluding service grants) of **\$168.1 million** represent an overall increase of just 2.5 percent above the 2015 budget. Direct operating expenses before backing out internal service fees increased by 4.1 percent, while Housing Assistance Payments (HAP) funding remains close to the 2015 level. 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 2014-2016 OPERATIONS

Departments and/or Divisions Expenditures	CY 2014 Actual (000)	CY 2015 Adopted (000)	CY 2016 Adopted (000)	Percent Change 2015-16
Executive	\$ 2,437	\$ 2,800	\$ 3,090	10%
Policy Office	--	1,377	2,643	92%
Development and Asset Mgmt.				
Asset Management	1,308	1,009	1,026	2%
Asset Management Facilities	793	439	395	(10%)
Development	1,368	1,484	1,586	7%
Finance and Administrative	12,431	12,260	12,171	(1%)
Information Technology	2,996	3,642	3,813	5%
Housing Operations:				
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	24,274	22,772	23,182	2%
Yesler, Baldwin and EOC	2,486	2,447	1,823	(25%)
Seattle Senior Housing Program	4,769	4,907	5,341	9%
Special Portfolio	4,753	4,868	4,756	(2%)
Admissions	694	748	905	21%
Community Services	3,350	3,869	4,381	13%
IPM, Parks, COL, New Holly Phase I & II	4,246	4,382	4,551	4%
Housing Operations Admin	1,392	1,622	1,566	(3%)
Facilities	301	332	333	--
Solid Waste	2,441	2,446	2,490	2%
Impact Property Services	13,396	13,460	14,270	6%
Human Resources	1,884	2,223	2,529	14%
Housing Choice Vouchers	8,392	10,229	10,590	4%
190 Queen Anne Central Office	1,554	1,623	1,602	(1%)
DIRECT OPERATING	\$ 95,265	\$ 98,939	\$ 103,043	4%
Plus Housing Assistance Payments	79,543	87,829	87,935	--
Less Internal Agency Fees	(21,981)	(22,666)	(22,841)	1%
TOTAL OPERATIONS	\$152,827	\$ 164,102	\$ 168,137	2%

The total full-time equivalent staff positions (FTEs) for 2016 equals **526.88**; this represents a net increase of **+15.8** positions over the 2015 adopted level. This increase results from the addition of 18.05 FTEs and a decrease of 2.25 FTEs. The FTE reductions were either for positions whose funding was scheduled to end during 2015 or the position was reclassified. The added positions are a combination of ongoing and time limited project positions, many of them support strategic plan activities and respond to increased workload demands, spikes, and backlogs.

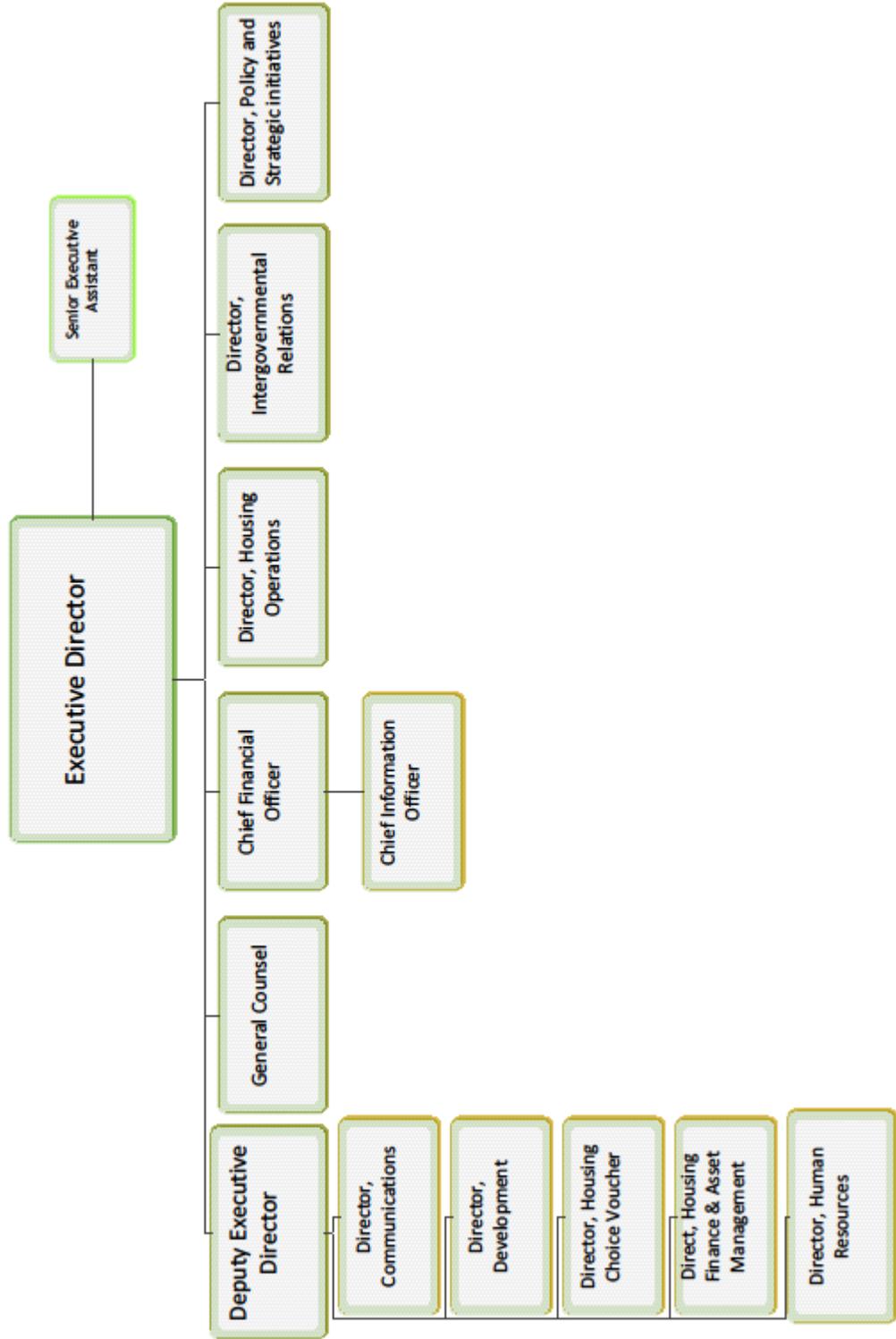
The comparison of FTE's in 2015 and 2016 by Department is presented in the table below; the change in the right hand column represents position additions, position reductions, and/or position transfers from one Department to another. Please see Department write-ups that follow for more specific information on their staffing changes.

SHA DEPARTMENTS – NET CHANGE IN FULL-TIME EQUIVALENT POSITIONS 2015 TO 2016

Full-time Equivalent Positions	2015 Adopted	2016 Adopted	Change 2015 to 2016
Executive	15.00	15.88	0.88
Policy Office	10.50	13.50	3.00
Asset Management	13.30	13.30	--
Development	13.25	14.50	1.25
Finance & Administration	40.35	40.90	0.55
Housing Operations	329.00	333.50	4.50
Human Resources	9.50	11.00	1.50
Information Technology	20.00	20.00	--
Housing Choice Vouchers	60.18	64.30	4.12
TOTAL	511.08	526.88	15.80

Executive

EXECUTIVE DEPARTMENT



Executive Budget

Executive Department Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help	\$1,802,900	\$2,047,600	\$2,235,300	9%
General and Administrative Expense	412,800	459,100	498,500	9%
Tenant Services	900	2,000	2,000	0%
Maintenance & Contracts	220,300	291,600	354,200	21%
Utilities	--	--	--	--
TOTAL OPERATING	\$2,436,900	\$2,800,300	\$3,090,000	10%
Less Internal Agency Fees	(176,200)	(165,400)	(187,600)	13%
Capital, Grant and Partnership Salaries & Benefits	--	--	--	--
TOTAL	\$2,260,700	\$2,634,900	\$2,902,400	10%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	15.0	15.9

In CY 2016, the operating budget for the Executive Department is \$3.1 million, representing an increase of 10 percent from 2015. Department staffing will increase by one position.

The Communications Division contributes to the majority of the increased budget, which includes the addition of a senior level communications specialist. Maintenance and Contracts has the largest percentage increase in 2016, at 21 percent. A one-time project will upgrade SHA's website to make updating simpler and improve timeliness of updates. Contracts for on-call services are added in the areas of graphic design, photography and videography.

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 Intergovernmental Relations Director, the Office of the General Counsel, SHA's legal representatives and advisors, the Communications Office, which oversees SHA's public affairs, media relations, internal and external communications and the Policy and Strategic Initiatives Office whose budget is shown separately (see the following table).

Policy and Strategic Initiatives Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help	--	\$871,600	\$1,409,200	62%
General and Administrative Expense	--	0	384,300	--
Tenant Services	--	100,000	118,400	18%
Maintenance & Contracts	--	405,000	731,600	81%
Utilities	--	--	--	--
TOTAL OPERATING	\$ --	\$ 1,376,600	\$ 2,643,500	92%
Less Internal Agency Fees	--	--	(33,800)	--
Capital, Grant and Partnership Salaries & Benefits	--	340,000	251,700	(26%)
TOTAL	--	\$ 1,716,600	\$ 2,861,400	67%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	10.5	13.5

Policy and Strategic Initiatives (PSI) will have its first year of full operation in 2016, after an initial period of staffing up and work plan development. The main reason for the large increase in PSI's 2016 budget is because its 2015 operating budget excluded funds set aside in reserves for Workforce Opportunity System (WOS) and rent reform activities. Funding for staff in the operating budget will increase from 8.5 FTE (two staff are funded by grants) to 11.5 FTE, an increase of three project positions. Two new outreach worker positions are added in the areas of rent policy and Workforce Opportunity System. In addition, there is \$200,000 added to the budget for temporary staff to backfill for any positions loaned to the Policy Office from other departments for work in specific policy areas.

Specific funding for training, travel, policy and planning meetings and other general administrative expenses are included in the 2016 budget. The Maintenance and Contracts line includes funding for third party evaluations, data modeling, and technical assistance.

Policy and Strategic Initiatives

The overall work of the Policy Office is structured to address emerging issues as they present themselves. It will be preparing for a successor SHA Strategic Plan; and developing the annual MTW Plan. The core policy staff will be augmented with help from other departments. Individuals from these departments will at times be assigned 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.

The four core goals of the Policy 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.

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 Policy and Strategic Initiatives, resources will be focused on upcoming major policy initiatives, including the Workforce Opportunity System, rent policy, identifying new ways in which to capitalize on SHA's MTW authority and to preserve the administrative and financing flexibility represented by MTW, and implementing the next Strategic Plan.

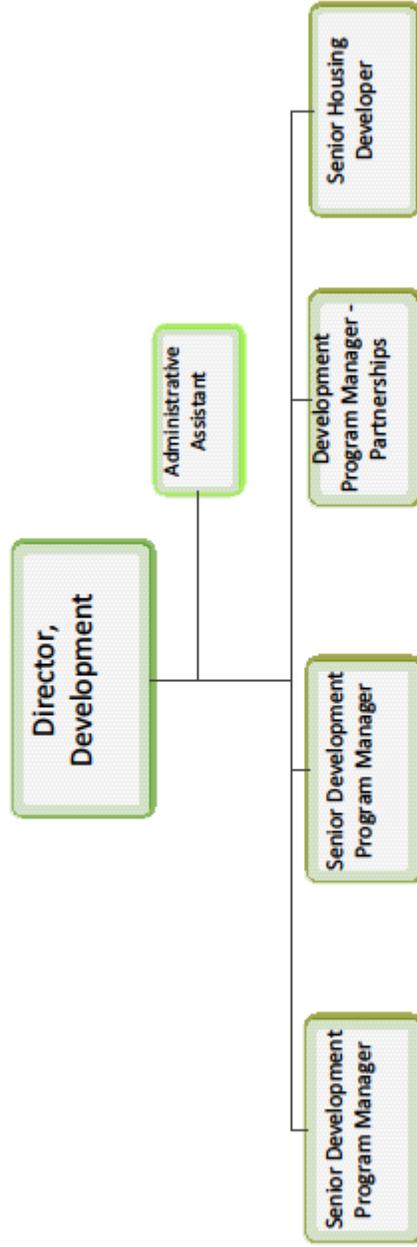
Priorities for the Executive's attention in 2016 include:

- Provide leadership and strategic guidance in the agency's policy priorities, such as Rent Policy, Economic Self-Sufficiency including Workforce Opportunities System, Education Initiatives, 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.
- Continue to 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 extension of the 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.
- Expand and elevate focus on our public partnerships and intergovernmental relations. There is a growing number of urgent 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.
- 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.
- Develop and distribute a survey to residents to get their perspective of how things are going in their community. SHA's last resident survey occurred in 2009, when residents' overall view of their communities and SHA were favorable.

- Focus on moving SHA towards a data-driven performance model. This includes working in partnership with other agencies to share data for analysis.
- Implement the next five year Strategic Plan for 2016-2020, currently under development.
- Plan to examine and recommend a rent policy proposal specifically for our elderly and/or disabled populations in 2016 for implementation in 2017.
- 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.
- Implement the next step of Workforce Opportunity Systems Pilot, conduct ongoing evaluations and look for process improvement of the pilot.
- Explore and research options related to increasing economic self-sufficiency among work-likely families. Evaluate and review selected existing self-sufficiency efforts. Gain an understanding of employment related decision-making processes and recommendations, including disparate impact analysis and financial modeling. Engage participants and stakeholders in policy/program recommendations.
- Develop and implement next steps based on the 2015 recommendations from the Senior Housing Aging in Place study.
- Finalize Strategic Plan and MTW activities in early 2016. Develop metrics and implement tracking systems; develop and implement an ongoing reporting plan.
- Implement next steps of fair housing analyses started in 2015. Include partnering with Race and Social Justice Initiative Committee, the City, and the County. Engage with City staff on impediments to fair housing analyses and strategies to address impediments.
- Identify and evaluate strategies and achieve mobility work goals, including disparate impact analysis and financial modeling. Produce background review, research and recommendations for definitions and goals of mobility work.
- Develop and implement a dashboard of information on voucher and public housing participants, which may include health, education and workforce-related indicators. Launch a research partnership with a local college using census and other governmental data. Analysis will include mobility, behavioral economics, education, health, workforce/self-sufficiency for specific populations.
- Evaluate efficacy and effectiveness of SHA's existing rapid rehousing and agency unit programs toward ending homelessness. Explore and recommend options for SHA's role in existing and future homelessness programs with the City and County in order to identify best use of SHA resources.
- Provide support for departments' analyses of and recommendations for policy. Develop a program for process effectiveness and efficiency; help define scope in the context of statutes, regulations, SHA's agency wide strategic plan, initiatives and policies.
- Analyze Housing Affordability and Livability Agenda (HALA) recommendations and local housing continuum.

Development

DEVELOPMENT DEPARTMENT



Development Budget

Development Department Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help General and Administrative Expense	\$ 1,083,200	\$ 1,120,100	\$ 1,196,300	7%
Tenant Services	--	--	--	
Maintenance & Contracts	119,900	145,900	136,100	(7%)
Utilities	148,900	211,300	106,000	(50%)
	16,100	7,000	148,000	2,014%
TOTAL OPERATING	\$ 1,368,100	\$ 1,484,300	\$ 1,586,400	7%
Less Internal Agency Fees	(75,000)	(70,300)	(80,600)	15%
Capital, Grant and Partnership Salaries & Benefits	463,800	491,500	557,600	13%
TOTAL	\$1,756,900	\$1,905,500	\$2,063,400	8%

Department Totals	2015 Approved	2016 Adopted
Full-time Equivalent positions		
Development Department	13.3	14.5

For CY 2016, the Development Department's total budgeted expenditures increase by 7 percent when both operating and capital and grant staff funding sources are considered. Capital and grant staff funding costs will increase by 13 percent due to the addition of three part time staff positions. Several projects are in progress and scheduled for completion.

Development funding sources include planning funds from the MTW Block Grant, For Sale program revenues; Choice Neighborhoods Initiative (CNI) grant and the Kresge Foundation.

The Development Department shows an increase of 1.2 FTE from 2015 to 2016, which includes three part time staff positions (one added in mid-2015 and two new positions) and the reduction of one part time staff position due to project completion.

Administrative Salaries increased by 7 percent with the addition of paralegal services to support development activities. Maintenance and Contracts costs are scheduled to decrease by 50 percent due to one time predevelopment study costs funded in 2015, reduced landscaping and grounds maintenance at High Point due to the sale of vacant lots, and the continuing decline of gap funding costs for the High Point Open Space Association. Utilities experienced a substantial increase with the transfer of the Seattle Public Utilities infrastructure surcharge costs from NewHolly redevelopment. The Capital, Grant and Partnership labor expenses are a result of the continued 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 redevelopment which includes: planning new affordable housing and redevelopment; managing community processes surrounding development visions; implementing development projects; overseeing the sale of land to private developers and the subsequent development of market rate or workforce housing; managing and supporting neighborhood associations until property owners in the communities assume management and financial responsibility; and, participating in local and regional planning meetings that may involve potential new low income and affordable housing development opportunities. 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 by developing safe and affordable housing in thriving communities. The Department also seeks to increase the number of affordable housing units, both rental units and home ownership, through a variety of programs and partnerships. The Development Department has sought to replace 75 year old low-income housing with new vibrant mixed income communities that are connected to nearby neighborhoods and provide a variety of rental and home 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 2016, the Development Department will focus on the strategic goals of maintaining and expanding the supply of low-income housing stock, identifying and implementing sustainable practices 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 SHA and 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 training. While the majority of the effort will be focused on the Yesler Neighborhood Transformation, there will also be major private sector construction activity underway at Rainier Vista, and High Point.

