



Calendar Year 2012 SHA Proposed Annual Budget: Summary

August 31, 2011

NEW FUNDING REALITIES IMPOSE SIGNIFICANT CHANGES

INTRODUCTION

The 2012 SHA Proposed Budget totals expenses of **\$185.5 million**, with the Operating Budget (including service grants) at **\$71.1 million**, the Housing Assistance Payments at **\$81.5 million**, and the Capital Budget at **\$32.9 million**.

In order to balance the 2012 Proposed Budget, we had to reduce approximately \$10 million in expenses below our projected costs across all programs for continuing existing services at current levels. We have received some new non-MTW revenues for special purpose vouchers and for community service grants. These funds increase both revenues and expenses for the dedicated purposes of the funds. We also expect to bring new MTW public housing revenues to the Senior Housing program. Aside from these new changes, we expect all of our existing MTW federal revenues to decline in 2012. In total, the proposed budget is a reduction of **7.9 percent below** the 2011 Budget, but a reduction of nearly **13.0 percent below** the cost of maintaining current services.

The constraints of our funding require that we reduce **52** regular full-time positions across the agency. These reductions will require that we lay-off an estimated **35** current staff; the remaining **17** regular positions being eliminated are vacant. In addition to regular full-time positions that are proposed to be eliminated, **7** regular full-time positions are proposed for a reduction of hours, ranging from 25 to 50 percent time; most of these positions are filled.

The 2012 budget initiates SHA's response to the funding constraints first encountered in 2011 and likely to continue into the foreseeable future. Both local and federal revenues are shrinking as the economy languishes and the federal government deals with its own budgetary problems. In the 2012 budget, we address a large funding shortfall and begin to address the significant operational changes needed for a future of flat or declining revenue. We continue to serve at least the same number of households and remain committed to the goals of the 2011-2015 Strategic Plan. We have accomplished this by finding new ways to operate more economically and by accepting some reductions in service levels that are not intrinsic to our

mission. This summary budget presents highlights of plans for the year ahead and presents a comparison of the 2011 and 2012 budgets, detailing changes between them.

Responding in 2012 to Strategic Directions

1. Expand housing opportunities for low-income residents across Seattle by maintaining and expanding the supply of low-income housing.

- *Maintain and improve existing housing stock for the long-term:*
 - ✓ Complete the building envelope rehabilitation and window replacement in two Seattle Senior Housing Program (SSHP) Buildings – Blakeley Manor and Bitter Lake Manor.
 - ✓ Implement Low Income Public housing subsidy in the Seattle Senior Housing Program. Prepare for the long term redevelopment and rehabilitation of the portfolio using additional block grant funding.
 - ✓ Plan for and begin work on elevator rehabilitation/replacement in senior housing buildings.
 - ✓ Select a replacement system for steam heat at Jefferson Terrace, secure a contractor, and begin replacement work.
 - ✓ Assess candidate properties for a second round of disposition and repositioning of the scattered site portfolio.
- Refine and extend the Preventive Maintenance program to each property to extend the life of assets and preserve valuable warranties. *Complete redevelopments at High Point, Rainier Vista, New Holly and Lake City:*
 - ✓ Complete construction and lease-up of the rental housing at Rainier Vista Northeast, thereby completing Rainier Vista rental housing plans.
 - ✓ Continue the sale of lots to private firms to develop for-sale homes and/or mixed use developments at Rainier Vista, High Point, New Holly, and Lake City.
- *Move forward with Yesler Terrace planning and redevelopment:*
 - ✓ Master planning – complete entitlement process; develop the preliminary plat; enter into partnership with one or more major private development partners; seek private utility entities to carry-out the district energy and water re-use programs.
 - ✓ Begin to rehabilitate the steam plant into a community facility and learning center.
 - ✓ Focus on the 12th and Yesler site to begin redevelopment, either under a successful \$23 million Choice Neighborhoods grant or under a reduced scope to complete schematic design and seek funding for one affordable housing building on the 12th and Yesler site.
 - ✓ Plan for and seek partners to enhance education, training, and job opportunities for current and future residents of Yesler Terrace.
- *Work with partners on opportunities to develop new low-income and work force housing*
 - ✓ Explore options for Holly Court replacement housing.
 - ✓ Provide up to 70 project-based vouchers to nonprofits undertaking development of new low income housing units with Housing Levy funds.