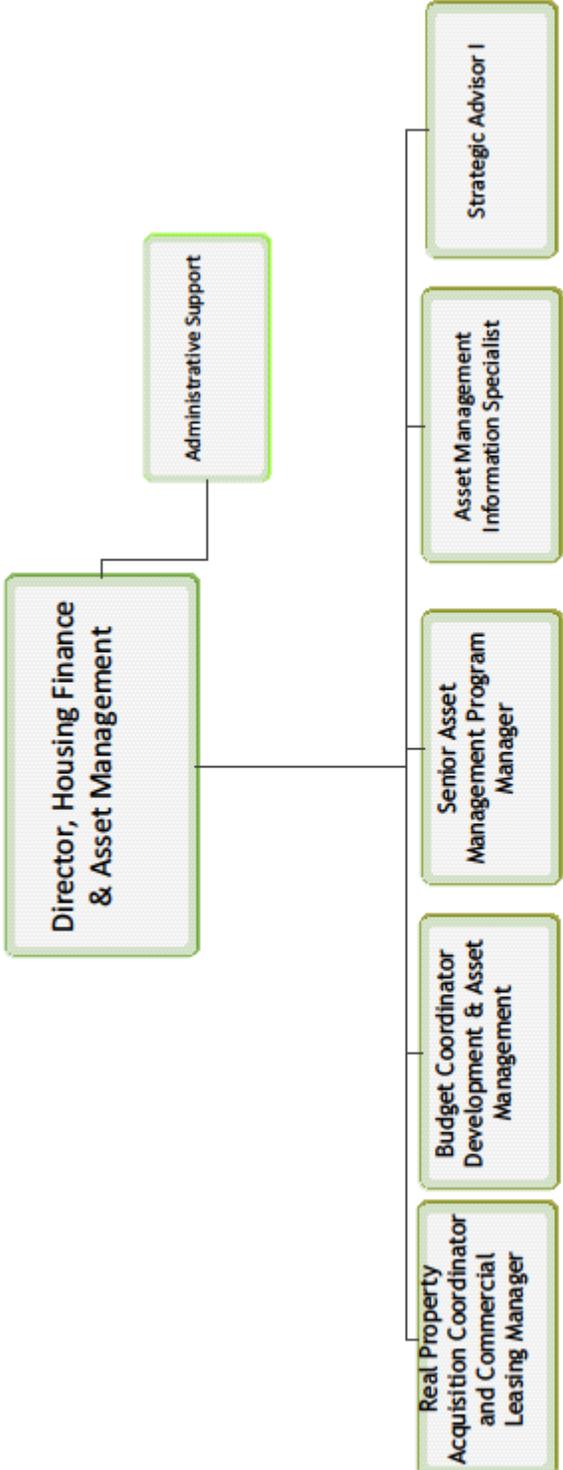
MAJOR PROJECT ACTIVITY IN 2016

- For Sale Program – All of the for sale properties at High Point, and Rainier Vista (with the exception of two High Point single family lots) are under contract with closings scheduled for completion in 2016. Staff will monitor the construction activity and manage the various elements of post-closing financial transactions.
- The for sale staff will continue to market and sell land at Lake City and in 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 also focus on private market development at Yesler Terrace in the areas of marketing and vacant land management.
- Explore options for feasibility of Scattered Site replacement housing.
- Participate in regional and local affordable housing planning efforts with Urban Land Institute, Puget Sound Regional Council of Governments, King County Metro Northgate and follow up on the City Housing Affordability and Livability recommendations.
- Research and review options for new models of low-income senior housing that emerge from the 2015 "Quiet Crisis" study.

- Continue Yesler Terrace redevelopment with resident relocation, education and workforce development programs and infrastructure, community facility and rental housing construction. In 2016 key activities will include:
 - ✓ Continue to expand partnerships with entities and stakeholders in the greater First Hill area to implement the Yesler Terrace/Choice Neighborhoods Initiative vision.
 - ✓ Master planning tasks to include: communicating Yesler's vision, scheduling, planning, overall budget management, and site preparation for commercial office development.
 - ✓ Complete Fir Street infrastructure improvements and roadway paving from Broadway Avenue to Boren Avenue.
 - ✓ Construct 10th Avenue South roadway underground utility (storm, sewer, and water) improvements and roadway paving from Fir Street to South Washington Street.
 - ✓ Construct 10th Avenue South Green Street Loop improvements, a park-like neighborhood walkway, from Fir Street to South Washington Street.
 - ✓ Finalize South Washington Street improvements and street lighting from Yesler Way to 10th Avenue South around the Neighborhood Park.
 - ✓ Continue construction of the pedestrian paths as blocks and buildings are completed.
 - ✓ Affordable Housing Production – Construction of the 111 unit Hoa Mai Gardens (221 10th Avenue South) will be completed. Continue planning and move toward construction of Red Cedar Ridge (Building IIc). Enter into a partnership to develop 50 year low income housing units on Block 6.3.
 - ✓ Work with branding consultants, and real estate brokers to position property for sale, negotiate Purchase and Sale Agreements, review designs and manage closings.
 - ✓ Private Market Housing Production – Privately developed market rate and workforce housing construction will commence at Broadway Avenue and Yesler Way.
 - ✓ Arts Master Plan - Commence implementation to integrate multiple works of art and support collaborative artistic projects and programs throughout the new mixed-income community. Hire a part time arts administrator to coordinate efforts of the Plan.
 - ✓ Commercial Office Development – Marketing, Purchase and Sale Agreement negotiations and design are likely to be underway for one site.
 - ✓ Community Facilities – Transfer the Central Park property to the City of Seattle which will be developed, owned and operated by the City Parks Department.
 - ✓ Resident Relocation – Phase 4 resident relocation will be underway.
 - ✓ Economic Opportunities - Coordinate with Community Services on workforce development and economic opportunities programs.
 - ✓ Urban Sustainability - Implement the rainwater harvesting system to reduce water consumption and a solar domestic hot water system to reduce energy consumption at Hoa Mai Gardens, a new 111 unit construction project.
 - ✓ Breathe Easy Living - Continue to incorporate design features in redevelopment projects such as energy recovery ventilation systems and use of hard flooring material.

Housing Finance and Asset Management

HOUSING FINANCE AND ASSET MANAGEMENT



Housing Finance and Asset Management Budget

Housing Finance & Asset Management Department Expenditures	2014 Actuals	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help	\$ 989,600	\$ 830,800	\$ 862,700	4%
General and Administrative Expense	132,400	158,500	143,100	(10%)
Tenant Services	8,900	0	0	--
Maintenance & Contracts	183,100	20,000	20,000	0%
Utilities	(6,200)	--	--	
TOTAL OPERATING	\$ 1,307,800	\$ 1,009,300	\$ 1,025,800	2%
Less Internal Agency Fees	(60,900)	(63,100)	(63,300)	(0%)
Capital, Grant and Partnership Salaries & Benefits	626,400	653,800	665,600	2%
TOTAL	\$ 1,873,300	\$ 1,600,000	\$ 1,628,100	2%

Department Totals	2015 Approved	2016 Adopted
Full-time Equivalent positions		
Asset Management	13.3	13.3

The Housing Finance and Asset Management Department's total expenditures are projected to increase 2 percent in CY 2016 when both operating, capital and grant fund support are included. Capital, Grant, and Partnership support of labor cost shows an increase of 2 percent. In General and Administrative Expense expected refinancing in 2015 will reduce the funds needed for guaranteed coverage of shortfalls at two properties. There are no changes in staffing for 2016.

The extensive group of commercially leased facilities and the Queen Anne Central Office are managed by Asset Management and are not included in the information above. They are listed separately.

Department Purpose and Function

The Housing Finance and Asset Management department is focused on improving the agency's use of its real estate and other assets to achieve its mission and maintain the physical and financial viability of the real estate assets. The Department continues to work with other departments to finance new housing, explore policies affecting either the physical and/or financial viability of the assets, and look for increased efficiencies in property management models and methods to ensure our properties meet financial and social goals. 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 2016 are expected, among others, to include:
 - ✓ Comment on asset dispositions – 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 asset repositioning, including work with Special Portfolio and Scattered Sites.
- Consolidate all agency information regarding capital needs into one program that can be used to assist in completing the potential HUD Physical Needs Assessment requirement, various capital needs analyses and inform capital planning for the current year and into a longer term planning document.
- Explore early exits from the Desdemona LP, Escallonia LP, and High Point North LP.
- Develop a more effective tool for performing updated capital needs analyses each year, in compliance with requests from our lenders and investors.
- Expand the SHA Property Condition database by using Yardi or the FAME Access database.
- Leverage City or other utility funds to improve the energy efficiency of our real estate assets.
- Look at a new mixed finance process to leverage tax credits to finance the capital repairs needed at NewHolly Phase I and Wisteria Court.
- Continue working to meet the HUD Voluntary Compliance Agreement (VCA) commitment to make up to 20 units in the existing public housing inventory meet the Uniform Federal Accessibility Standards (UFAS) in lieu of the units required at Holly Court.
- Depending on evaluations conducted in 2015, pursue RAD conversions for some properties with particular attention paid to Wisteria Court, NewHolly Phase I, Longfellow Creek and Roxhill Court.
- Continue work on the MTW Assessment tool with other MTW agencies and support the Executive Director in discussions with other MTW Executive Directors and HUD regarding terms for extension of the MTW Agreement.

Asset Management Commercial Facilities

Asset Management Commercial Facilities	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Operating Expenditures	\$ 793,100	\$ 438,600	\$ 394,700	(10%)

Asset Management Commercial Facilities consists of eleven properties across several portfolios that are leased to commercial tenants. Six of these properties are associated with the various HOPE VI communities; at some of these properties, the HOPE VI management office is a lessee. The Epstein Building at Yesler Terrace has been demolished and completely removed from this portfolio for 2016. This accounts for part of the decreased budget from 2015. A partial

rent renegotiation with Neighborhood House at High Point has reduced SHA's rent obligation effective August 1, 2015.

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

Highlights of work plans for 2016 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.
- Work with the Senior Property Manager for the Scattered Site portfolio to address lease issues related to SHA units leased to agencies.
- Set up more consistent bill-back invoicing to agencies for damages caused by agency residents.
- Transition commercial leases from the Enterprise One system to Yardi.
- At Yesler Terrace, the commercial portion of Raven Terrace will be occupied in 2016. Also, the Epstein Opportunity Center is now occupied, primarily by partner agency Neighborhood House operating early childhood education programs at the facility.
- The Employment and Training Opportunities Center at NewHolly should be fully leased for 2016 to agencies providing employment and training opportunities to the NewHolly community.

190 Queen Anne Central Office

190 Queen Anne Central Office Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
TOTAL OPERATING	\$1,554,400	\$1,623,200	\$1,601,900	(1%)

The Central Office in lower Queen Anne, houses SHA's administrative, voucher assistance, and many property management services. The FTE associated with the administration of 190 Queen Anne is accounted for in the Housing Finance and Asset Management budget, where lease and building administration has been assigned.

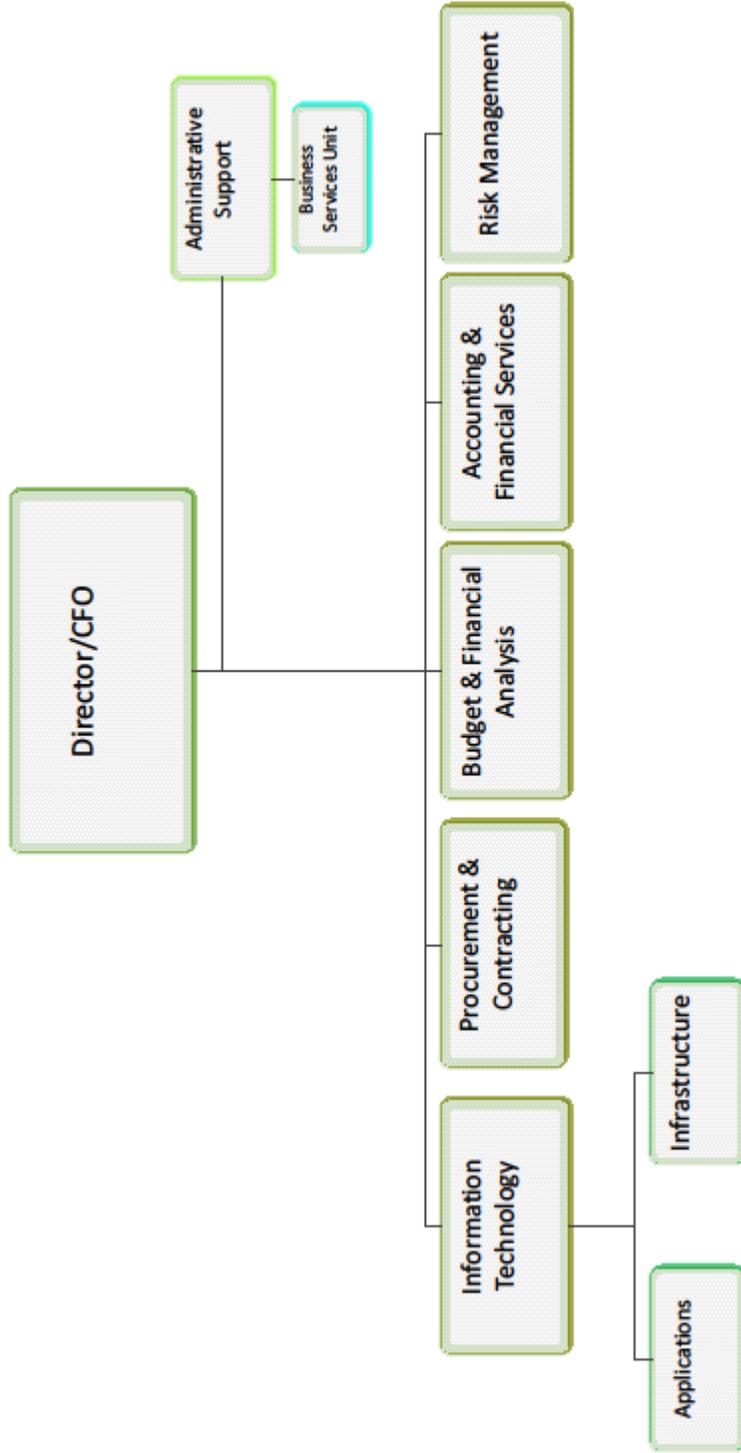
The 190 Queen Anne Central Office budget decreased by 1 percent in 2016. SHA anticipated increases in building rent and associated Common Area Maintenance (CAM) fee from the building management company for 2015, but these inflationary increases did not occur. The current total leased contract area is 67,600 square feet.

Work Plan Highlights for 190 Queen Anne in 2016 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.
- Explore changes to the third floor archive area. The 2016 budget includes moving SHA archives to an off-site location, which will free up areas on the third floor for other purposes. If this storage area is converted to office space and conference rooms, the per square foot rent for the space will be affected.

Finance & Administrative Services

FINANCE AND ADMINISTRATION DEPARTMENT



Finance and Administrative Services Budget

Finance and Administrative Services Department Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help	\$ 4,203,200	\$ 4,216,300	\$ 4,302,300	2%
General & Administrative Expense	8,098,100	7,904,200	7,703,400	(3%)
Tenant Services	-	-	-	-
Maintenance & Contracts	130,000	139,000	165,000	19%
Utilities	-	-	-	-
TOTAL OPERATING	\$ 12,431,300	\$ 12,259,500	\$ 12,170,700	(1%)
Less Internal Agency Fees	(441,000)	(351,200)	(433,300)	(23%)
Capital, Grant and Partnership & Other; Salaries & Benefits	-	-	-	-
TOTAL	\$ 11,990,300	\$ 11,908,300	\$ 11,737,400	(1%)

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	40.4	40.9

The 2016 operating budget for Finance and Administrations is one percent below the prior year's adopted budget. The decline results from a reduction of a one time budget item of \$100,000 and lower interest expense. In 2015, supplemental budget was added to implement an electronic rent collection system; the project will be completed in 2015 and those funds are not needed in 2016. In addition, we expect lower interest expense primarily as a result of payment of the Line of Credit in the prior year.

Finance and Administration continues to look for opportunities to create efficiencies, streamline operations and improve services to our residents. The initiative to implement electronic rent payment processing was implemented in 2015 and we will continue to expand electronic rent options for residents' payments. We will also continue the expansion of electronic Accounts Payable (AP) processing through implementation of ePayables, Automated Clearing House (ACH) and changes to the AP workflow system. These efforts are expected to increase efficiency and result in cost savings.

Department Purpose and Function

The Finance and Administration 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.

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

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

Work Plan Highlights---Overview

The Finance and Administration Department's central and lead responsibilities for the Strategic Plan address two principal strategies:

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

These core directions will guide the priorities for the Department in 2016, as we look to make changes in our operations, policies, and programs in order to meet the challenges of a new federal fiscal and political reality where public funding for low income housing development, operations, and maintenance is likely to be severely constrained over the coming five years.

In addition, the Department plays key support roles in advancing most of the agency's Strategic Plan directions and management strategies, by performing:

- ✓ Budget and financial analysis of projects and programs;
- ✓ Side-by-side work with project managers in procurement of major construction or key service contracts;
- ✓ Financial reporting that assists property managers in accounts receivable and rent delinquency collection, tells asset managers whether cash flow is sufficient to cover debt service, and tracks actual performance against budget for all operating departments and programs of the agency;
- ✓ Determinations of project and program resources from debt, to grant resources, to equity commitments;
- ✓ Procurement of insurance at risk-effective rates or negotiation of contractual insurance provisions to protect SHA's liability interest;
- ✓ Provision of proactive claims management to mitigate the exposures and the cost of claims paid from SHA reserves; and,
- ✓ Provision of expert software applications development and technology infrastructure development and maintenance.

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

2016 Work Plan Highlights – Three Priorities

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

Electronic Rent Payment:

- Continue to work with Housing Operations to promote and expand "Paymode-X", the electronic rent payment option for residents paying by check, which was implemented in 2015. Housing Operations is planning to work with Communications during the end of 2015 on promotional materials for residents.
- Explore electronic payment solutions for residents who pay with money orders with Housing Operations and IT.

Electronic Accounts Payable (AP) Processing

- **ePayables and Automated Clearing House (ACH)** - Continue expanding the use of ePayables for electronic payment of SHA vendors in 2016 and identify methods to increase vendor participation. Begin implementation of ACH in the 3rd quarter of 2016 depending on Information Technology (IT) resources. The goal is to move 75 percent of the largest 25 percent of our vendors to ePayables and 50 percent of the next 50 percent of our vendors to ePayables or ACH.
- Implement an AP workflow system which would involve purchasing software to work with EnterpriseOne that will scan invoices, capture data, provide electronic routing and eliminate 81 manual steps from our current AP processing. Once implemented, the system will allow authorized staff to see at any time where invoices are and view details and audit trails.

The aims of these efforts are to reduce the cost of accounts payable processing and to reduce processing time by maximizing the number of vendor payments that are paid electronically, increasing payment discounts, increasing rebates on ePayables programs, reducing paper files, increasing transparency by using electronic records rather than paper and saving staff time for AP staff as well as other staff who approve payments and research AP transactions.

Yardi and EnterpriseOne System Design, Updating, and Training

- Continue to support upgrades as needed for Yardi, EnterpriseOne and Kronos.