2. Expand housing access and choice for low-income residents across Seattle.

■ *Pursue opportunities for new Housing Choice Vouchers:*

- ✓ Add over 830 new vouchers awarded in late 2011 through early 2012: 100 Family Unification Program, 37 additional Veteran Assistance (VASH) and up to 697 Tenant Protection vouchers - to expand housing opportunities for qualified low income participants.

■ *Expand access and choice across Seattle neighborhoods for voucher participants:*

- ✓ Increase the number of “Ready to Rent” classes teaching rental preparedness, rental search tips, and tenant rights and responsibilities.
- ✓ Recruit and retain landlords, especially in neighborhoods with positive amenities but few or no landlord participants.
- ✓ Continue to research mobility efforts nationally and implement the most promising ideas to effectively enhance housing and neighborhood choice for voucher participants.

3. Assist housing participants to access education and employment opportunities.

■ *Improve access to educational opportunity for youth from pre-school through college:*

- ✓ Build on progress to date to create a pathway of support and opportunity from elementary (Bailey Gatzert) to middle (Washington) to high school (Garfield) to college for Yesler Terrace youth.
- ✓ Help resident and participant families to access programs and resources funded through the City of Seattle’s Family and Education levy resources and the Seattle School District.
- ✓ Make direct outreach to residents and participants with children in middle and high school about opportunity to enroll in the College Bound Scholarship Program, the HARRG Scholarship opportunity, and like programs.
- ✓ Continue to work with partners to support SHA housed youth to be successful academically through youth tutoring, computer labs, and access to educational information and support.

■ *Increase financial security and optimal self-sufficiency for all housing residents and participants:*

- ✓ Expand contacts in the work development community to inform voucher participants of job fairs, job training opportunities, and career development services.
- ✓ Continue to develop partnerships with public and non-profit agencies providing financial benefits and services, including Social Security, DSHS, and organizations offering credit counseling and financial literacy classes.
- ✓ Work toward developing a new financial matching program to support savings opportunities to residents working toward moving from subsidized housing.

■ *Develop a single economic opportunity program for adult housing participants and residents:*

- ✓ The reorganization of Community Services is being implemented in 2011 and is aimed at providing more efficient and dynamic services to residents and program participants.
- ✓ Take advantage of the co-location of SHA program staff across departments in 2012 to further identify efficient ways to improve the reach and streamline services supporting self-sufficiency for voucher participants.

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- ✓ Increase access by tenants to economic opportunity programs by locating all direct service staff in SHA communities.

4. Provide additional services and increase the stock of housing for low-income seniors.

■ *Identify and implement programs to create a continuum of care for residents aging in place:*

- ✓ Complete and adopt policies and procedures based on “best practices” for supporting independent living for seniors in low income housing.

■ *Engage partners who can bring additional subsidy to develop new senior housing:*

- ✓ Continue to pursue a development partnership to make an application for HUD 202 elderly housing.
- ✓ Start the two year redevelopment and rehabilitation of Leschi House with tax credit equity and bond financing. This project will rehab a senior building with 34 units and add a new wing with 35 units.

5. Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities.

■ *Help neighbors in and around Seattle Housing communities work together to promote safe and vibrant communities:*

- ✓ Reorganize Community Police Teams to provide more efficient and flexible service on a geographic rather than a property basis and work with communities and the Seattle Police Department to make this change successful.
- ✓ Maintain a consistent policy of swift response to address emerging community concerns before major issues or incidents arise.
- ✓ Continue to work with the Parks Department and educational and community agencies to support constructive youth program activities during the summer months.

■ *Manage properties to enhance and promote residents efforts toward healthy living:*

- ✓ If the Board of Commissioners adopts a policy of tobacco free housing for SHA-owned residential buildings, implement the new policy throughout SHA facilities and support residents smoking cessation efforts.
- ✓ Continue to promote and expand SHA’s solid waste recycling programs begun in 2010, with education on the benefits and methods for recycling and diversion of organic materials from the waste stream.
- ✓ Partner with Full Life Care to expand mental health case management services to residents at the Seattle Housing Authority high rise communities.

Management Strategies Necessary for Success

1. Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.