Procurement Streamlining and Support

- If necessary, complete implementation of new federal procurement standards, including but not limited to updating of procurement policies and procedures and staff training.
- Continue working with departments to update contracting specifications, forms, and templates to ensure provisions are up-to-date with current industry standards, protect our interests, and meet our business needs.
- Collaborate with departments to continue to develop a joint procurement plan, including advertising strategies and procurement schedules for projects identified for 2016 to facilitate workload planning and improve project delivery.
- Continue to provide procurement training to department staff on the contracting solicitation processes.
- Evaluate SHA's construction and consultant roster programs to determine effectiveness and make changes as appropriate.
- Evaluate processes for verifying contractor compliance with Davis-Bacon and social equity contracting requirements and make changes as appropriate to reduce administrative time.
- Update Procurement Policies and procurement procedures to reflect changes resulting from HUD's new Section 3 Rule, if passed.
- In collaboration with departments, finish implementation of Job Order Contracting tool for construction projects in an effort to reduce the number of solicitations required for construction maintenance and repair activities.

These activities are designed to ensure that SHA procurement policies and procedures are up-to-date and reflect all legal requirements, as well as opportunities for streamlining and simplification. The activities also reflect an intention to enhance user-friendliness of procurement forms and processes and ongoing training to support staff understanding of how to access and use the procurement system.

Budget Process Efficiencies and Improvements

- Continue to implement structural changes to the monthly and quarterly financial reports to improve efficiency and timeliness.
- Test the feasibility of a biennial budget process by outlining a plan for phased implementation beginning with the 2017 budget process.
- Review the potential advantages and efficiencies gained from using new budgeting software versus using existing software with modifications.
- Review 2016 online budget survey and determine improvements for 2017 that will increase participation and the information obtained from participants.

- Continue to review work assignments/portfolios for both the Accounting and the Budget staffs as they relate to the organizational structure of departments and programs. Determine if a different arrangement would be more effective, both internally within the F&A Department and externally with other SHA Departments.

These activities are part of the efforts to achieve continuous improvement of the budget process for both efficiency and effectiveness.

Business Services Efficiencies and Improvements

- Provide expertise and guidance as necessary where efficiencies and improvements may be enhanced by technology.
- Review the implementation of SHA's IT projects to determine if the desired efficiencies were obtained or whether additional improvements are needed to maximize the cost effectiveness of the projects.

2. *Identify and help evaluate opportunities for operations and policy changes to reduce SHA's operating costs and achieve efficiencies and/or to increase revenues and/or improve service at a savings:*

Exiting Tax Credit Partnerships

- Work with an interdepartmental staff team to maintain current assessments of potential long-term exit tax liabilities across SHA's portfolio of low income housing tax credit partnerships. Identify actions to mitigate and minimize potential tax liabilities; determine desirable timing for exiting partnerships; and negotiate exit terms.
- In 2016, address potential early exits from Escallonia LP, Desdemona LP and High Point North LP.

Vacate Costs and Unit Turnover Days

- Work with Housing Operations to monitor and measure the progress made on work order backlogs and the impact it has on inspection results performed by the Real Estate Assessment Center (REAC) and others; plus continue to evaluate vacant costs with a focus on reducing management days for unit turnaround.
- With Housing Operations, monitor and evaluate the effectiveness of changes made to its wait list service delivery model with respect to turnaround of vacant housing units.

Site Service Delivery

- With Housing Operations and Asset Management, analyze proposed service delivery improvements and cost implications. Review performance measurements and standards established for staff and properties
- Evaluate Community Police Team (CPT) and private security concerns and needs once physical improvements related to security cameras, lighting, and ACAMs are made.

Solid Waste Rates

- With Housing Ops complete the in-depth review of Solid Waste costs and revenues changes. Assess new rates for SHA owned properties and other customers. Assess the billing system process for effectiveness and efficiency of rate changes and special pick-up billing. Improve the information transfer between the solid waste software and the accounting system software. Establish policy and criteria considerations to approve requests to increase the number or type of external customers served by SHA Solid Waste.

Scattered Site Repositioning

- Work with Asset Management and Housing Operations to evaluate Scattered Site units selected for repositioning. Review budgets and projected pro-forma changes resulting from the repositioning.

Short-term Rental Assistance and Landlord Liaison Evaluations

- With HCV, undertake a detailed review of the short-term rental assistance program administered through the City to determine potential future funding and program design changes. Assess cost effectiveness compared to full-subsidy vouchers.
- Evaluate the success of the Landlord Liaison project through the YWCA in helping reduce time to lease time and success of voucher holders in finding an affordable unit. Determine whether to continue, modify, or conclude the program.

Property Refinancing

- With Asset Management, continue reviewing recommended strategies for refinancing or newly financing properties to reduce debt service costs, fund capital reserves, and/or provide permanent financing and repayment of lines of credit.

Risk Control Dividend Plan

- Work with HR and Housing Operations to maximize the dividends received by participating in the Housing Authority Insurance Group Risk Action Management Plan (RAMP) program. Focus on Preventive Maintenance by formalizing a playground inspection program and on Training/Education by involving all Property Managers in the insurance company's Property Management Basics course.

Safety and Emergency Preparedness

- Continue to work with Safety and Housing Operations to develop and enhance the Emergency Preparedness program; including work on the Emergency Notification System through our new PBX system; support for business continuity plan updates; and, assistance with emergency drills of all types.

Actuarial Study of Insurance Claims

- Verify data integrity on old and current loss runs. Prepare an informal solicitation for an independent Actuarial Study of claims, insurance limits and deductibles. The Actuarial Study would likely be performed in the first quarter of 2016.

Risk Management Information System (RMIS)

- Assess current claims procedures and loss runs. Eliminate bottlenecks or redundancies in the claim process. Assess the potential benefits and cost effectiveness to Legal, Human Resources, and Risk Management of an electronic RMIS. If warranted, submit a Project Proposal to Information Technology in the 2017 budget process.

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

Tracking our Financial Position through Financial Ratios and Policies:

- Continue working with other MTW agencies and HUD on meaningful financial ratios.
- Continue to participate with Standard and Poor's in their annual review of SHA's Credit rating and maximize the opportunities to maintain or improve our rating.

- Continue to 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.
- Participate with other MTW agencies and HUD on allowable reserve levels. 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 to improve F&A's ability to forecast cash flow needs and the agency's undesignated unrestricted cash position and the impact of cash management rules.

Financial Management

- Continue submitting and maximizing the LIPH Operating subsidy allowed by HUD.
- Participate in negotiations between MTW agencies and HUD to obtain a favorable operating subsidy formula once the current MTW contract expires.
- Actively monitor and evaluate MTW HCV funding options throughout the year to ensure optimal funding. Track any deficits in federal funding of VASH/FUP and implement all possible actions to ensure full federal funding of VASH/FUP.
- Coordinate 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 online.
- Help SHA maintain the minimum annual average voucher utilization rate negotiated between MTW agencies and HUD to maintain eligibility for an 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.
- Continue monitoring and evaluating the balance and use of Operating, Real Estate, and Taxable Line of Credit's (LOC) over the period 2016-2017 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.
- Ensure that all reporting and disclosure requirements of SHA's debt financing instruments are met in an accurate and timely manner.
- Actively monitor the debt coverage ratio requirements for all SHA and LP managed properties. 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 property and develop a corrective action plan.
- Maintain 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.

Support Financing for Yesler Terrace Redevelopment

- Participate as a team member of the Yesler Terrace Finance and Executive Committee and perform continuous review and projections of funding sources and uses; identify funding gaps, options, and issues as early as possible, and address resolution as quickly as feasible.
- Through the Financial Policy Oversight Committee (FPO), establish bridge financing plans, including alternative sources of bridge funding, terms of use for alternative sources, and schedules and plans for repayment of bridge funding.
- Monitor and review use of the Development Reserve and Development Revolving Fund to ensure the amounts set aside are appropriately used and not exceeded, unless otherwise changed by the FPO Committee.
- Participate with Asset Management and Development in solicitation and selection of lenders for construction financing and permanent financing where applicable.
- Work with Asset Management and Development in the solicitation for and selection of investors in Yesler Terrace Low Income Housing Tax Credit projects.
- Review with Housing Choice Voucher and Housing Operations staff, the tracking and scheduling system status for project basing vouchers at Yesler as residents return and new Yesler Terrace housing opens up.
- Work with Housing Operations to forecast, track, and fund Yesler Terrace Relocation costs.
- Help provide oversight required for the entire Yesler project in order to anticipate funding shortfalls and to mitigate financial risks of this extensive long-term development project.

Development and Capital Financing

- Work with Housing Operations and Asset Management staff to evaluate DCR requirements and property reserve levels then recommend feasible changes to better provide stable reserve funding for property capital replacement needs.
- Explore options for early repayment of homeWorks Phase I bond financing in order to increase capital grant funds available for projects and reduce bond interest costs.

Preserve and Enhance SHA's MTW Status

- Collaborate with MTW agencies to negotiate MTW contract extensions through 2028 that maintain many of the key flexibility features that MTW agencies currently enjoy. Key common objectives include changes to funding mechanisms, changes to utilization requirements, and how to preserve MTW single-fund authority and regulatory flexibility. 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, and cash management.

HCV Utilization, Time-to-lease, and Voucher Payment Standard Analyses

- Once an agreed upon HCV funding and/or voucher utilization level is negotiated for the extension of the MTW contract, ensure plans are in place to meet these terms by 2018.
- Analyze the financial impact of proposed VPS changes and its impact on voucher utilization and the number of people SHA serves. Also, measure how it impacts the time-to-lease days of voucher holders.

4. Other Items

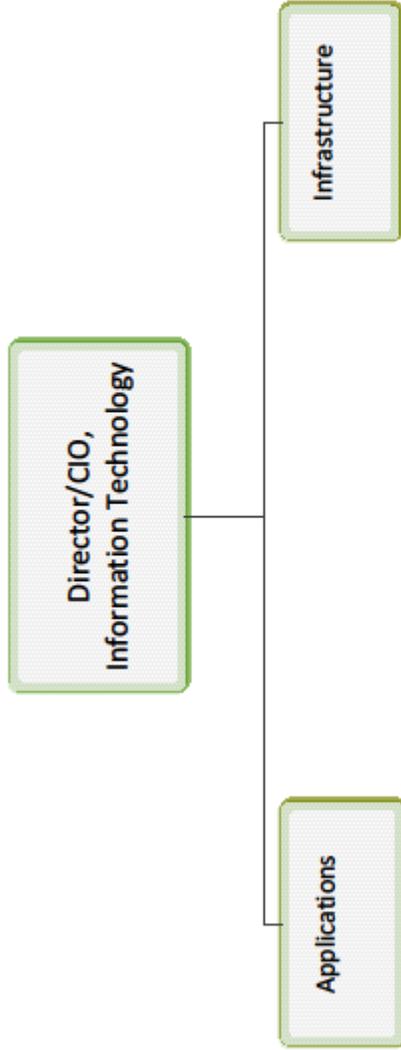
Yesler Community Workforce Agreement: Continue to work with Development staff on Yesler Community Workforce Agreement matters, including both policy and administration issues associated with social equity requirements.

Social Equity Programs: Continue to work with Executive on evaluating the effectiveness of SHA's social equity policies and procedures across our Contracting programs and on making changes as appropriate to increase participation of women and minority businesses, Section 3 businesses, and other small and/or disadvantaged businesses on our contracting opportunities.

Information Technology

A Division of Finance and Administration

INFORMATION TECHNOLOGY



Information Technology Budget

Information Technology Department Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help General and Administrative Expense	\$ 1,817,400	\$ 2,376,000	\$ 2,445,500	3%
Maintenance & Contracts	977,300	1,037,400	1,133,200	9%
Utilities	201,700	228,400	233,900	2%
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TOTAL OPERATING	\$ 2,996,400	\$ 3,641,800	\$ 3,812,600	5%
Less Internal Agency Fees Capital, Grant and Partnership Salaries & Benefits	(2,300)	(2,400)	(2,600)	8%
		--	--	--
TOTAL	\$ 2,994,100	\$ 3,639,400	\$ 3,810,000	5%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	20.0	20.0

In CY 2016, the Information Technology (IT) operating budget increases by 5 percent to \$3.8 million. General and Administrative Expense has a 9 percent increase budgeted for 2016. Part of the reason for the size of this increase is the general cost of software maintenance contracts. In addition there are funds set aside for rent, which will cover the cost of moving the SHA archives from the third floor at the Central Office to an off-site location if determined to be feasible. For 2016, the Information Technology Department will split administrative costs between the Central Services Operating Center and MTW funding. This brings an overall reduction to the IT fees for service charged out to the various cost centers.

The 2016 IT capital projects budget, which is shown in the capital section of the budget book, will be \$1,047,000. Each year SHA's Information Technology Steering Committee reviews proposed technology projects for infrastructure and network investments. The 2016 budget reflects a request for increased investment in business intelligence, document imaging, and process efficiency through electronic applications to achieve operational streamlining and cost savings. Major effort will be put toward implementation of an all-electronic Accounts Payable process, data driven Business Intelligence improvements, and the first year of a multi-year effort to implement Document Imaging for all tenant files.

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 introduce new applications; and provide training resources and expertise to support the computer literacy and competence of SHA staff.

Each year SHA's Information Technology Steering Committee reviews proposed technology projects for infrastructure and network investments. The 2016 budget reflects a request for increased investment in business intelligence, document imaging, and process efficiency through electronic applications to achieve operational streamlining and cost savings. Major effort will be put toward implementation of an all-electronic Accounts Payable process, data driven Business Intelligence improvements, and the first year of a multi-year effort to implement Document Imaging for all tenant files.

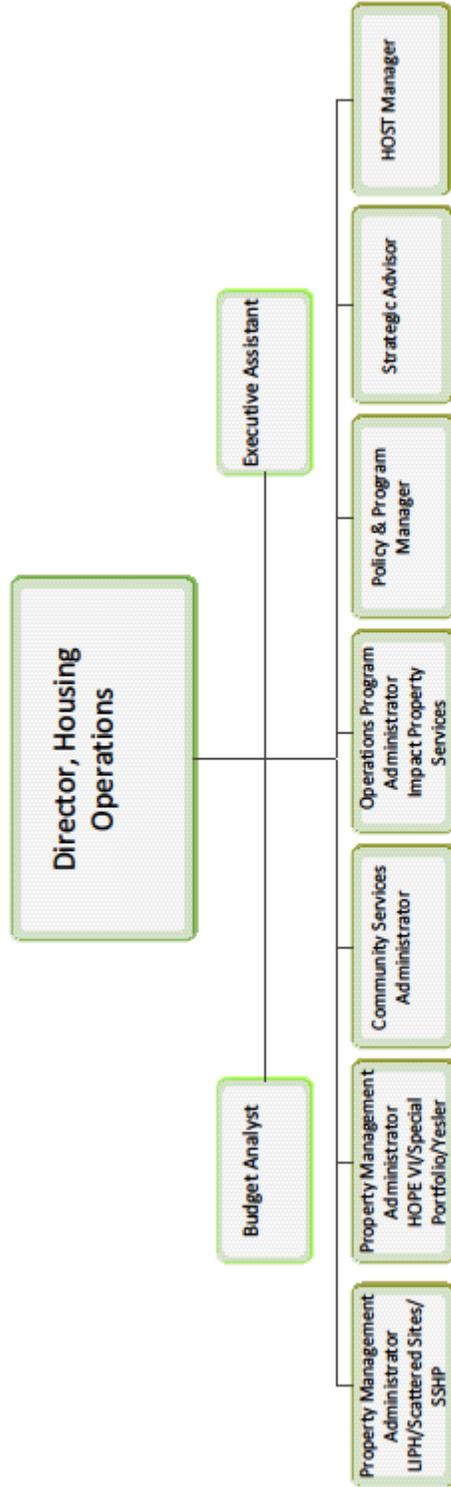
Work Plan Highlights

Information Technology's 2016 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.
- Continue to enhance data storage for reporting functions. Create areas for business units to query and report to fulfill reporting requirements.
- Enhance security efforts to protect resident and employee personal information.
- Upgrade Citrix environment and refresh desktop equipment.
- Implement additional network infrastructure to accommodate changes within Housing Operations and the need for connectivity at more locations.
- 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 Microsoft products. Keep each product at a current version, so projects interact well with each other and enable agency staff to use improvements made by the vendors.

Housing Operations

HOUSING OPERATIONS DEPARTMENT



Housing Operations Budget

Housing Operations Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help	\$ 11,474,200	\$ 11,957,700	\$ 13,115,200	10%
General & Administrative Expense	11,604,700	9,431,600	9,478,100	--
Tenant Services	1,612,100	2,174,200	2,117,700	(3%)
Maintenance & Contracts	27,450,600	27,954,400	28,682,500	3%
Utilities	9,959,700	10,334,700	10,204,600	(1%)
TOTAL OPERATING	\$62,101,300	\$61,852,600	\$63,598,100	3%
Less Internal Agency Fees	(18,314,800)	(18,739,400)	(18,693,200)	--
Capital, Grant and Partnership Salaries & Benefits	\$5,340,200	\$5,539,600	\$6,259,400	13%
TOTAL	\$49,126,700	\$48,652,800	\$51,164,300	5%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	329.0	333.5

The 2016 operating budget at Housing Operations Department increases by three percent as compared to 2015 budget primarily because of increases in administrative expenses and higher routine maintenance and repair spending. The major factors for the overall increase in expenses are explained below.

Administrative salaries and temporary help expense is higher by ten percent from the 2015 level. The increase results from the net addition of 4.5 FTEs in 2016 and moving the funding for three Economic Opportunity Specialists positions and HOPE VI Community Builders to SHA's operating budget from HUD's ROSS lottery grant and Limited Partnership budgets, respectively. The positions to be added in 2016 are in the Admissions Office, Low Income Public Housing (LIPH) High Rises, Scattered Sites, and Yesler redeveloped property, Raven Terrace. The Admissions Office added two positions to centralize admissions of new residents to subsidized units at HOPE VI, new Yesler Terrace properties, Wisteria Court and Longfellow Creek. This addition was partially offset by a reduction of 1.0 FTE from the HOPE VI properties. The LIPH High Rises and Scattered Sites added an Assistant Property Manager (APM) and a Property Manager (PM), respectively, to address increased workload and provide improved service to our residents. A half time maintenance technician is budgeted for Raven Terrace. The property is expected to start lease-up in early 2016. The position will be funded from the Limited Partnership's budget.

Maintenance and contract expenses are three percent higher in 2016 mainly because the Department will continue the efforts started in 2015 to address work order backlogs at properties in the Low Income Public Housing (LIPH) portfolio and right size over/under housed families at Scattered Sites. SHA started to notice work order spikes and backlogs in late 2013 which continued through 2015. Temporary skilled trades staff were added to get ahead of the backlog of vacancies and work orders and return response time to normal levels over the next year. In 2015, we added temporary trades' staff to help property managers in LIPH Scattered Sites and in NewHolly to redress over and under housing situations. The effort will continue through 2016 and 2017. Maintenance and repair spending at old Yesler Terrace will be less than the 2015 level because of fewer online units continuing into 2016. The reduction in maintenance needs at Yesler Terrace offsets part of the increases in maintenance expenses in the Department.

Tenant Service and utilities are expected to be lower than 2015. The reduction in tenant service is mainly because of one time expenses budgeted in 2015 and not planned for 2016. Total utilities are slightly lower mainly due to fewer units at old Yesler Terrace.

Department Purpose and Function

Housing Operations is responsible for managing and maintaining SHA's housing portfolio of over 8,000 units. In 2016, this diverse portfolio will be comprised of approximately: 6,000 units of Low-Income Public Housing; 1,029 Seattle Senior Housing Program units (894 units are public housing units); about 910 units in Special Portfolio representing locally acquired units; and about 770 HOPE VI tax credit units (excludes public housing tax credit units). The HOPE VI tax credit units are in the mixed income communities of NewHolly, Rainier Vista, High Point, and Lake City Court. The redeveloped Yesler Terrace units, including the Baldwin Apartments, Kebero Court and Raven Terrace have a total of 201 units. The Baldwin and Kebero started operation in 2014 and in 2015, respectively. Raven Terrace is expected to start leasing in early 2016.

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	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Housing Operations Central Administration	\$ 1,391,800	\$1,621,700	\$ 1,566,500	(3%)
Admissions	\$ 694,500	\$ 747,800	\$ 905,100	21%
TOTAL OPERATING	\$ 2,086,300	\$2,369,500	\$2,471,600	4%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Housing Operations Central Administration FTEs	13.0	13.0
Admissions FTEs	7.0	9.0
Total FTEs	20.0	22.0

In 2016, the combined Housing Operations Central Administration and Admissions budget increases by 4 percent above the 2015 adopted budget. The increase is mainly in the Admissions Office which results from an increase in its staffing level to centralize the admissions process for subsidized units at HOPE VI, Yesler's redeveloped properties and two Special Portfolio properties. The new resident admissions and waitlist process for these units will be handled by the Central Admissions team which is currently handling admissions for Low Income Public Housing and Senior Housing properties. The Admissions Office will add two new positions to address the increased workload while HOPE VI communities will reduce one FTE position from its staffing level to account for the transfer of this work. The net increase of one additional FTE will help the Admissions Office enhance customer service, provide consistent service across portfolios, comply with regulations and have a good auditable wait list and admissions process.

The Central Housing Operations Administration budget is lower by 3 percent from the 2015 budget due to reduction of a one time consulting service budget. The office had budget for consulting services in 2015 to review service delivery models. This budget was time limited and not carried over into the 2016 budget.

The Central Administration budget is for the central support to the Department and includes the Housing Operations Support Team (HOST). The HOST Administrator provides management oversight of Admissions, Training, Compliance and Environmental Service and Resource Conservation (ESRC) functions. The ESRC team's work includes providing improved internal and external reporting, resource conservation, billing and cost analysis. ESRC also manages and oversees the work of the Solid Waste group. The operating budget for Solid Waste division is included in Impact Property Services (IPS) budget.

2016 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, training, conservation and sustainability, and contract administration. The 2016 Housing Operations Work Plan supports Seattle Housing Authority's (SHA) mission by advancing the priorities identified in the Strategic Plan.

Resource Conservation

- Begin implementation of the agency's Sustainability Plan. Establish baseline data in the first year for the goals defined within the plan and work with the Sustainability Committee to identify initiatives, priorities, and implementation.
- Seek opportunities to partner with other organizations and find funding for projects that will further the goals of the Sustainability Plan.
- Continue to analyze utility consumption, review utility bills for accuracy, request refunds, and maintain accounts. Develop a procedure for performing comprehensive building audits in order to evaluate conservation opportunities specific to the building.
- Work with youth at selected properties to help engage residents in conservation efforts so that they can better understand and participate in recycling and composting.
- Continue to implement the Water Smart program (water billing and incentives) at HOPE VI properties with a new vendor, Guardian Water and Power. Focus on educating residents about water conservation and their own water consumption. In addition, evaluate the effects of those program changes on resident consumption.
- Update the utility allowances for HOPE VI properties to reflect the rate increases projected in 2016 and assist property management in communicating changes.
- Develop and implement successful diversion and reduction strategies, including monitoring and evaluating the waste stream and educational programs and presentations. Expand the organics program to divert tonnage from high cost garbage to the lower cost organic commodity.

Compliance, Policy, Training

- Conduct training and provide written procedures to staff to implement effectively the public housing policies in the Admissions and Continued Occupancy Policy.
- Continue using the revised, simplified, and standardized auditing protocol developed in 2015 to focus on critical issues for new admissions, transfers, and continued occupancy.
- Audit paperwork for all households moving or transferring into SHA housing (including lease ups of all new properties) and ensure any errors related to eligibility are corrected and/or addressed prior to lease up.
- Randomly select files completed by all site staff to ensure a sample of each site staff person's work is audited for compliance to regulations, policy, and procedure. Audit samples of files completed by site staff as requested.
- Audit submissions to the Combined Funders' Annual Reporting System (also known as WBARS) to ensure compliance with funder requirements and household eligibility.
- Analyze audit data to spotlight areas where policies and procedures need revision and/or where training is needed. Revise policies and procedures and provide training.
- Submit, monitor, and audit submissions to Public and Indian Housing Information Center (PIC) and Enterprise Income Verification (EIV) to ensure compliance with HUD reporting requirements. Work with staff to correct discrepancies as they arise.

- Interface between regulatory agencies and staff regarding changes in regulations and policies from oversight agencies; assist with preparation for review by regulatory agencies; assist with preparation of reports to regulatory agencies.
- Meet with site staff to communicate issues and ideas; develop and provide training to ensure all site staff handle issues consistently as required by regulations and policy.

Admissions

- Centralize the HOPE VI subsidized units admissions. The development of a project plan will begin in 2015 and the work to complete the transition will continue through 2016.
- Review the Wait List structure for process improvements by conducting a comprehensive review and analysis of current business process. Propose business process improvement and restructuring up to and including restructuring the Wait List.
- Develop valuable Wait List audit reports to verify compliance and increase data integrity by coordinating with Information Technology, Compliance, and Property Management staff.
- Work with Compliance to design, schedule and conduct Wait List management training for Property Management, Admissions, Front Desk and Compliance staff. Training topics may include but are not limited to: unit turn down policies, queue management and clean-up, use of Wait List audit reports, and process workshops.
- Work with referral agencies to design staff toolkits, brochures and flyers as resources for applicant inquiries and coordinate with outside agencies for referrals. Update and revise the pre-application form.

Document Imaging

- Prepare Housing Operations internal documents for the document imaging process by numbering, reformatting and labeling changes to all Housing Operations forms. This is a multi-year project.
- Create a limited archive of existing tenant file documents that will be subject to future auditor and/or legal demands. Use Process Automation in OnBase to streamline document management by providing electronic content management, barcode auto-indexing and electronic document routing. Additionally, provide for centralized control of documents used and as a result increase auditability of all of our files.

Low Income Public Housing

LIPH High-rises, Scattered Sites, homeWorks and Inspections Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
LIPH High-rises, Scattered Sites, homeWorks	\$ 24,177,900	\$ 22,664,500	\$ 23,078,300	2%
Inspections	95,600	107,300	103,600	(3%)
TOTAL OPERATING	\$24,273,500	\$ 22,771,800	\$23,181,900	2%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	54.5	54.7

The Low Income Public Housing (LIPH) program consists of approximately 6,000 units of low-income housing owned, maintained or managed by SHA. The homeWorks tax credit partnerships, with 1,977 units, are included here as part of the LIPH program. The program is also managed and served by other portfolios including approximately 950 LIPH units in the HOPE VI communities, 63 LIPH units at Special Portfolio, 894 units in Seattle Senior Housing Program (SSHP) units brought into the Low Income Public Housing Program in 2011; and, 270 units in Yesler Terrace, the public housing community undergoing redevelopment. The budgets for these units are accounted for in the Limited Partnerships, NewHolly, Special Portfolio, Seattle Senior Housing Program, and Yesler Terrace sections. Low Income Public Housing serves low-income residents, with most residents at or below 30 percent of median income.

The 2016 budget for LIPH is 2 percent higher when compared to the 2015 adopted budget. The increase resulted mainly from an increase in maintenance and repair expenses and changes in staffing to address increased workload. Routine maintenance and repair expense will be higher by about \$617,000 of which \$273,000 will be for maintenance work order backlogs and right-sizing of about 12 households at Scattered Sites properties. The Low Income Public Housing will continue its work on addressing the growing demand for routine maintenance and continue clearing work order backlogs. Staffing increases by two positions to respond to the growing demand for property management staff time. The budget includes funding for a new floater Assistant Property Manager (APM) and a second Property Manager (PM) in the Scattered Site portfolio. The floater APM will work at the portfolios across public housing and will help in completing annual reviews, interim reviews, leasing of units and rent collections. The request for additional support is primarily the result of work absences related to staff annual and other leaves. The Property Manager position will work at the Scattered Sites program which has 711 units spread throughout the city boundaries. The position is added for two years to help address complaints, moisture issues, resident disputes, curb-appeal issues, rent collection, and vacate inspections.

LIPH Work Plan Highlights

- Continue working closely with staff to reduce vacate days and costs. LIPH will continue to work with IPS to better coordinate unit turnovers.
- Continue to improve efficiencies with the new real-time tracking vacate board developed by management and IPS to better predict the date that a unit will be turned back and minimize the vacant days.

- Launch an initiative to train staff on customer service skills, greater staff presence and strategic scheduling at buildings, and safe and healthy work environments.
- Review the potential of changing from annual reviews to tri-annual reviews for residents on fixed incomes in order to reduce the number of annual reviews and to create more work capacity for the APMs.
- Annual bed bug inspections in all high-rises will be implemented in 2015-2016. Proactive building bed bug K9 sweeps will be performed in all units to reduce the number of future bed bug issues.
- Reduce the number of normal property management entries into resident units. The types of entries include: annual unit inspections, pull cord work in each unit, mandatory bedbug unit inspections, fire alarm system checks, as well as other entries. Residents have asked to attempt to coordinate these entries to reduce the impact. Staff will look into ways to create efficiencies and better track and address property management concerns within the units.
- Increase safety and security features on properties. This will include: upgraded exterior and interior lighting, increased number of security cameras, restricted access, physical upgrades to some building entries, and installed exterior door alarms to prevent propping of doors.
- Continue to work to incorporate green and sustainable practices at our properties such as switching from traditional light bulbs to LED will assist in utility savings and bulb replacement costs.
- Achieve a Real Estate Assessment Center (REAC) score of 80 or higher, in 2016 funds have been allocated for REAC property preparation work and repairs.
- Housing inspections for Low Income Public Housing, Seattle Senior Housing Program and Scattered Sites has been moved under the supervision of the Property Management Administrator from Impact Property Services to improve preparation, coordination, communication and tracking of inspections.
- Address unmet needs at Scattered Sites portfolio with the addition of a Property Manager (PM). Responsibilities will include: focusing on the financial health of the portfolio, working with unit inspections, new move-in orientation, and creating a database, which will include work orders, moisture issues, 10 day notices and housecleaning.
- Work with Asset Management to chart the future of the Scattered Sites program which may include disposition of properties, and realignment.

Seattle Senior Housing Program (SSHP)

Seattle Senior Housing, includes Ravenna and Leschi Tax Credits	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Operating Expenditures	\$ 4,768,900	\$ 4,907,500	\$ 5,341,500	9%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	14.0	17.4

The Seattle Senior Housing Program (SSHP) along with the Leschi House LLLP consists of about 1,029 units serving elderly and disabled persons. The units were acquired and developed using funding from a 1981 Seattle Senior Housing bond issue. The program serves households with a maximum income of 80 percent of Area Median Income and the head of 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 operating budget for SSHP is 9 percent higher as compared to the 2015 budget. About half of the increase results from reassignment of Property Assistants (PA) between LIPH and SSHP. In prior years the assignments of the PA's were budgeted to work across the SSHP and LIPH portfolios. The 2016 budget changes their building assignments so they are primarily working at SSHP or LIPH communities. This change gives more staff time to support senior communities. Routine maintenance and repair and utilities are budgeted at a slightly higher level compared to 2015 budget.

SSHP Work Plan Highlights

- Continue to review SSHP's rent policy and consider a new rent policy for the program. We will continue to dialogue with residents on their concern about the rent policy.
- Research in 2015 the removal of the pull cords for all buildings with a senior designation or in the SSHP program. Develop a communication plan to alert residents in early 2016.
- Coordinate with other departments on rehabilitation of elevators, exterior repairs, siding repairs, replacement of intercoms and common area updates in SSHP communities.
- Work with Impact Property Services (IPS) on upgrades to the ACAM and Security systems.
- Continue working with IPS and follow up on results of 2015 initiative to provide systematic and scheduled bed bug inspections in SSHP units.

Yesler Terrace

Yesler Terrace, Baldwin and EOC Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
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Yesler Terrace	\$2,449,400	\$2,315,700	\$1,682,400	(27%)
Baldwin Apartments	\$4,500	\$69,400	\$78,700	13%
Epstein Opportunity Center	\$32,400	\$62,100	\$63,300	2%
TOTAL OPERATING	\$2,486,300	\$2,447,200	\$1,824,400	(25%)

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	11.5	11.6

Originally, Yesler Terrace consisted of 561 Low Income Public Housing (LIPH) units built from 1941 to 1943 serving a diverse community in the neighborhood. Yesler Terrace is the city's first publicly subsidized housing development. Many of the residents are families with children, seniors and people with disabilities. Most of the households are at or below 30 percent of area median income. SHA began redeveloping Yesler Terrace and replacing the aging housing with new units. The project is multi year and has a vision to transform Yesler Terrace into a vibrant new community within a diverse, connected, safe and sustainable neighborhood. The first relocation started in 2012 with relocation of the YWCA program. Phase 4 of relocation will occur in 2016 along with the lease up and initial occupancy of Raven Terrace, an 83 unit development.

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

Kebero Court (1105 East Fir LLLP), the first new residential property was completed and started operations in 2015. The construction of replacement and tax credit units at Raven Terrace will be completed by the end of 2015 with lease up and operations in early 2016. A mixed financing project, Hoa Mai Gardens (221 10th Avenue South), is expected to close in 2015 and progress with construction in 2016. Because these projects are Limited Partnerships (LPs), their budgets appear in the Capital Improvement, Grants, and LP section of the budget book and are not reflected in the table above.

The 2016 Yesler Terrace (old, along with Baldwin and the EOC) operating budget is 25 percent below the 2015 adopted budget, mainly due to the relocation of residents and fewer online units at old Yesler Terrace. Utility and maintenance expenses are expected to be lower as a result of the declining number of occupied units onsite. The operating budgets for Kebero Court and Raven Terrace are included in the Capital Improvement, Grants, and Limited Partnership section of the budget book and are not reflected in the table above.

Yesler Terrace Work Plan Highlights for 2016 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 Raven Terrace, scheduled for the 1st quarter of 2016, to include outreach to relocated Yesler Terrace residents, and lease up activities.

- Identify options for managing and operating the Yesler campus as the community moves away from its current housing type to apartment buildings and a new living environment.
- Engage in the establishment of the Yesler Terrace Owners Association, for upkeep and maintenance of common areas.
- Continue to engage in relocation activities for the next identified phase of redevelopment in Yesler Terrace.
- Engage with Vulcan Real Estate to foster open communication with the Yesler community as plans for private development evolve.
- Continue to define Yesler campus' needs related to Community Services and the role of the Community Builder as more housing comes on line. Establish positive relations and support within the Choice Neighborhoods Initiative (CNI) area; creating the vision of transformation for the Yesler campus.

Special Portfolio Housing Program (SP)

Special Portfolio	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Operating Expenditures	\$ 4,752,500	\$ 4,867,600	\$ 4,755,700	(2%)

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	15.5	15.3

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 2016, the operating budget will be reduced by 2 percent. There is a small reduction in staff for the portfolio, and the budget for Impact Property Services (IPS) has been reduced. IPS is used when on-site staff has more work than they can perform in a timely manner. For 2016, the Special Portfolio properties are not planning as much work to be performed by IPS.

The Limited Partnership budgets 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.

Special Portfolio Work Plan Highlights

- Evaluate the use of maintenance and repair work order processes through the Yardi property management system. Use Yardi to enhance efficiencies, monitor property performance and repairs.

- Assess properties that do not meet their required 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. Review management and maintenance service delivery models and develop recommendations.
- Pursue funding to improve the exterior curb appeal of the properties, which will keep the properties in good standing within the neighborhoods. The 2016 Asset Preservation program will make improvements to both interiors and exteriors for these properties.
- Increase efforts to provide strong management oversight, evaluation, and process improvement beginning in 2015 and continuing into 2016. This approach will create more efficient and effective methods to manage this portfolio.

Impact Property Services (IPS)

Impact Property Services Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Impact Property Services Operations	13,396,300	13,460,400	14,270,000	6%
Solid Waste	2,440,500	2,445,900	2,489,500	2%
Housing Operations Facilities	300,800	332,000	332,700	--
TOTAL OPERATING	\$16,137,600	\$16,238,300	\$17,092,200	5%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Operating Budget FTEs	119.0	119.0
Capital Budget FTEs	16.0	16.0
Total IPS FTEs	135.0	135.0

The Impact Property Services' (IPS) operating budget will increase 5 percent to \$17.1 million in 2016. The inspections function, budget and FTE were transferred to the Low Income Public Housing group.

IPS reorganized its division in 2015. Two Maintenance Manager positions were added but offset with a reduction of a Hazmat Manager and an Industrial Cleaner Supervisor. Supervision over Pest Control and Hazmat was combined under one supervisor. The Operations Program Administrator will supervise Building Maintenance Services, Fleet and Janitorial. Building Maintenance Services will be split into two main functions, vacate work and skilled trades work. Maintenance Managers will supervise Landscaping, Pest Control and Hazmat operations. Team members will cross over when necessary.

IPS will continue its focus on work order backlog and right sizing families. Temporary staff will address backlogs from work order spikes that result from preparation for and completion of funder inspections. A few portfolios have families in units not appropriately sized for their household. Twelve families will move to 'right sized' units; temporary staff will handle the turnover. Temporary staff will also do HOPE VI and Special Portfolio backflow and fire alarm projects.