- *Manage assets and operations to maximize value and longevity of real estate and housing and ensure operations are cost effective.*
 - ✓ Continue implementing changes to reduce vacate costs and turn-around time. Reinforce responsibility of property managers to define the scope of work on turn-overs and establish a standard reduction in per unit turn-over costs to achieve an average of \$3,000.
 - ✓ Achieve utility cost savings through better data collection on resident consumption and educating residents on conservation methods, and through maximizing utility programs to install efficiency and conservation equipment in units.
 - ✓ Reduce landscaping costs by modifying service schedules to better align with seasonal needs -- reducing off-peak service, while maintaining peak season service at the LIPH high rises and SSHP buildings.
 - ✓ Consolidate office buildings to improve operational effectiveness and to lower estimated future operating costs over a 10-year planning period.
 - ✓ Complete review of property management organizational structure and recommend changes to improve both efficiency and effective service.
 - ✓ Evaluate the reorganization of the Compliance function within housing Operations and recommend any changes to ensure a cost efficient and compliance effective program.
 - ✓ Continue to maximize the efficiency, seamlessness, and consistency of program requirements and benefits:
 - In 2011 start a community process to create consistency between LIPH and HCV rent policies by eliminating negative rent and establishing minimum rent in the HCV program, consistent with the policy in LIPH since 2001.
 - In LIPH, adopt the modification implemented in HCV to exclude income from assets valued under \$50,000 from rent calculation.
 - ✓ Evaluate and begin implementing electronic banking services through the Authority's new banking services provider to reduce costs and enhance security and service:
 - Implement remote deposits for SHA transactions;
 - Assess and define a program and schedule for moving to electronic rent payments for tenants;
 - Establish a stored value card program for electronic payments to HCV landlords not on direct deposit;
 - Increase use of e-payables for vendor payments.
 - ✓ Complete procedures and training for delegating procurement of consultant service contracting of less than \$100,000 to department personnel.

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- ✓ Evaluate cost comparisons of self-insurance of unemployment expenses versus participation in the State program.

- *Strengthen the Authority's financial position and ability to respond to economic conditions:*

- ✓ Make the 2012 payment of \$8.45 million against Seattle Housing Authority's Infrastructure Note from for-sale proceeds at High Point and Rainier Vista.
- ✓ Continue to pay-down short-term financing obligations on three lines of credit – Operating LOC, Real Estate LOC, and Taxable LOC.
- ✓ Maintain the Authority's Operating Cash Reserve at a minimum of one month of operating plus average debt service expenditures, or approximately \$13-14 million in 2012.
- ✓ Ensure that all properties carrying debt meet stipulated debt requirements and contributions to reserves.

- Refinance bond-financed properties to help make needed capital repairs, and/or build capital reserves, and improve cash-flow by reducing bond payments. Continue the process of maintaining and improving agency information technology. The capital plan includes additional server storage capacity, upgrading obsolete equipment, and upgrading to more recent versions of vendor software to maintain services. In addition, the Information Technology department is continuing the project to upgrade to more efficient property management software that will be used agency-wide.

2. Identify and implement sustainable practices throughout the agency to minimize impact on the environment.

- Undertake an analysis of SHA's fleet inventory and operations with the move to the new building with the aim of reducing our fleet.
- With the move to the new building, use the opportunity to implement new agency-wide efficiencies and green practices, including reducing the maximum number of printers to the industry standard; implementing programs to recycle and maximize diversion of waste from the waste stream.
- Conduct detailed evaluations of the effectiveness of green measures at Lake City Court and Denny Terrace in conserving resources.

3. Promote a healthy, engaged and productive workforce.

- Continue implementing the agency-wide training and career development activities developed in 2010.
 - ✓ Continue efforts to implement employee career development training and succession planning.
 - ✓ Use SHA University to more effectively offer training classes to employees. SHA University is an online training application system that will reduce time and costs for course scheduling, registration and data input.

Utilize Housing TeleVideo Network (HTVN) webinars for employee development. HTVN is offered by the Housing Authority Insurance Group (HAIG) and provides the housing industry with online classes in public and affordable housing.

- ✓ Develop safety and wellness programs that will reduce work-related injuries and illnesses by increasing awareness via training programs and communication media.

Carry out updated On-boarding and New Employee Orientation Training Processes that reflect unique job responsibilities and requirements.

With the recent Congressional agreements on the debt ceiling, we believe we are very likely to see continuing decreases in our HUD revenues over at least the next five years, and that these revenues (which make up about 75 percent of our funding) are likely to be flat after that. As we adjust to the new funding environment we will be looking to change how we do business in significant ways. We will be forced to operate in a more austere manner. We will continue our commitment to the established directions in our 2011-2015 Strategic Plan, but we will have to move forward more slowly. Our long term goal remains -- to serve at least the same number of households we are currently serving. This will require significant adjustments and tradeoffs. And, we will rely on the talents and creativity of SHA's staff to design new business models and new ways of doing business.

The next sections provide information on the proposed budget revenues and expenses for our operations and capital programs for 2012.

CONSOLIDATED BUDGET

The following summary presents the proposed operating and capital budgets for Calendar Year (CY) 2012 in comparison to 2011 for all housing programs and business activities. It also describes changes in staffing levels from the CY 2011 budget to CY 2012.

CY 2012 Proposed Budget

	CY 2011 Budget	CY 2012 Proposed Budget	Percent Change
Program Operations and Administrative Expenses	\$70,720,000	\$70,090,000	(0.9%)
Housing Assistance Payments (HAPS)	75,660,000	81,480,000	7.7%
Grant-Funded Expenses	860,000	984,000	14.4%
Capital & Non-Routine Expenses	54,220,000	32,900,000	(39.3%)
Total	\$201,460,000	\$185,454,000	(7.9%)

Notes: Expenses budgets are rounded to the nearest \$10,000

- The proposed CY 2012 combined operating and capital budget totals **\$185.5 million** and is **7.9 percent less** than the 2011 budget. This year-to-year reduction is the net result of a small decrease in operations, increases in HAPS and grant expenses, and lower capital and non-routine expenditures in 2012.
- **Program Operations and Administrative Expenses** decreased by 0.9 percent from 2011 to the proposed 2012 budget. This is the composite result of a number of decreases in programs and services and areas of cost increases. On the decrease side, there is a net of 55.5 fewer full time equivalent positions (regular positions, temporary positions) agency-wide proposed in 2012 than in 2011; and, there were significant reductions in discretionary operating expenses. Factors adding to costs in 2012 include increases for employee wages and benefits; budgets set aside for early retirements and for unemployment

compensation for staff lay-offs; an initial year of increased office rent due to the consolidation of the Porch Light and Central office buildings; a continuation of climbing administrative fees we must pay other housing authorities for voucher holders who port-out to other communities; increased costs for utilities and IT software.

- **Housing Assistance Payments (HAP)** increases from the 2011 budget to the 2012 proposed budget involve several factors. In the latter part of 2011, 100 Family Unification Program vouchers and 37 Veterans Affairs Supportive Housing vouchers were awarded. SHA also expects to receive more than 690 tenant protection vouchers in 2011 and 2012. Cuts to safety net programs have reduced the incomes of a large population of voucher holders, increasing SHA's portion of the rent contribution. The ongoing effects from the 2011 Voucher Payment Standard (VPS) increase are responsible for a significant portion of the HAP increase in 2012.

However, some of the anticipated increase will be offset by a drop in voucher utilization as SHA continues to keep its wait list closed. Up to 150 households in the Seattle Senior Housing Program that utilized vouchers in 2011 will no longer require HCV subsidy in 2012, as most Senior Housing will receive public housing funding. Despite an anticipated drop in MTW voucher utilization to an average of 97 percent, more households will be served by the overall Section 8 program than in years past due to the anticipated award of more than 830 the new special purpose vouchers noted above. The non-MTW HAPS increase with the new vouchers by \$3.4 million in 2012 over 2011.

- **Grant Funded Expenses:** Grants for Community and Supportive Services have increased from a budget of \$860,000 in 2011 to \$984,000 in 2012. Community and supportive funds from the Lake City Court HOPE VI funds will be used for a full year in 2012. Additionally, a new round of ROSS grant funding increased overall grant spending. SHA applied for Family Self Sufficiency Funding for two coordinators that were cut in 2010. If awarded, this would restore these two positions and increase the service level in the FSS program. The increase in grant funding will be minimally offset due to the Smoking Cessation and Work Force Development grants coming to an end. Sound Families grant spending will decrease as funding is shifted to external reserves, maintaining service levels according to the original plan.
- **Capital & Non-Routine Expenses** decreased considerably from 2011 to 2012. The decrease in capital activities results from completion of or substantial progress during 2011 on redevelopment work at Rainier Vista and Lake City Court. Major rehabilitation work on building systems and common areas at Denny Terrace was completed in 2011, as was the Respite Care Program facilities at Jefferson Terrace.