The Solid Waste budget will increase 2 percent in 2016, approximating the projected inflationary increase. The Solid Waste division was reorganized to fall under the Environmental Services group of the Housing Operations Support Team (HOST) but for presentation purposes is displayed here. Staffing totals did not change but reassignments were made. Solid Waste staff will continue to develop and implement successful diversion and reduction strategies, including monitoring and evaluating the waste stream and educational programs and presentations. Their efforts will expand the organics program to divert tonnage from high cost garbage to lower cost organic commodity.

IPS started managing the facilities budgets at the MLK Maintenance site, South Operations Facility and the Operations Support Center in 2014. The IPS Facilities budget will remain flat. Lower utilities expenses are expected in 2016 than were budgeted in 2015; utilities make up more than one-third of the budget so increases in other accounts are offset by utility reductions.

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

IPS Work Plan Highlights in 2016 include:

- Technology Improvements:
 - ✓ IPS will focus on technology improvements including: streamlining the data transfer from solid waste trucks on pick-up runs to the billing system at the central office using EnterpriseOne to its fullest potential. In addition, IPS will add handheld devices to update software data for work orders when staff is in the field.
- Maintenance and Repair
 - ✓ Develop a customer-centric approach to maintenance and management operations. This will increase resident engagement, improve property performance, increase staff accountability and performance, and improve property financial performance.
 - ✓ Evaluate staff placement and create improved Service Delivery Models to achieve optimal productivity.
 - ✓ Optimize maintenance schedules and routing to reduce expenses, increase productivity and improve customer services.
 - ✓ Create a team to monitor and measure progress to reduce the work order back log. Identify Real Estate Assessment Center (REAC) work orders that are part of the pre and post-inspection process and the role those work orders play in the back log.
 - ✓ Focus on vacate costs, turn-around time and satisfactory workmanship for housing management applicant or customer acceptance.
 - ✓ Perform maintenance, repair, replacement and rehabilitation projects identified by property managers and funded via the capital grant.
 - ✓ Manage workload effectively by using temporary staff on maintenance work orders requested by management due to funder inspections, meeting vacate goals, and other routine work orders.
 - ✓ Quick turn over of units, including modest unit improvements, for residents identified as over- or under- housed. A timely turn over reduces relocation and administrative costs.
 - ✓ Perform contract work at the HOPE VI and Special Portfolio communities for backflow testing and fire alarm monitoring.
- Pest Control
 - ✓ Monitor the results of the pest control program to inspect all Low Income Public Housing and Seattle Senior Housing Program buildings for bedbugs and provide treatment as required; work with Property Management to create a focused educational session for residents in buildings with persistent bedbug problems.
 - ✓ Respond to resident and property management requests for pest inspections in a timely manner.

- ✓ Re-start new move-in pest inspections for all SHA buildings, including HOPE VI and Special Portfolio. Expand preventive pest control maintenance and canine bed bug inspections to HOPE VI.
- ✓ Continue to provide preventive pest control maintenance monthly on targeted buildings. Ensure that bedbug infestations are addressed effectively by residents and property managers, as well as identifying the best control practices.
- Preventive Maintenance
 - ✓ Continue to analyze Preventive Maintenance (PM) costs, system experiences and conditions. Identify building systems that are at or near the end of their useful life and analyze data for future capital needs discussions.
 - ✓ Evaluate and refine the use of maintenance and repair work order processes in the Yardi system to enhance efficiencies and monitor property performance and repairs.
 - ✓ Work with management to bring certain Special Portfolio, HOPE VI and commercial properties under the IPS Preventive Maintenance Plan.
 - ✓ Develop baseline and goal metrics for the PM program to analyze asset performance.
- Fleet
 - ✓ Develop an Emergency Preparedness Plan to provide a routing system for fleet to assist properties during an emergency.
 - ✓ Develop a plan and procure green vehicles as feasible, in accordance with new legislation that will be effective June 1, 2018. The state will require cars to be all electric, plug-in hybrid or neighborhood electric vehicles.
 - ✓ Identify and manage the fleet replacement of certain vehicles that require major repairs or have replacement age issues.
 - ✓ Continue to survey and analyze vehicle utilization to determine where vehicle reductions might occur and where improved routing can increase efficiency.
- Solid Waste
 - ✓ Assess new rates for SHA owned properties and other customers. Assess the billing system process for effectiveness and efficiency of rate changes and special pick-up billing. Improve the information transfer between the solid waste software and the accounting software systems. Establish policy and criteria considerations before approving requests to increase the number or type of external customers served by SHA Solid Waste.
 - ✓ Monitor rate increases resulting from the 2015 rate review. Ensure that the new rate structure covers all operating costs, software maintenance fees that support truck routing software, contributions to SHA's and IPS' administrative costs and to the equipment/truck reserve fund.
 - ✓ Analyze and evaluate routes and look for other efficiencies to reduce overtime and workload spikes.
 - ✓ Analyze preventive maintenance protocols for the solid waste fleet and adopt best practices to minimize vehicle breakdowns and prolong the life of the fleet.
 - ✓ 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.

- ✓ Continue the successful implementation of the recycling and organics diversion program to help divert tonnage from the garbage waste stream, saving the agency money and reducing the negative impact on the environment.
- Facility Operations
 - ✓ South Operation Facility is located near the Duwamish River in the storm water pollution prevention area. Maintain compliance with Department of Ecology Storm Water Pollution Prevention Plan by daily depositing organics with the appropriate agency. Daily deposits will reduce any negative impact of Solid Waste Operations on the environment.

Community Services

Community Services Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
TOTAL OPERATING	\$3,350,400	\$3,868,200	\$4,380,600	13%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	27.5	27.5

The Community Service group plans, develops, seeks partnerships for, and oversees the provision of referrals, service coordination, and direct service to SHA's low-income residents and voucher participants. Services focus on education, employment and self-sufficiency/stability, health and mental health case management, advocacy services, and on youth tutoring, recreation, and educational opportunities. Community Services also operates SHA's Community Builder Program to involve residents in the life and betterment of their community, including resident involvement in development activities that affect them. Interpretation services are integral to the effectiveness of these programs.

The budget for Community Services (CS) is 13 percent above the 2015 budget. Historically, funding for Community Services has come from SHA funds and a variety of external sources, including federal, state and local grants, and funds from foundations, and other agencies. In 2015, SHA applied for HUD's Resident Opportunities and Self Sufficiency (ROSS) grant. However, SHA was not among the winners of the ROSS lottery for grant funds. The 2016 budget continues these positions on MTW funding for a year to focus on efforts to complement the lessons learned from the Workforce Opportunities System Pilot project. In addition, funding for the Community Builders, which had been split between Community Services and HOPE VI properties, is now shifted to Community Services.

The 2016 budget funds 7.7 of the 27.5 CS FTEs from external sources, primarily grant funds. 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.

Community Services 2016 Work Plan Highlights include:

- Continue to support and grow our model of community building in mixed income communities. This model is based on helping create social networks through affinity groups and neighborhoods coming together around common interests. In the case of Yesler Terrace, we will work to more fully implement the Yesler Community Network plan that was developed in 2014 and early 2015.
- Community Services will consider creating a forum for low income residents in the mixed income communities to be able to receive tenant feedback about SHA policies that affect them. The forum would be similar to the JPAC (Joint Policy Advisory Committee) for traditional LIPH housing.
- In the high-rise buildings, Community Builders will support the duly-elected public housing councils and work with the councils on utilizing the Resident Participant Funding for investments in training, internet access and other areas that the councils decide are priorities.
- Support and provide technical assistance to community members through the development of applications and implementation of matching grants from the Department of Neighborhoods, and the Department of Information Technology for computer labs.
- Continue to collaborate with property management and other SHA colleagues to ensure that residents are able to comment on SHA policies and investment decisions (through the budget process) by maintaining the LIPH JPAC and ensuring regular meetings between staff and resident members. We will also work with property management to support and grow the resident council for SSHP.
- Continue to strategically invest SHA resources in social services programming that addresses community priorities and serves to leverage additional investments by partner agencies. Closely monitor all social services contracts but particularly those involving case management and youth. In 2015, a new program model for serving teens at High Point and NewHolly was developed in response to feedback from teens and parents; these programs will be monitored closely in 2016. The start of two new case management projects, one to provide basic support in the Scattered Site communities and one to provide enhanced services in LIPH buildings are set to begin in mid-late 2015 and monitoring of them will occur throughout 2016 with adjustments being made as needed.
- Continue to collaborate with partner agencies to leverage and coordinate resources to ensure a continuum of services are offered to SHA residents. For example, continue working with the Yesler Service Provider Collaborative to ensure Yesler Terrace residents have access to a full array of services that respond to their needs.
- The Economic Opportunities staff team will continue to serve about 600 residents annually with economic opportunity services that involve asset building, training, job placement and retention, all of which promotes financial stability. The team will also build on the success of relatively new initiatives such as the Yesler ESL-Paid Job Shadowing initiative and the Yesler Industrial Sewing Class and continue to support the Workforce Opportunities System Pilot.

- Work with the Development Department, Purchasing and others on the implementation of the Section 3 initiative for Yesler Terrace. The coming year (2016) could be a critical year for the Yesler Community Workforce Agreement and for filling the Section 3 new hire openings for the construction sites.

Impact Property Management – HOPE VI Communities and Parks

Impact Property Management – HOPE VI Administration, NewHolly and Others Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Impact Property Management	\$ 433,000	\$ 453,400	\$ 842,000	86%
NewHolly Phase I & II (NewHolly and Othello)	3,041,200	3,071,100	2,786,100	(9%)
Parks	275,000	311,200	360,800	16%
Campus of Learners	496,500	545,800	562,200	3%
TOTAL OPERATING	\$ 4,245,700	\$ 4,381,500	\$ 4,551,100	4%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	51.0	50.0

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 owned by SHA. On January 1, 2015 New Holly Phase II was returned to SHA as part of the scheduled dissolution of the Othello Street Limited Partnership. 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 in the back section of the budget book. The total number of FTE's will decrease by one when the LIPH admissions function is transferred and consolidated with the central Admissions group. A two year project Property Management Associate Trainee position was added to the High Point North Limited Partnership to provide additional administrative support and improved customer service. The High Point limited partnerships also reduced their full time landscaping staffing in lieu of additional temporary seasonal staffing.

A number of costs were shifted between groups resulting in larger than normal fluctuations in certain budgets. Most other line items remained relatively flat or had modest increases for inflation. The most significant change was in IPM, where the High Point Open Space Association fees were transferred into IPM from the HOPE VI properties, accounting for all but a modest budget increase. Conversely, NewHolly Phase I & II, saw their budget reduced by shifting the SPU surcharge to Development and Community Builder's to Community Services. In 2015, NewHolly Phase I was provided one time funding of \$60,000 to reduce the number of over or under housed tenants. The elimination of one time funding in 2016 and the transfer of costs resulted in the 9% reduction in budgeted expenditures in NewHolly Phase I & II.

The Parks budget increases 16% over 2015 resulting primarily from a couple of one time expenses. SHA owned parks in the New Holly and Rainier Vista communities contain trees that have been designated Heritage Trees and as a result SHA is required to take additional steps to ensure their care. In 2016, SHA set aside funds to have the trees inspected by arborists and perform prescribed maintenance. A Cost Needs Assessment is also planned for all of SHA parks to determine what will be needed in the coming years.

Impact Property Management (IPM) oversees the management of 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 2016, 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 administers 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 its own section. The budget for Special Portfolio is also separately presented.

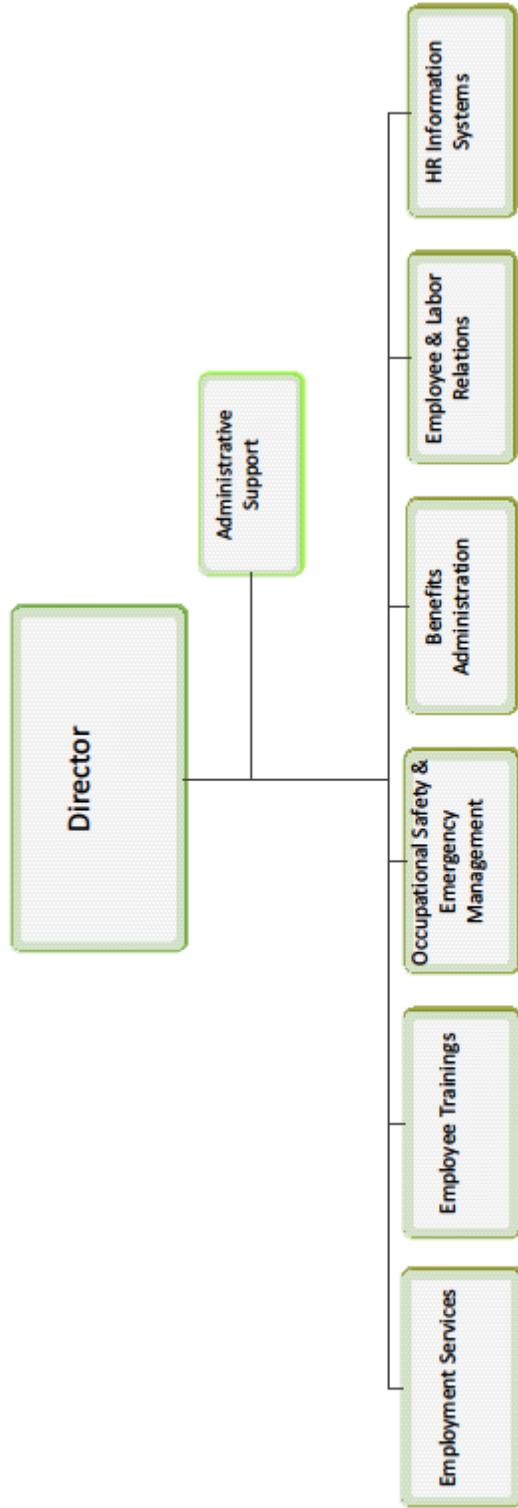
IPM – HOPE VI Work Plan Highlights for 2016 include:

- Participate in the planning and the possible implementation of a reorganization of both the HOPE VI and Special Portfolio properties. Work with all parties to transition properties within the reorganized structure, which will include Admissions, Finance and Administration, Human Resources, Impact Property Services, and Housing Choice Voucher.
- Continue to evaluate the utility billing program for costs and administrative burden to the HOPE VI communities. Work with the utility billing vendor to enhance the collection process for water overages.
- Centralize the LIPH admissions and wait-list management for HOPE VI and Special Portfolio properties in order to reduce audit risk, ensure equitable treatment for our applicants, and use resources efficiently.
- Participate in the Workforce Opportunity Systems (WOS) Pilot project. The pilot project is working to build and test new pathways to living wage employment for our residents. This will be a staff intensive effort in HOPE VI and Special Portfolio, which have the majority of the work-able families.
- Pursue funding to improve the exterior curb appeal of the properties with tired and worn out landscaping and property signage. This will keep the properties in good standing within the neighborhoods.
- 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.
- Continue the site-based landscape pilot at High Point with modifications. Change FTE count from three to two. Utilize the two FTE temporary funding to have additional temporary help to address the high season workload. This allows for six temporaries for 4-months during the high season.
- 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.
- Evaluate and refine the use of maintenance and repair work order processes in the Yardi system to enhance efficiencies and monitor property performance and repairs.
- Establish a cross portfolio peer training program for maintenance staff to increase knowledge and skill base. Areas of training include: appliance troubleshooting and repair, lock cylinder re-pinning, floor repair, painting, and cleaning strategies.

- 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 discussions for the buy out of Desdemona LP, Escallonia LP, and High Point North LP.
- 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.
- Maintain High Point as the Regional Command Center 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 trainings, and participation in emergency preparedness drills.
- Continue the use of 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	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help	\$ 1,485,000	\$ 1,815,600	\$ 2,011,800	11%
General and Administrative Expense	308,500	299,700	357,300	19%
Tenant Services	--	--	--	
Maintenance & Contracts	90,400	107,600	160,200	49%
Utilities	--	--	--	
TOTAL OPERATING	\$ 1,883,900	\$ 2,222,900	\$ 2,529,300	14%
Less Internal Agency Fees	(\$107,700)	(\$99,200)	(\$101,300)	2%
Capital, Grant and Partnership Salaries & Benefits	--	--	--	
TOTAL	\$ 1,776,200	\$ 2,123,700	\$ 2,428,000	14%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	9.5	11.0

For CY 2016, the Human Resources (HR) Department's operating budget increases by 14 percent above CY 2015 to \$2.53 million. Human Resources increased their FTE count by 1.5 FTE. A current part time staff position will be temporarily increased to full-time to help establish the organization's Emergency Management program and assist in the development of business continuity plans. In response to employees' desire for enhanced training, a two year project training position was created. This position will also assist with the furthering of the Race and Social Justice Initiative along with expanding the Culture of Poverty training. To further support the expansion of the Culture of Poverty educational program, an additional \$50,000 is being set aside for training. Other line items contributing to the increase in HR's budget include a \$32,300 increase in agency's expected leave pay outs and \$20,000 in additional funding for a new employee orientation video.

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, Emergency Management, Safety and Wellness, Employee and Labor Relations, 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 NeoGov, an on online hiring system that reduces processing time and the use of paper. 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

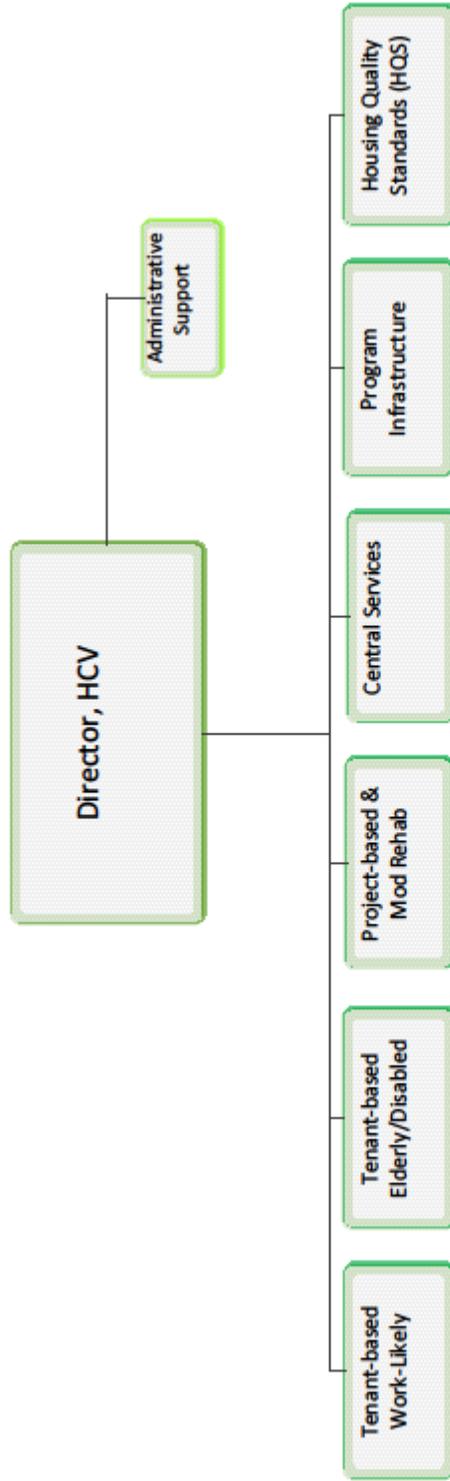
The Human Resources (HR) Department's CY 2016 work plan includes:

- Implement and support the Seattle Housing Authority and HR Strategic Plans, which includes process improvement efforts, advancing the use of technology to increase efficiency and effectiveness within the department and efforts to implement employee career-development training and succession planning.
- Create career development paths for employees based on agreed upon goals. Continue refinement of online performance evaluation tools for all staff. Allow managers and supervisors to create and store performance evaluations electronically and provide to staff electronically. Expand the electronic performance system to represented staff, including Trades and office staff.
- 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.
- Expand implementation of the Race & Social Justice Initiative (RSJI). Efforts will include foundation training for current and new staff and implementation of the RSJI toolkit to review policies and procedures through an RSJI "lens."
- Examine and develop training for staff concerning the Culture of Poverty and its impacts on low income residents and participants and our interactions with them.
- Continue efforts to improve supervisory skills by offering training classes for supervisors and managers and implement employee career-development training and succession planning.
- Work with our Employee Assistance Provider to coordinate training, referrals, and special interventions regarding incidents affecting SHA staff.
- Develop and put in place processes and procedures for an agency-wide emergency preparedness and management program. Update policies and ensure facilities have proper emergency equipment. Develop business continuity plans to ensure the Agency and its staff recognize the survival priorities in case of an emergency and/or disaster. An additional 0.5 FTE was added to help support these preparations.
- 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 the State Labor and Industries (L&I) Department 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.

- 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.
- Work with the Labor and Management Committee to review current labor relations processes to ensure SHA is utilizing the most efficient and effective process for labor management and negotiations.
- 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.
- Work with the Teamsters Union to bring contract negotiations to an agreed conclusion as early as possible. The current contract is set to expire in December of 2016.
- Coordinate annual agency meetings and events, such as the All Staff Meeting, Holiday Brunch, Service Anniversary Luncheon and Combined Charities Campaign.

Housing Choice Voucher Program

HOUSING CHOICE VOUCHER PROGRAM



Housing Choice Voucher Program Budget

Department Expenditures	2014 Actual	2015 Budget	2016 Adopted	% Change 2015-2016
Admin Salaries & Temp Help General & Administrative Expense	\$ 4,394,100	\$ 4,889,300	\$ 5,311,200	9%
Tenant Services	3,876,100	4,201,800	4,144,100	(1%)
Maintenance & Contracts	74,600	628,200	646,500	3%
Utilities	47,300	509,700	488,200	(4%)
	--	--	--	--
TOTAL OPERATING	\$ 8,392,100	\$ 10,229,000	\$ 10,590,000	4%
Less Internal Agency Fees	(2,803,200)	(3,175,300)	(3,133,300)	(1%)
Housing Assistance Payments	79,543,200	87,829,300	87,934,700	--
TOTAL	\$ 85,132,100	\$ 94,883,000	\$ 95,391,400	1%

Full-time Equivalent Positions	2015 Approved	2016 Adopted
Total FTEs	60.2	64.3

For CY 2016, the Housing Choice Voucher (HCV) Program's operating expenses will increase 4 percent above CY 2015 to \$10.6 million. This increase is primarily the result of an increase of 4.12 FTE. The increase in personnel is focused primarily on improving SHA's voucher utilization. Two Certification Specialists were added in late 2015 to increase HCV's capacity to issue tenant based vouchers and process leases and HAP Contracts. These positions are expected to increase HCV's capacity to issue vouchers by 50% and shorten the amount of time necessary to process applications. An Issuance Supervisor position eliminated in 2012 is being restored to further increase tenant based issuances and provide additional oversight. The department is also adding a Strategic Advisor to help design, implement and monitor programs requiring "non-traditional use of funds". The Director of the Housing Choice Voucher Program was increased from a .88 FTE position to 1 FTE when the new Director was hired in January of 2015.

The increased personnel costs are partially offset by reductions in other areas. The decrease in General & Administrative expenses is the result of lower internal service fees and a reduction in the expected administrative fees owed to other Housing Authorities for voucher holder's who reside outside of Seattle. A reduction is expected because of a policy change that requires new voucher holders to live in Seattle for their initial year in the program. The policy supports using federal resources provided for Seattle primarily to benefit Seattle residents. The Maintenance and Contracts line was reduced for 2016 because funds allocated in 2015 for waitlist activity are no longer needed.

For 2016, SHA maintains its commitment to end homelessness by funding short term rental assistance and rapid rehousing programs at the expanded level established in 2015. SHA will continue to work with the All Home (formerly known as the Committee to End Homelessness) in King County, the City of Seattle, the United Way and other philanthropic organizations to evaluate and improve these programs. SHA also maintained its funding for the pilot project with the YWCA modelled after the Landlord Liaison Project that provides enhanced housing search, risk reduction funds and deposit assistance.

Housing Assistance Payments (HAP) For 2016, SHA expects to continue to face a tight rental market with rising rents. SHA began facing its new reality in 2014 by initiating several programs designed to assist voucher holders find new housing and by repeatedly increasing the Voucher Payment Standards (VPS). These actions were designed not only to offset the additional challenges created by these difficult market conditions but to actually increase SHA's voucher utilization. The magnitude of the challenge facing SHA for 2016 became clear in early 2015, when HUD released a revised Fair Market Rent (FMR) schedule for the Seattle area based on a study by Washington State University commissioned by the King County Housing Authority that increased the FMR 26 percent.

In response to the increased FMR and lower than desired voucher utilization, SHA increased the Voucher Payment Standards for the third time in less than a year, expanding the number of accessible units for all bedroom sizes. SHA's ability to adjust to this historic increase was severely hampered by HUD's decision to break with historical practice and not provide any additional funding to offset the inevitable increase in costs associated with the revised FMR and subsequent increase to VPS.

Even with all of these efforts to promote utilization, average voucher utilization is projected to be 92.4 percent in 2016. The savings brought about by the decrease in projected voucher utilization is offset by an expected increase in the cost of the average Housing Assistance Payment (HAP) resulting from the increase in the VPS. In total, the HAP budget increased only slightly to \$87.9 million.

Department Purpose and Function

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

The Housing Choice Voucher program provides rental assistance to more than 11,000 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 critical 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 2016 work plan. The primary HCV goals in relation to the Plan are:

- **Work to End Homelessness**

- ✓ Assess the feasibility and, if feasible, develop and implement a pilot project with the Seattle Public Schools and other partners to assist homeless families with children in Seattle Public Schools find housing.
- ✓ Continue to participate in local programs for rapid rehousing and short term rental assistance programs in partnership with the City of Seattle, King County, United Way and the Committee to end Homelessness in King County (All Home). This will be SHA’s third year of participation in these programs to serve families, youth, and, most recently, single adult men. With our partners, evaluate the effectiveness of these programs.

- **Expand Choice and Opportunity for Voucher Participants**

- ✓ Maintain current landlord base and recruit new landlords to ensure choice throughout the City. Part of ensuring that landlords are retained is maintaining or improving the timelines in which landlord rent increases are processed.
- ✓ Complete leasing the 44 Veterans Affairs Supportive Housing (VASH) vouchers received in mid 2015.
- ✓ In 2015, the last allotment of Yesler tenant protection vouchers were received, bringing the total to 511. By the end of 2016, all 511 will have transitioned from tenant protection vouchers to MTW vouchers. Vouchers will be used by former Yesler residents as tenant-based relocation vouchers, for tenant-based waitlist issuance, and project-based units that are replacing the Yesler public housing units.
- ✓ 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.
- ✓ Evaluate the YWCA’s implementation of a model similar to the Landlord Liaison Project (LLP) to support voucher holders’ ability to find affordable rental options. This model provides housing search and deposit assistance as well as risk reduction funds as incentives for landlords.
- ✓ Enhance voucher issuance capabilities and improve voucher utilization with the addition of an Issuance Supervisor and two Certification Specialists.
- ✓ Develop, implement and monitor non-traditional voucher-based type programs with assistance from the new Strategic Analyst. These programs provide additional services such as short-term rental assistance and enhanced housing search and referral services. Improve monitoring and management of new and existing Project-Based, Mod Rehab and Agency Based contracts.
- ✓ With the release of new data by HUD on Fair Market Rents (FMRs) in the Seattle area in October 2015, undertake an assessment of market and funding conditions to determine whether to propose changes in 2016 to any tenant-based Voucher Payment Standards.

- ✓ Expand the city's low-income housing stock by continuing to issue up to 500 project-based vouchers to support projects developed with capital dollars through the 2009 City of Seattle Housing Levy. Looking forward to 2016 the project-based program will continue to grow to 4,169 units, including Mod Rehab, which represents a net increase of 38 new units over last year, despite one building with 83 units will be removed from the program.
- ✓ Work with the Policy Office and the City of Seattle to determine what SHA's role should be in supporting the potential 2016 Seattle Housing Levy.
- ***Advance Educational and Employment Opportunities for Work-Likely Participants***
 - ✓ Participate on the Higher Education Project, an inter-agency community coalition providing youth and their families in SHA's public housing and Housing Choice Voucher programs with services to help them pursue higher education.
 - ✓ Evaluate the Family Self-Sufficiency escrow account and other incentive programs for their effectiveness as vehicles in supporting movement toward self-sufficiency.
 - ✓ Enroll new participants in the Savings Match Pilot program. The program is available to households earning full time minimum wages and who are ready to leave subsidized housing, enter the private rental market, or plan to purchase a home.
 - ✓ 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.
 - ✓ Broaden the scope and reach of the Ready to Rent courses to reflect current market challenges and address new audiences. The standard Ready to Rent curriculum teaches rental preparedness, housing search tips, tenant rights and responsibilities, and financial literacy.
 - ✓ Continue our partnership with the Economic Opportunity team to improve HCV participant access to education, employment and training opportunities through Family Self-Sufficiency (FSS) and external partners. A total of 30 new HCV FSS enrollments occurred during 2014 and 2015 to date for a total of 200 HCV enrollments. Increased self-sufficiency of tenants typically yields increased ability to pay market rent and longer term financial stability for participants.
 - ✓ Seek out training to learn more about the Workforce Development System and motivational interviewing so interactions with our participants will be focused on self sufficiency and financial stability.
 - ✓ Improve linkages to schools, increasing school performance for participants' children and strengthen ties to the schools across Seattle.
 - ✓ 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. Coordinate entry for families and workforce development providers to best meet the needs of applicants and participants.
 - ✓ Identify and implement sustainable practices throughout the agency to minimize impacts on the environment.

- ***Manage SHA's Assets Effectively and Ensure Operations are Cost Effective***
 - ✓ Absorb voucher holders moving to Seattle from housing authorities outside the tri-county region (King, Pierce and Snohomish). Initiate portability swaps with King County Housing Authority, to reduce administrative expenses and increase efficiency.
 - ✓ Issue and enforce repayment agreements from overpaid Housing Assistance Payments (HAP). Most repayment agreements are due to non-timely or failure to report household income changes, which would have resulted in a reduced housing assistance payment.
 - ✓ Complete the implementation of a website allowing landlords access to information about their Housing Assistance Payments (HAP). Once fully functional, SHA will no longer mail paper advices generating an estimated savings in excess of \$10,000 from reduced paper and postage costs.
 - ✓ Use MTW authority to improve efficiency, productivity, customer service and to obtain cost savings.
 - ✓ Expand electronic filing to reduce onsite records retention, increase efficiency and reduce paper use.

Capital Improvement Program, Grants, and Limited Partnerships

Capital Improvement Program Summary

The Capital Improvement Program describes SHA's CY 2016 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 2015 and CY 2016. Sources reflect a net increase in capital and redevelopment funding compared to 2015. The capital projects source change is due to several factors. The Capital Grant decrease is due to an expected reduction in funds from HUD and winding up of construction and infrastructures projects started in prior years. The redevelopment source increase is due to the estimate for Red Cedar Ridge's mixed finance transaction.

Summary of SHA Capital Sources	CY 2015	CY 2016
Public Housing (MTW portion)	\$ 12,262,000	\$ 11,800,000
Seattle Senior Housing Program (MTW portion)	3,500,000	2,970,000
Special Portfolio/Local Housing Reserves	799,000	810,000
Short and Long Term Financing	24,400,000	31,000,000
Tax Credit Equity to Red Cedar Ridge in 2016	14,900,000	19,200,000
Program Income contribution to Hoa Mai Gardens	3,800,000	- -
Program Income contribution to Red Cedar Ridge in 2016	1,250,000	3,800,000
Choice Neighborhood Implementation Grant at Yesler Terrace	6,134,000	7,040,000
Funds for Infrastructure	12,175,000	6,160,000
Use of Prior Year Resources – Mixed Finances	18,430,000	16,900,000
homeWorks Reserves	1,377,000	1,240,000
Other Reserves	1,210,000	1,570,000
Facilities and Impact Property Services Reserves	23,000	190,000
Special Portfolio Refinancing funds	- -	300,000
City, State and Federal Grants	<u>3,400,000</u>	<u>3,920,000</u>
TOTAL SOURCES	\$ 103,660,000	\$ 106,900,000

Projected capital plus redevelopment expenditures in 2016 are 17.0 percent lower than 2015. The reduction is due to finishing up two buildings in 2015 and lower infrastructure expenditures planned for 2016. One new building, Red Cedar Ridge, is planned for 2016 and one building, Hoa Mai Gardens, will complete construction and start lease up in 2017.

Choice Neighborhoods Implementation: Yesler Terrace – Redevelopment

The following table compares 2015 and 2016 projected capital expenditures:

Summary of SHA Capital Expenditures	CY 2015	CY 2016
Mixed Finance Redevelopments, 2016 closing date	\$ 12,200,000	\$ 11,000,000
Yesler Terrace Prior Year Mixed Finance projects	32,589,000	23,700,000
Public Housing (MTW portion)	9,981,000	8,356,000
Seattle Senior Housing Program (MTW portion)	3,500,000	3,757,000
Seattle Senior Housing Program (Non-MTW portion)	40,000	- -
Other MTW Funded Capital Projects	2,281,000	1,838,000
Capital Projects for Other Housing Properties	<u>3,369,000</u>	<u>4,222,000</u>
TOTAL EXPENDITURES	\$ 63,960,000	\$ 52,873,000

The Choice Neighborhoods Initiative (CNI) grant program will be in its fifth year in 2016. The 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 CNI grants totaling \$30 million. The grants are merely the first steps in the transformation of Yesler Terrace and the surrounding neighborhood. Depending on fund sources and the local business cycles, Yesler Terrace Redevelopment implementation will range from 10-20 years.

Redevelopment of Housing Communities

The CNI grants support elements of infrastructure and housing construction in the Yesler Terrace neighborhood. The Red Cedar Ridge mixed finance will close in 2016. Hoa Mai Gardens will be in construction. Infrastructure will be in phases 2 and 3.

Hoa Mai Gardens, previously known as 221 10th Avenue South

Seattle Housing's third building is in the construction stage. It is located south of the Yesler Community Center, near the new playground and ball field. The current estimate is that the apartment building will house 111 units. Construction will be completed and lease up will start at the beginning of 2017.

Hoa Mai Gardens Sources	Total
Construction Loan/Bonds	\$ 23,000,000
Tax Exempt First Mortgage	8,610,000
Choice Neighborhoods Initiative grant	6,610,000
Program Income	10,700,000
For Sale proceeds	9,330,000
Deferred Developer Fee	800,000
Tax Credit Equity	<u>19,300,000</u>
TOTAL	\$ 78,350,000
TOTAL PROGRAMMED SOURCES	\$ 45,280,000
Less Short Term Financing	\$ 33,070,000

The project uses are budgeted as follows:

Hoa Mai Gardens Uses	Total
Construction	\$ 37,400,000
Design, Engineering and permitting	3,700,000
Financing costs	4,180,000
TOTAL	\$ 45,280,000
2016 Expenditures	\$ 16,900,000

Red Cedar Ridge, formerly known as Building Ilc, at Yesler Terrace

Red Cedar Ridge will be in the planning and design stages in 2016. It will have between 130 and 140 units. The financing will close in 2016 and construction will start soon after that.

Red Cedar Ridge at Yesler Terrace Sources	Total
Construction Loan/Bonds	\$ 21,000,000
Tax Exempt First Mortgage	10,000,000
Choice Neighborhoods Initiative grant	6,400,000
Program Income	3,800,000
Deferred Developer Fee	1,200,000
City of Seattle, Office of Housing various	3,920,000
Tax Credit Equity	19,200,000
TOTAL	\$ 65,520,000
TOTAL PROGRAMMED SOURCES	\$ 45,000,000
Less Short Term Financing	\$ 20,520,000

The project uses are budgeted as follows:

Red Cedar Ridge at Yesler Terrace Uses	Total
Construction	\$ 38,500,000
Design, Engineering and permitting	3,250,000
Financing costs	3,250,000
TOTAL	\$ 45,000,000
2016 Expenditures	\$ 11,000,000

Infrastructure Activity

Phase 2 and 3 Infrastructure at Yesler Terrace

SHA has secured the funds in the tables below for Phase 2 Infrastructure improvements in the Yesler Terrace neighborhood. In 2016 SHA will complete Fir Street roadway paving from Broadway Avenue to Boren Avenue. Construct 10th Avenue South roadway underground utilities (storm, sewer, and water) improvements, roadway paving and Green Street Loop improvements from Fir Street to South Washington Street. The Green Street Loop is a park-like neighborhood walkway. Finalize South Washington Street improvements from Yesler Way to 10th Avenue South around the Neighborhood Park. Finalize coordination with the Parks Department and transfer the park site of 1.75 acres to the City. Continue construction of the pedestrian paths as blocks and buildings are completed. Complete the Fir Street infrastructure improvements for Blocks 3 and 4 between Boren Avenue and Broadway Avenue.