The 2012 spending reflects ongoing capital work -- Bitter Lake Manor and Blakeley Manor building envelope projects and the Steam Plant redevelopment at Yesler Terrace; and, new capital undertakings -- Leschi House rehab and redevelopment; Wedgewood Estates asset preservation investments; planning for Phinney Terrace water intrusion project; planning and initiation of elevator rehabilitation in senior housing buildings; consultant assessments for Brownfield work at three communities; renovation of the steam plant at Yesler Terrace into a community learning center; and, replacement of the steam heating system at Jefferson Terrace. The 2012 proposed budget also includes management improvements through technology applications and equipment. See a full project listing in Attachment 1.

Staffing Levels

Full-time equivalent (FTE¹) positions decrease by a net of 55.5 FTEs in 2012, to a proposed total of **536.1 FTEs**. The net decrease of 55.5 FTEs results from the addition of 8.6 positions and the elimination 51.3 regular FTE positions and the reduction of 12.8 temporary positions proposed for 2012. As a result of the proposed change, we expect approximately 35 current regular employees to be laid off and seven current regular employees to experience reduced working hours in 2012. In the regular positions being cut, there are 17 vacant positions. This significant reduction of nearly 10 percent in staffing was accomplished by departments adjusting work procedures to create new efficiencies, re-distributing workload, changing service standards or the way work is performed, and reducing service levels not intrinsic to SHA's mission and strategic plan.

Program Element	Proposed FTE's		Change 2011 to 2012
	FTE's CY 2011	CY 2012	
Housing Operations	407.7	370.8	(36.9)
Housing Choice Voucher Program	61.4	55.4	(6.0)
Other Departments ²	<u>122.5</u>	<u>109.9</u>	<u>(12.6)</u>
Total	591.6	536.1	(55.5)

Most of the new positions added will work at new properties supported by new revenue or are grant-funded. Below are summaries of the position changes in 2012.

- The Rainier Vista and Lake City Court HOPE VI properties and Impact Property Management will have five existing staff members who started mid year 2011 increase to full time in 2012. (2.5 FTE in 2012). An Accounting Technician, two maintenance staff and two property management assistants are among the staff that will increase from half time to full time to support the expanded workload associated with the new properties. A Property Management Trainee position and a Maintenance Technician position, both vacant, were eliminated.
- The Housing Operations Central support group added a Utility Specialist position to process HOPE VI utility billings and monitor consumption and the hardware and software needed to track consumption and billings. The position will respond to a variety of utility customer account billing inquiries, resolve disputes and perform clerical and administrative duties. The position will be funded by revenue generated from the HOPE VI utility service fee.
- Community Services reduced its staff by 3.5 FTEs due to reorganization efforts and another position was eliminated due to agency wide reductions. This loss will be partially offset with the addition of a temporary grant funded Economic Opportunities Specialist (0.8 FTE) and a half time partially grant funded Community Builder (.5 FTE) that are supported by the Lake City Court HOPE VI community development grant.

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

² "Other Departments" are comprised of Information Technology, Human Resources, Finance and Administration, Development, Asset Management, and Executive.

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- Impact Property Services, Hazardous Materials, and Construction will see extensive reductions in staff. IPS will have a net reduction of 22.7 FTEs in janitorial, landscaping, and building maintenance staff. About a third of these reductions are associated with the effort to reduce the costs for vacate turns. Construction force account will be reduced by 9.0 FTEs. This is due to a combination of the reduction of the ongoing LIPH capital block grant by 13 percent and the mix of projects funded for 2012.
 - The Housing Choice Voucher Department reduced by 6 FTE. The department has experienced a modest reduction in workload as the volume of vouchers issued has decreased and MTW efficiencies have been implemented. Process improvements and office consolidation will allow additional reductions.
 - Asset Management will reduce staff by two positions. The Applications Specialist is a project position that is ending; an Assistant Construction Project Manager is being reduced due to reduced workload.
 - Development is reducing 3.0 FTEs. Two of the positions are currently vacant, an Administrative Assistant and a Communications Specialist. One development Project Coordinator position is abrogated due to the completion of several large projects.
 - The Information Technology department is eliminating two positions. With the partial relocation of storage space to the new central office and increased use of imaged documents, the records management function will be absorbed by other IT staff. One computer operator position is also eliminated.
 - Human Resources reduced its staff by one position. The elimination of this position is the result of a significant decrease in recruitment efforts.
 - The Finance and Administration Department reduced 3.1 FTE positions by reducing working hours for 6 employees and eliminating one project position. The department will be affected by some workload reductions in other departments, modify some business practices, and will implement more electronic bank processing to achieve greater efficiency and absorb the reductions.
 - In addition to the reductions listed above, Housing Operations reduced 3.00 FTE vacant positions at LIPH, SSHP and Housing Operations Central Administrative support office. The reductions are: elimination of 1.5 vacant FTE at LIPH, 1.00 vacant FTE at SSHP, and reduction of full time FTE to part time at the Central Administrative Office.