Phase 2 Infrastructure Sources	Total
City of Seattle, Seattle Public Utility funding	\$ 3,000,000
Community Development Block Grant	500,000
Critical Communities 2	2,060,000
Critical Communities 1	700,000
Choice Neighborhood's Initiative	1,000,000
City of Seattle, Dept. of Transportation	500,000
For Sale Proceeds	9,860,000
JPMorgan Chase	650,000

TOTAL **\$ 18,270,000**

The project uses are budgeted as follows:

Phase 2 Infrastructure Uses	Total
Demolition	\$ 1,480,000
Infrastructure Design and, Engineering	3,380,000
Initial projects	9,400,000
Additional street work	930,000
Yesler Way	<u>3,080,000</u>
TOTAL	<u>\$ 18,270,000</u>
2016 Expenditures	<u>\$ 2,792,000</u>

Phase 3 Infrastructure at Yesler Terrace

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

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

The project uses are budgeted as follows:

Phase 3 Infrastructure Uses	Total
Relocation	\$ 1,462,000
Demolition	1,320,000
Infrastructure from 9 th Avenue to Broadway	800,000
Infrastructure for Blocks 3 and 4	<u>2,541,000</u>
TOTAL	<u>\$ 6,123,000</u>
2016 Expenditures	<u>\$ 3,370,000</u>

Public Housing and Overall Asset Preservation Funding

The 2016 budget includes public housing modernization, renovation projects, and capital planning of \$8 million, a modest decrease over 2015. Capital grant funds of \$3.9 million are budgeted for the Seattle Senior Housing Program. Most of the operating subsidy received for Seattle Senior Housing is earmarked for SSHP's long-term capital improvement needs.

Approximately \$791,000 is budgeted for the Special Portfolio/Local Housing Program from MTW sources. Low Income Housing Tax Credit partnerships will spend \$2.1 million of their reserves for major maintenance and non-routine activities. Miscellaneous capital expenditures and financing for Special Portfolio are budgeted at \$4.2 million.

Funding for capital needs in public housing communities comes from SHA's annual Capital Grant from HUD. Other low income programs use a combination of MTW Capital grant and reserves. The 2016 Capital budget was allocated to the groups and in the amounts shown below. More detailed project descriptions are in the chart at the end of this section.

CAPITAL PROJECTS**Summary of Capital Projects by Housing Type and Fund Source**

	CY 2015 Budget	CY 2016 Budget
<i>MTW Funded Capital Budget for Public Housing</i>		
Scattered Sites	\$ 958,000	\$ 1,182,000
Aki Kurose	3,000	--
Bell Tower	63,000	135,000
Cedarvale Village	75,000	45,000
Denice Hunt Townhomes	43,000	--
Denny Terrace	2,000	17,000
Holly Court	258,000	7,000
Jackson Park Village	27,000	103,000
Jefferson Terrace	668,000	416,000
Meadowbrook	1,000	--
Olive Ridge	81,000	40,000
Tri-Court	85,000	--
Westwood Heights	200,000	22,000
Yesler Terrace	67,000	49,000
Minor Repair, Replacement and Rehabilitation	637,000	535,000
Predevelopment – Yesler Terrace planning	763,000	415,000
Water Harvesting design at Hoa Mai Gardens	250,000	--
Unforeseen price hikes allowance	--	50,000
Water Intrusion Specialist	53,000	50,000
Allowance for Common area upgrades pursuant to UFAS	--	50,000
Lighting improvement allowance	--	40,000
Physical Needs Assessment and administration	383,000	--
Program Administration	1,345,000	1,316,000
Debt Service for homeWorks projects	3,003,000	3,005,000
Indirect Services Fee	<u>1,016,000</u>	<u>879,000</u>
MTW Funded Capital Budget TOTAL	\$ 9,981,000	\$ 8,356,000
<i>MTW Funded Capital Projects for Senior Housing Properties</i>		
Bitter Lake Manor	\$ --	\$ 675,000
Blakeley Manor	5,000	--
Carroll Terrace	--	1,858,000
Columbia Place	215,000	25,000
Fort Lawton Place	--	--
Fremont Place	--	72,000
Island View	--	56,000
Michaelson Manor	1,800,000	--
Nelson Manor	--	13,000
Olmsted Manor	--	17,000
Phinney Ridge	5,000	54,000
Pinehurst Court	--	58,000
Pleasant Valley Plaza	--	408,000
Primeau Place	--	7,000
Ravenna School	--	23,000
Reunion House	--	20,000
Schwabacher House	--	51,000
Sunrise Manor	--	11,000
Wildwood Glen	275,000	7,000
Willis House	275,000	--
Minor Repair, Replacement and Rehabilitation Allowance	825,000	--
UFAS upgrades	--	220,000
Allowance for windows, pull cord removal, etc.	--	82,000
Indirect Service Fee	<u>100,000</u>	<u>100,000</u>
MTW Funded Capital Projects for Senior Housing Properties TOTAL	\$ 3,500,000	\$ 3,757,000

MTW Funded Capital Projects for Other Housing Properties		
Special Portfolio	\$ 1,442,000	\$ 525,000
Non-residential Facilities Projects	317,000	266,000
Management Improvements through Technology	522,000	1,047,000
Other MTW Funded Capital Projects TOTAL	\$ 2,281,000	\$ 1,838,000
Other Capital Projects for Other Housing Properties		
Seattle Senior Housing Program Reserves	\$ 40,000	\$ --
Special Portfolio	759,000	807,000
Special Portfolio financing	--	423,000
Limited Partnership Capital Projects	2,587,000	2,807,000
Non-residential Facilities Projects	23,000	185,000
Capital Projects for Other Housing Properties TOTAL	\$ 3,409,000	\$ 4,222,000
TOTAL ASSET PRESERVATION PROJECTS	\$ 19,171,000	\$ 18,173,000

The Minor Repair, Replacement and Rehabilitation allowance from the capital grant provides a funding source to property managers to make specific repairs to buildings, such as emergency repairs, 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 with Operating subsidy and Capital grant allocations. In 2016, SHA will transfer \$2.6 million to SSHP's capital improvement plan to augment a capital grant allocation of \$1.0 million. Twenty-two SSHP properties will receive exterior repairs, such as mailbox replacements and intercom upgrades. The CY 2016 capital budget will rehabilitate three elevators, two at Bitter Lake Manor and one at Pleasant Valley Plaza. In addition to the elevator repairs, the capital budget includes rehabilitation funds for Carroll Terrace; projects include siding repair or replacement, intercom system replacement, patio repairs and new mailboxes. Fremont Place will receive deck repairs, intercom system replacement, and railings will be repaired or replaced. Pinehurst Court and Phinney Terrace are budgeted for common area updates pursuant to UFAS guidelines, new intercom system and new mailboxes. Island View's exterior will be painted and mailboxes replaced. Ravenna School is planning a seismic study, upgrades to unit lighting to LED lightbulbs and front entry rehabilitation. Michaelson Manor rehab work budgeted in 2015 is in planning and will soon see improvements to its shell, elevator and selected units. Significant rehab work on the siding and windows of Pinehurst Court and at Phinney Ridge will occur in 2015 and 2016 from funds budgeted in 2013 and 2014.

Summary of SSHP Capital Projects	CY 2015 Budget	CY 2016 Budget
Exterior Improvements	\$ 1,710,000	\$ 2,044,000
Interior Improvements	40,000	236,000
Elevator rehabilitation	825,000	1,075,000
Minor repair, replacement and rehabilitation	825,000	302,000
Total Asset Preservation Capital Projects	\$ 3,400,000	\$ 3,657,000
Indirect Service Fee	100,000	100,000
TOTAL SSHP Capital	\$ 3,500,000	\$ 3,757,000

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

Special Portfolio

SHA owns housing acquired with a variety of financing plans and two Section 8 New Construction buildings. The CY 2016 capital work focuses on unit upgrades, exterior improvements, and roof repairs or replacements. Unit updating projects are budgeted for 104th Street Townhomes, Delridge Triplexes, Fir Street, Lam Bow Apartments, MLK Jr. Way Townhomes, Ravenna Springs, and Roxhill Court. Exterior repairs are planned for 104th Street Townhomes, Delridge Triplexes, Fir Street Townhomes, Mary Avenue Townhomes, Norman Street Townhomes, Ravenna Springs, and Roxhill Court Apartments, Ravenna Springs and Roxhill Court will have roof repair or replacement projects. Paint and landscaping projects are scheduled at Delridge Triplexes, Fir Street Townhomes and Yesler Court.

Management Improvement through Technology

Each year SHA's Information Technology Steering Committee reviews proposed technology projects for infrastructure and network investments. The 2016 budget reflects a request for increased investment in business intelligence, document imaging, and process efficiency through electronic applications to achieve operational streamlining and cost savings. Major effort will be put toward implementation of an all-electronic Accounts Payable process, data driven Business Intelligence improvements, and the first year of a multi-year effort to implement Document Imaging for all tenant files.

Low Income Housing Tax Credit and HOPE VI Limited Partnerships

SHA is the owner of three tax credit properties and general partner in thirteen tax credit limited partnerships. The 2016 capital repair, replacement and rehabilitation plan for these communities approximates \$2.8 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 \$266,000 will support vehicle replacements, security camera installation at Operations Support Center, improve water run-off away from the

New Acquisition, Development, and Planning

Duwamish River at the South Operations Facility and expand the number of meeting rooms at Queen Anne Avenue. SHA's fleet has more than fifty cars over 20 years old. A careful analysis of criteria will be used to select vehicles for replacement.

Replacement Housing

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 2016, construction of 111 replacement units will be completed at Hoa Mai Gardens and will be ready for occupancy in 2017. SHA has completed the Scattered Sites replacement obligation by placing seven units at Leschi House and one unit with NAVOS in West Seattle.

Scattered Site Reconfiguration Program

SHA is exploring another Scattered Site Repositioning project. Homestead Community Land Trust purchased four scattered site units in 2015. The units were dedicated as low income homeownership for thirty years. SHA plans to reposition several units in the portfolio with other units that are easier for residents and SHA to manage. Location is one of many elements under consideration. Close proximity to services for residents is highly desirable and an element SHA hopes to improve with repositioning. Replacement plans for any units that might be sold in 2016 have not yet been finalized.

Housing Acquisitions/Development

SHA plans to continue to maintain and improve its current stock of housing. Yesler Terrace redevelopment is ongoing. Completed housing projects at Yesler Terrace include Baldwin Apartments (completed in 2014), Raven Terrace (820 Yesler Way) completed by year end 2015. Hoa Mai Gardens (221 10th Avenue South) will be completed in 2017 and Red Cedar Ridge will be completed in 2018. See earlier sections of this Capital Improvement Program, Grants and Limited Partnership section for broader descriptions. No acquisition projects are planned for 2016.

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 funds for feasibility studies or exploratory development planning in 2016. SHA created a revolving fund for reimbursable predevelopment activities in 2010. These funds may be used in 2016 in anticipation of mixed finance funding for initial work at Yesler Terrace at Hoa Mai Gardens and Red Cedar Ridge. The funds are earmarked 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

Housing authorities throughout the country face significant challenges to meet growing capital needs. SHA is no exception. Our challenge continues; find 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, successful real estate market in the Seattle area, and the uncertainty that characterizes the federal budget process and decision-making have increased pressures. The federal government continues to target 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.

SHA 2016 Capital Projects - MTW Grant-funded Activities

2016 Capital Activities

Low Income Public Housing Projects

LIPH - Scattered Sites	Rehabilitate a unit, repair or replace floors, explore pilot program to replace baseboard heaters with in-wall forced air electric heaters, replace kitchen, replace kitchen cabinets, repair interiors, replace windows and trim, repair or patch siding and paint, repair soffits, repair or replace roofs, repair ridge vents, paint exteriors, paint crawlspace hatch, repair fences, repair flashing, repair chimneys, paint doors, repair parking lot drainage, repair decks and deck fasteners, investigate and repair balcony and deck, repair railings, repair ramp, and remove sheds.	\$ 1,182,000
Bell Tower	Repair drain lines, repair concrete for the front and back patios, reconfigure former trash area in the basement, install pigeon deterrents for the garage, replace motors on two elevators.	135,000
Cedarvale Village	Upgrade exterior siding, remove all closet doors, reconfigure closet space, install new hardware, and replace failed windows.	45,000
Denny Terrace	Repair interior doors; replace two trees and bushes around the building.	17,000
Holly Court	Repair and restripe parking lot, and replace roof on Building 3.	7,000
Jackson Park Village	Improve building exterior appearance, repair or replace patio fence by play area and on west side of property, resurface basketball court, repair pavement, replace exterior storage closet doors, and remove trees.	103,000
Jefferson Terrace	Upgrade elevator, repair or replace flooring on 1 st and 6 th floors, replace plumbing valves, install camera on 6 th floor and monitor entry, replace back-up generator, improve doors to Full Life entrance, repair or replace fencing between upper lot and street, and enclose garbage area with fence.	416,000
Olive Ridge	Expand patio area and replace fence, repair or replace casework, repave and restripe parking area, replace sliding glass door with security entrance to community room, assess sewer lines and determine scope of repairs.	40,000
Westwood Heights	Finish the 2015 re-glaze or replace windows project, replace commercial refrigerator and oven in community kitchen.	22,000

Yesler Terrace	Abate and replace subfloors, trim and remove trees, repair sidewalks, replace appliances, including hot water tanks.	49,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation for minor capital needs. Upgrade LED lighting in four buildings, Update Physical Needs Analysis, as necessary.	340,000
Public Housing Capital Projects Subtotal		\$ 2,356,000

Special Portfolio Projects

104 th Street Townhomes	Replace kitchen cabinets in two units, and repair decks.	\$ 20,000
Delridge Triplexes	Install 24/7 fans, repair or replace deck, replace fence or North and South sides of building, install mailbox banks at each building, reseal and restripe parking area.	26,000
Fir Street	Upgrade interior cabinets and countertops, paint two units, and replace current walkway stones.	42,000
Lam Bow Apartments	Begin plumbing-pipe replacement project, improve lighting, and increase lighting in storage area of garage.	32,000
MLK Jr Way Townhomes	Replace bath vanities, mirrors and countertops in three units, and repair leaking roof in two units.	16,000
Mary Ave	Replace one or two hot water systems per year, replace or repair garage drain, and replace roof.	41,000
Montridge Arms	Paint interior hallways and stairwells.	12,000
Norman Street Townhomes	Replace fence on the East side of property.	7,000
Ravenna Springs	Replace cabinets in kitchens and baths for nine units, redesign garbage containment area, enlarge it and remove the fence, replace a roof and paint one unit.	115,000
Roxhill Court Apartments	Paint exteriors of six buildings, install venting in kitchen and bath, replace or repair roof over four units, replace rusting gutters at two units, investigate and remediate water and moisture under the buildings, replace mail boxes, repaint twenty-four exterior doors, replace ten failing windows, repair sidewalks, and seal coat and restripe parking lots.	65,000
Villa Park	Replace padding in playground area.	10,000
Westwood Heights East	Repair or replace sidewalk.	5,000
Yesler Court	Replace hot water tanks, sand and paint exterior post and rails, and replace roof.	24,000
Portfolio wide	Appliance allowance, trim trees and replace flooring, as needed.	110,000
Special Portfolio Subtotal		\$ 525,000

Planning and Predevelopment Projects

Yesler Terrace	Yesler Terrace redevelopment Master Plan includes marketing for sale property, management of vacant land to reduce crime and vandalism, and a developer contribution to the Owners' Maintenance Corporation that will manage properties under development. Staff is developing another phase of resident relocation, including education and workforce development programs for existing and returning residents. Infrastructure, community site improvements, and rental housing construction are well underway. Infrastructure work is in the grading, park design, and street improvements phase.	\$ 415,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation for upgrades not previously included.	195,000
Portfolio wide	Provide for unforeseen price hikes on exterior repair activities.	50,000
Portfolio wide	Specialist will continue analyzing and reporting on structural issues for each portfolio.	50,000
Portfolio wide	Common area upgrades pursuant to the Uniform Federal Accessibility Standards Act (UFAS).	50,000
Portfolio wide	A lighting improvement allowance.	40,000
Planning and Predevelopment Subtotal		\$ 800,000

Non-residential Facilities Projects

Operations Support Center	Install security cameras.	\$ 11,000
South Operations Facility	Replace 11 vehicles, one will be an alternative fuel pick-up and two will be alternative fuel vans. Improve water run-off away from the Duwamish River.	240,000
Queen Anne Ave	Expand the number of meeting rooms.	15,000
Non-residential Facilities Subtotal		\$ 266,000

Financing and Administrative Costs

Various	Asset Management administration	\$ 608,000
Various	Construction administration	231,000
Yesler Terrace	Yesler Terrace redevelopment administration	477,000
LIPH-LP High-rises	Debt service and other financial costs for homeWorks I, II, and III	3,005,000
Finance and Administrative Subtotal		\$ 4,321,000
Central Services Operating Cost Allocation		\$ 879,000

Total 2016 MTW Block Grant Budget for LIPH and \$ 9,147,000

Local Programs

Seattle Senior Housing Program Projects

Bitter Lake Manor	Upgrade two elevators.	\$ 675,000
Carroll Terrace	Rehabilitate the building exterior, replace intercom system, repair patio, and replace mailboxes.	1,858,000
Columbia Place	Repair laundry room deck, replace mailboxes, replace intercom, and replace two exterior doors.	25,000
Fremont Place	Repair deck, recoat or replace railings, replace intercom, and replace mailboxes.	72,000
Island View	Paint exterior of building and replace mailboxes.	56,000
Nelson Manor	Resurface parking lot and replace intercom.	13,000
Olmsted Manor	Replace intercom and replace mailboxes.	17,000
Phinney Terrace	Update common area pursuant to the Uniform Federal Accessibility Standards Act ("UFAS"), replace intercom, and replace mailboxes.	54,000
Pinehurst Court	Update common area pursuant to the UFAS, replace intercom, and replace mailboxes.	58,000
Pleasant Valley Plaza	Upgrade elevator, replace mailboxes.	408,000
Primeau Place	Replace mailboxes.	7,000
Ravenna School	Prepare a seismic study, upgrade unit lighting to LED, and rehabilitate front entry.	23,000
Reunion House	Replace intercom and replace mailboxes.	20,000
Schwabacher House	Assess and caulk windows, replace fences, and replace mailboxes.	51,000
Sunrise Manor	Replace intercom.	11,000
Wildwood Glen	Replace mailboxes.	7,000
Portfolio wide	First phase of UFAS upgrades for this portfolio.	220,000
Portfolio wide	An allowance for window glazing replacement, remove pull cords from two high rise properties, plumbing repairs such as toilet mechanism replacements, sidewalk repairs, and tree trimming.	82,000
Seattle Senior Housing Program Projects		\$ 3,657,000
Central Services Operating Cost Allocation		\$ 100,000
Total 2016 MTW Block Grant Budget for SSHP		\$ 3,757,000

**Other MTW
Funded Capital
Projects**

Information Technology capital projects for maintaining infrastructure; implementing new Accounts Payable Workflow process, Business Intelligence improvements, and the first year of a multi-year effort to implement Document Imaging for Housing Operations.

\$ 1,047,000

Total 2016 MTW Capital Budget

\$13,951,000

SHA 2016 Capital Projects – Other Funds and Redevelopment Activities

Special Portfolio and Other Projects

Alder Crest Apartments	Upgrade and install eight high luminance lights in the parking area, install gate at one section of the overhead parking in alley way, and trim large tree in the front.	\$ 22,000
Bayview Tower	Replace entry doors, frames and hardware, review pull cords for possible removal, replace certain appliances, repair common area wall and paint, and review trash chute for possible removal.	68,000
Beacon House ACRS	Replace kitchen and bath cabinets in three units, repaint all common areas, replace all common area carpets and install 24/7 fans.	53,000
Fir Street Townhomes	Replace siding on two units, replace wood fencing with chain link and slats, and remove tree from south side of building.	30,000
Lake City Commons	Replace camera in garage area.	1,000
Lam Bow Apartments	Improve drainage in the garage area and replace stair railings on stairs to street between Buildings A and B.	10,000
Main Street Apartments	Power wash and repaint exterior of building.	32,000
Market Terrace	Replace four hot water tanks.	2,000
MLK Jr. Way 5-plex	Install gutters on small overhangs, increase outside lighting on all sides.	3,000
MLK Jr. Townhomes	Replace kitchen cabinets and countertops in three units.	10,000
Mary Avenue Townhomes	Review life expectancy of skylights in units.	5,000
Montridge Arms	Replace basement and first floor carpets, replace kitchen and bath cabinets in three units.	45,000
Norman Street Townhomes	Replace roof.	16,000
Rainier Avenue Apartments	Replace vinyl flooring in kitchen, bath and laundry rooms, build enclosure for recycling, garbage and food waste, and remove trees that line two sides of the property.	17,000
South Shore Court	On Building B, repair southwest side of roof, portion of gutter and shingles that have separated.	2,000
Spruce Street Townhomes	Install gutters and install mail boxes.	4,000

Telemark Apartment	Level parking area in alley, replace interior hall and garage lights.	16,000
Villa Park	Repaint blue areas on building, replace carpet in five units each year, install cameras in parking lot area and West side of building area, clean, paint and repair or replace columns and bannisters in ten units, remove two large trees, replace windows in three units, and repair side walk in three areas.	98,000
Wedgewood Estates	Replace remaining old roofs, replace intercoms in Buildings B and C, and add security lighting to near cottage 7560.	349,000
Yesler Court	Replace hot water tanks, sand and paint exterior post and rails, and replace roof.	24,000
Special Portfolio and Other Projects Subtotal		\$ 807,000

CY 2016 Facilities Projects

Campus of Learners	Replace roof at Gathering Hall, repair brick and flashing.	\$ 185,000
Facility Projects Subtotal		\$ 185,000

Portfolio Projects: Other Sources

104 th Street Townhomes	Repair decks.	5,000
Main Street Apartments	Seal coat and stripe parking lot, open walkway soffits to determine if rot or other damage exists where water collects; install PVC membrane on entry walkways to prevent water infiltration.	47,000
MLK Jr. Way – 5 plex	Replace vinyl flooring with new flooring in kitchen and bath, remove trees that line the West side of the property, install fencing between two properties, replace kitchen and bath cabinets and counters in two units.	34,000
Rainier Avenue Apartments	Refinish decks with upgraded membrane, install gate to secure parking area, replace kitchen cabinets in two units, and reconfigure landscaping.	72,000
Roxhill Court Apartments	Replace roofs on four buildings, paint exterior of six buildings, repaint handrails in stairwells, replace rusting gutters on two units, investigate and remediate water and moisture under the buildings, replace mailboxes, repaint twenty-four exterior doors, install venting in kitchen and bath, replace ten windows, and repair sidewalks.	69,000

Wisteria Court	Install new kitchen cabinets in eight units, repair soffit and trim in building, replace railroad ties behind a unit, repaint second story exterior stairwells, install ninety-five screen doors with latches, install cameras in stairwell areas, regrade soil to improve drainage near garage, install 24/7 energy efficient lighting in laundry rooms, replace all locks on main doors and passage doors to garage.	196,000
Special Portfolio Projects: Other Sources Subtotal		\$ 423,000

CY 2016 Limited Partnership and HOPE VI Capital Projects

Holly Park (Phase I)	Replace appliances, flooring, boilers, etc., as necessary. Replace the roof on many buildings, replace 10% of all garage door panels, replace 25% of wood stairs and porches, repair asphalt parking areas and restripe, replace hydronic/water tanks, replace or repair storage units, replace or repair flooring and tiles, replace ballasts switch to LED lighting, repair sidewalks, repair fencing and trim trees.	\$ 773,000
Othello LP (Phase II)	Repair or replace 5% of unit hydronic heating components for the hillside units, replace hot water tanks, repair or replace flooring, replace wood fences, repair sidewalks, repair parking lot and restripe.	138,000
Desdemona LP	Repair or replace flooring, replace security system in the Othello Building, trim trees, repair wooden stairs, replace mailboxes, repair fences, and repair sidewalks.	157,000
Ritz Apartments LP	Replace hot water tanks as necessary, replace appliances as necessary.	5,000
Escallonia LP	Install or upgrade closed circuit television, repair or replace flooring in the Snoqualmie Community room and elsewhere, repair water damage to the interior and exterior of the McBride community room, repair exterior landing to the McBride Building, repair exterior concrete steps, repair or repave parking lot and restripe.	84,000
High Point North LP	Paint exterior, repair flooring, pressure wash gutters and roof, replace mailboxes, repair or replace fences, repair or replace hydronic heating system, repair or replace countertops, repair drainage, replace security system for Calugas, repair or replace interior doors.	247,000
High Point South LP	Appliance allowance, repair or replace flooring, repair or replace mailboxes and fences, repair or replace countertops, repair or replace hydronic heating system, repair driveway erosion, repair interior doors, and repair or replace shower surrounds.	164,000

LIPH LP (homeWorks I)	Repair kitchen drains and stacks, replace roof, replace all interior lights, replace two boilers, build a staircase or pathway from lower parking lot to reduce erosion, replace flooring for the first floor entry, hallway and community room, replace corridor heating and thermostats, replace unit door hardware with levers, re-glaze windows, replace kitchen and bathroom cabinets and countertops, improve garbage enclosure, repair interior finishes, repair retaining wall, improve ramps near front doors, paint metal stairs, and perform minor site repairs.	469,000
LIPH LP (homeWorks II)	Upgrade unit interiors, repair drain line, finish exterior coating on remaining two faces of building, repair ground floor lateral drain and sewer lines, survey roofs and repair as possible, install louvers in stairwell, replace failing windows, repair and repaint rusted stairs in stairwells and doors, install roof anchors, inspect and repair deck surface, replace exterior metal doors, replace sliding doors with security doors, repair, reseal and restripe parking lot, install LED lighting in garage, replace metal exterior doors and hardware, remove calcium on stairwell, install baseboard heaters with locking thermostats, and repair exterior paint bubbles.	528,000
LIPH LP (homeWorks III)	Install cameras and improve lighting, replace cabinet doors and drawer faces in five units, upgrade interior units, replace sliding glass door to community room, re-glaze windows, replace failing windows, repair stairwell lights with battery backups, reseal and restripe parking lot, replace unit entry door hardware, survey roof and make repairs, install back-up exit lights and signs, replace kitchen countertops and sinks, reconfigure garage overhead recycling and trash area, replace front patio fence enclosure, clean ducts and venting, replace wooden patio expansion joints, and replace hallway ceiling tiles.	242,000
Total CY 2016 Limited Partnership and HOPE VI		
	Capital Projects subtotal	\$ 2,807,000
Total CY 2016 Other Funds Capital Budget		\$ 4,222,000

CY 2016 Redevelopment Projects

Hoa Mai Gardens	Second year of construction for the new development.	\$ 16,900,000
Red Cedar Ridge	First year of construction to build a 130 to 140 unit development.	11,000,000
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. Continue the pedestrian paths and complete the bicycle lane from Broadway to I-5. Finish the Fir Street improvements and Block 3 and 4 infrastructure improvements. Complete the Neighborhood Park infrastructure and transfer to the City. Complete 10th Avenue South improvements from Fir Street to South Washington Street. Install street lighting on South Washington Street from Yesler to 10 th Avenue South.	6,160,000
Community Services for Yesler Terrace	Choice Neighborhood Initiative funds will support various community services activities in 2016.	640,000

Total CY 2016 Redevelopment Capital Expenses	\$ 34,700,000
Total CY 2016 Non-MTW Capital Budget	\$ 38,922,000
Total Overall CY 2016 Capital Expenditures	\$ 52,873,000

Grant Program Descriptions

Service Grant	Total Award	CY 2016 Budgeted Receipts	Grant Award Period
Family Self-Sufficiency (FSS) Coordinator	\$413,995	\$413,995	1/2016 to 12/2016
<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>			

Service Grant	Total Award	CY 2016 Budgeted Receipts	Grant Award Period
Chase Foundation Grant	\$375,000	\$274,882	10/2015 to 8/2016
<p>The Chase Foundation Grant will provide funding for the development of an economic self-sufficiency plan and pilot program for public housing tenants and HCV holders to increase economic mobility. 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>			
<p>NOTE: This grant is part of the Campus of Learners Foundation, and is not directly an SHA grant. The grant award amount is included in the grant totals.</p>			

Service Grant	Total Award	CY 2016 Budgeted Receipts	Grant Award Period
Sound Families Initiative	\$400,000	\$10,000	2/2007 to 12/2017
<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 pursuant to the original funding agreement.</p>			

Service Grant	Total Award	CY 2016 Budgeted Receipts	Grant Award Period
Choice Neighborhoods Initiative at Yesler Terrace	\$4,500,000	\$641,351	4/2011 to 9/2019
<p>SHA entered a contractual agreement with HUD for the Choice Neighborhood grant. The grant includes funds for supportive services and “people” programs. The fund will be used to support families and students through a partnership with Seattle University and other educational partners. The support includes youth tutoring, parent child home visits, college preparation and academic services for middle school and high school students, summer academic enrichment programs and for help families and students to develop educational plans for their future goals. Through the grant, SHA will continue our cradle-to-college education initiative in the Yesler neighborhood until at least the summer of 2019.</p>			

Service Grant	Total Award	CY 2016 Budgeted Receipts	Grant Award Period
Gates Foundation Education Grant	\$846,000	\$418,015	9/2014 to 4/2017
<p>The Gates Foundation Education Grant will support Seattle Public Schools (SPS) and Seattle Housing Authority in the creation of a multi-year plan to improve education outcomes of low-income children and youth as a strategy to address and end the pervasive cycle of poverty. This requires accessing data; analysis; stakeholder feedback; establishing baseline metrics and goals; evaluating policies; and prioritizing action steps. The program will focus on school age (5-19 year old) students who are served by both Seattle Housing Authority and Seattle Public Schools.</p> <p>SHA is working closely with Seattle Public Schools (SPS) to improve the educational outcomes for the over 6,000 school age youth who are served by both SHA and SPS. This request builds on prior work funded with support from the Bill and Melinda Gates Foundation. Collaboratively, SPS and SHA will develop a clear picture of how these students are doing; provide recommendations on services, policies and systems that should be addressed and revise a longitudinal database.</p>			

Service Grant	Total Award	CY 2016 Budgeted Receipts	Grant Award Period
The Kresge Foundation	\$678,000	\$226,000	8/2015 to 7/2018
<p>The Kresge Foundation grant will support an art master plan as part of the redevelopment of Yesler Terrace. SHA will use the funding to retain artists to infuse the new, mixed-income community with multiple works of art, and to support collaborative artistic projects and programs, working with community members and teams involved with design of streets, pathways, parks and other public spaces. The grant will also enable SHA to work with artisans living in the Yesler Terrace community to enhance their skills and translate them into works for public display or available for sale locally. As a part of the three-year grant, SHA will partner with Seattle University (SU) on two projects. An existing SU co-led program that trains youth in filmmaking will be enhanced to include a focus on youth at Yesler Terrace documenting the physical and social transformation of their historic community. In addition, a team of faculty and students from SU will evaluate the overall impact of the artistic efforts at Yesler Terrace, document them, and create ways to share the assessment with other housing authorities and with arts organizations.</p>			

Seattle Housing Authority Grant Program CY 2016

Name	Date	Amount	CY 2016	Remaining
Family Self-Sufficiency Coordinator Grant*	2016	413,995	413,995	-
Chase Bank Foundation Grant	2015	375,000	274,882	-
Sound Families Initiative	2007	400,000	10,000	9,703
The Kresge Foundation	2015	678,000	226,000	452,000
Gates Foundation Education Grant	2015	846,000	418,015	132,000
Choice Neighborhood Initiative I	2011	1,540,500	301,008	-
Choice Neighborhood Initiative II	2013	2,959,500	340,344	2,011,404
TOTAL		\$7,212,995	1,984,243	\$2,605,108

* Some of the amounts listed above are estimates; some grant awards have not yet been announced for 2016.

Limited Partnership Operations

In 2016, SHA expects to have eighteen 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. The eighteen tax credit partnerships include a new mixed finance partnership, Hoa Mai Gardens, which closed in late 2015 and Red Cedar Ridge which is scheduled to close in 2016. Raven Terrace, also known as 820 Yesler Way LLLP, is expected to complete construction and has been included in the draft budget. SHA will be exploring early exit opportunities for the Desdemona, Escallonia and High Point North partnerships. If SHA is successful, these properties will be returned to SHA.

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 were sent to the various limited partners in the 4th quarter of 2015. In approving the 2016 SHA Budget resolution, the Board of Commissioners approved draft LP budgets and recognizes that final budget approval rests with the limited partners. Below are the 2016 budgets that were finalized in October and November of 2015 and submitted to the limited partners for approval.

Operations of Limited Partnerships where SHA is the General Partner

Name	Escallonia		High Point	Ritz	Alder	homeWorks	homeWorks	High Point
	Desdemona	Escallonia	North	Apartments	Crest	Phase I	Phase II	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	1,332,096	929,424	1,825,914	158,550	157,137	1,966,844	1,828,732	1,194,155
Operating Subsidy	449,670	247,520	565,263	0	0	2,041,407	2,277,032	126,350
HCV Subsidy	375,624	549,294	1,101,357	65,964	111,951	0	0	1,912,554
Other Income	87,506	67,906	84,705	(1,426)	(1,131)	273,798	291,745	125,119
Transferred Funds								
TOTAL REVENUE	2,244,896	1,794,144	3,577,238	223,088	267,957	4,282,049	4,397,509	3,358,178
Administrative Expenses								
Salaries	119,742	118,373	204,493	8,094	32,355	456,196	454,295	133,065
Other Admin Costs	356,885	269,566	464,461	29,576	51,618	725,449	703,893	342,575
Utilities	389,013	342,356	637,253	17,386	41,652	778,247	724,629	519,888
Tenant Services	2,803	900	3,065	0	21,023	5,007	10,182	116,533
Maintenance & Repair								
Salaries	177,002	108,722	360,886	12,297	19,103	0	0	220,915
Supplies	58,469	61,184	125,191	512	5,479	0	0	91,040
Contracts	119,656	121,452	172,391	13,955	36,547	1,456,298	1,539,732	141,910
General Administrative Exp								
Property Insurance	67,485	65,539	118,153	9,654	14,792	182,254	314,378	109,858
Benefits, other	168,019	114,532	292,837	10,644	27,911	234,872	233,202	179,900
Financial Expenses	420,364	259,830	479,747	52,554	1,575	141,710	138,254	885,350
TOTAL OPERATING EXPENSES	1,879,437	1,462,454	2,858,477	154,672	252,055	3,980,033	4,118,564	2,741,033
NET INCOME (LOSS)	365,459	331,690	718,761	68,416	15,902	302,016	278,945	617,144

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	Kebero Court	Raven Terrace	TOTAL 2016 LP BUDGET
First year of operations	2009	2009	2011	2010	2011	2015	2015	2015	
# of units	586	44	86	83	118	69	103	83	3636
Rental Income	1,593,083	176,248	453,997	293,090	522,229	396,175	557,388	836,837	14,221,899
Operating Subsidy	1,848,165	0	182,884	173,340	159,321	0	0	0	8,070,952
HCV Subsidy	0	184,584	79,140	292,730	551,239	253,811	711,556	0	6,189,804
Other Income	172,963	7,900	12,818	27,505	14,607	6,705	10,200	2,000	1,182,919
Transferred Funds									0
TOTAL REVENUE	3,614,210	368,732	728,839	786,665	1,247,396	656,691	1,279,144	838,837	29,665,574
Administrative Expenses									
Salaries	403,898	37,541	69,730	57,457	80,401	60,732	71,577	50,215	2,358,165
Other Admin Costs	611,110	41,178	125,898	254,906	192,285	79,141	121,661	116,079	4,486,280
Utilities	611,704	48,327	129,833	106,213	211,934	91,737	176,649	82,468	4,909,288
Tenant Services	2,381	0	750	511	452	1,024	0	0	164,630
Maintenance & Repair									
Salaries	0	22,665	68,565	51,659	73,673	37,892	36,047	43,691	1,233,117
Supplies	0	1,953	14,486	8,812	21,695	2,548	23,384	17,000	431,754
Contracts	1,317,559	23,488	60,262	17,063	74,642	37,728	63,048	101,300	5,297,030
General Administrative Exp									
Property Insurance	108,314	14,792	50,456	0	59,095	31,481	54,619	41,972	1,242,842
Benefits, other	211,569	30,713	76,288	54,720	77,686	49,606	58,974	49,656	1,871,129
Financial Expenses	118,124	88,815	3,870	64,761	131,486	172,642	384,658	57,540	3,401,280
TOTAL OPERATING EXPENSES	3,384,658	309,472	600,138	616,102	923,349	564,531	990,617	559,922	25,395,516
NET INCOME (LOSS)	229,552	59,260	128,701	170,563	324,047	92,160	288,527	278,915	4,270,058



Photography By
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