Estimated Revenues and Expenditures– Routine Operations

The following programs make up the bulk of SHA's operating budget: Move To new Ways (MTW) Program operations -- Public Housing, Housing Choice Vouchers (HCV), and Seattle Senior Housing Program; and the Local Housing Program. Revenue and expenses for these programs are summarized below. The expenditure budgets for these programs total about 80 percent of the SHA's overall operating budget. The remaining operating budgets cover expenses in a number of smaller programs.

Moving To new Ways (MTW) - General Fund

	Proposed CY 2012 Budget
Revenue	\$138,089,000
MTW Program Expenditures	
Low Income Public Housing	26,449,000
MTW Direct Shared Services	2,656,000
Seattle Senior Housing Program	5,504,000
Housing Choice Vouchers	<u>79,952,000</u>
Total Operating Expenditures	\$114,561,000
Public Housing Capital/Non-Routine Expense	<u>12,180,000</u>
Total Operating + Capital	126,741,000
MTW Block Grant Transfers to Other Programs	<u>8,726,000</u>
Total Expenditures	\$135,467,000
Contribution to Reserves	\$2,622,000

Revenue

The revenue shown in the table above includes SHA's best estimates of the amount of federal grants due in CY 2012 for Housing Choice Vouchers (HCV), Low Income Public Housing (LIPH) Operations, Public Housing Capital programs, and Seattle Senior Housing Program. These four sources combine to form the MTW Block Grant. At \$120.2 million the MTW Block Grant revenues constitute 87 percent of the MTW General Fund revenues and dwelling rental income, at \$15.8 million, represents 11 percent of MTW General Fund resources. In total MTW General Fund revenues for existing programs are projected to **decrease** by 5.6 percent compared to the CY 2011 budget, with the largest percentage decreases occurring in the Operating and Capital grants, 15.2 and 13.0 percent respectively.

Low Income Public Housing

The Low Income Public Housing program accounts for the operations of approximately 5,440 housing units owned, or maintained and managed, by SHA or affiliated entities. The two largest revenue sources for this program come from the MTW Block Grant and tenant rent. The homeWorks tax credit partnerships serve public housing residents almost exclusively and the partnerships are included as part of the Low Income Public Housing program.

Seattle Senior Housing Program Fund (new MTW units)

The Seattle Senior Housing Program (SSHP) accounts for the operation of about 900 housing units for the elderly and people with disabilities. The portfolio, developed in the early to mid-1980's using City of Seattle Housing Levy funds, was intended to be self-supporting, with all on-going operating and capital costs paid for by rent revenues. However, over the last several years, the program has needed additional support from SHA and City grant funds to pay for critical capital projects. SSHP continues to face major capital needs, particularly problems with the integrity of the building envelope from water intrusion. We have proposed to HUD that we bring these units into the funding umbrella of the LIPH program, while preserving the integrity and identity of the Seattle Senior Housing Program; these new resources will help address, in

particular, SSHP capital needs over the long-run. New HUD revenues from the Operating Grant and the Capital Grant estimated for SSHP total \$3.96 million.

MTW Direct Shared Services

Direct Shared Services refer to a category of services in Seattle's Local Asset Management Plan that are direct property services shared among housing communities and programs. The direct shared services are accounted for in the MTW General Fund and not allocated to individual properties. This category includes portions of the Housing Operations Director's Office, the LIPH Administrator's Office, and Impact Property Management Services for other housing related costs and programs.

Housing Choice Voucher Program

In 2012, the HCV program is authorized to provide housing to 9,500 households through issuing Housing Choice Vouchers; this is an increase of 834 special purpose vouchers over the beginning of 2011, as the result of the award of 100 Family Unification, 697 Tenant Protection, and 37 vouchers serving homeless veterans. MTW Voucher utilization – that is, the proportion of leased vouchers to authorized vouchers – is expected to average 97 percent during 2012. The HCV department will focus in 2012 on two strategic directions represented in SHA's proposed new Strategic Plan: to increase the choices that voucher holders have in selecting the neighborhood in which they wish to live; and, to expand services to HCV participants and applicants to increase self-sufficiency.

Approximately 2,900 vouchers will be "project-based," that is, the funding will stay with a particular housing property. Another 65 will be "provider-based", a model in which an agency providing supportive services and housing to clients, leases a unit(s) from a landlord and subleases to the participant. The remaining vouchers will be "tenant-based," that is, the participants use the voucher to rent any eligible apartment or house they choose. Tenant-based households pay approximately 30-40 percent of their income for rent and utilities and the voucher pays the difference between their payment and the actual rent. Project-based and Provider-based households are limited to paying 30 percent of their income for rent and utilities.

Capital and Non-Routine Expense -- Public Housing and Seattle Senior Housing

Funding for capital improvements in public housing communities, and starting in 2012 for SSHP, comes from HUD's annual Capital Grant allocation to SHA. The Capital Grant portion of the MTW Block Grant is 18 percent more than in the CY 2011 budget, only because of the SSHP units. Without SSHP the MTW Block Grant funds would be 13 percent less than last year's.

Among 2012 proposed LIPH MTW capital projects are a steam heat replacement project at Jefferson Terrace; accessibility improvements to meet federal standards (UFAS) in eight scattered site units; replacement of roofs at selected scattered site locations; several small asset preservation and safety and security projects; and funding for appliance, equipment, and fixture replacement. The 2012 LIPH MTW capital program will also continue funding for planning the redevelopment of Yesler Terrace and for debt service on the homeWorks Program rehabilitation of 22 high rise LIPH buildings.

The 2012 SSHP MTW capital program will fund, among other things, rehabilitation and/or replacement of windows and siding, and installation of a rain screen at Phinney Terrace; elevator rehabilitation at Fremont Place; roof replacement at Gideon Matthews Garden; and, the design and planning for elevator rehabilitation projects throughout the portfolio.

Transfers to Other Programs

Under SHA's MTW Agreement, the MTW Block Grant funds are treated as a single fund, giving the agency the flexibility to address housing programs, community services, development, administrative, and capital needs for low income housing purposes comprehensively across the agency. For 2012, SHA will transfer MTW Block Grant Funds of \$8.7 million to be used to help support the operations or capital needs of SHA's local housing programs, housing community amenities, and development activity. Some of SHA's other local housing programs, community services, and capital budget are addressed below.

Contributions to Reserves

Contributions to reserves are for capital replacement reserves in homeWorks and Local Housing properties, as well as capital funding reserves for SSHP's long-term capital program requirements. We are not proposing a contribution to SHA's Operating Reserve in the 2012 Proposed Budget.

Community Supportive Services

Community Services' budget for 2012 is \$3,353,000. 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 and 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. Community Supportive Services is largely funded from a transfer of MTW funds and augments its resources with public, private, and foundation grants.

Local Housing Program

The Special Portfolio group manages over 1000 units at Local Housing Program facilities, Section 8 Project-based buildings and Limited Partnerships at Alder Crest and South Shore Court. The Local Housing Program accounts for operation of about 785 units serving households with a range of incomes from 30 percent of area median income to market rate, with the vast majority of the units serving households under 50 percent of the area median income. Most of these units were acquired using debt financing, so the properties need to generate sufficient income to cover debt payment, in addition to meeting all other operating and capital expenses.

	Proposed CY 2012
Revenue	\$8,900,000
Expenditures	<u>3,955,000</u>
Net Operating Income	4,945,000
Interest and Principal	4,880,000
Required Reserves	<u>185,000</u>
Total Other Expenses	5,065,000
Projected Shortfall before Transfer	(\$120,000)

Close attention is paid to ensuring that properties in the Special Portfolio are funded to meet their debt obligations, to make their reserve requirements contributions, and implement critical non-routine capital needs that arise in the course of the year. In 2012, we will evaluate the opportunity for refinancing bond supported buildings in order to improve cash-flow, add to replacement reserves, and/or undertake critical capital repairs.

Low Income Housing Tax Credit Limited Partnerships

SHA is general partner in fifteen tax credit limited partnerships. Some of the partnerships have used HOPE VI funding to leverage tax credit equity and other funds for redevelopment and expansion. There are about 3,400 units in the tax credit partnerships, 79 percent of which are public housing units affordable to households with incomes below 30 percent of area median income; residents of tax credit units without subsidy typically have incomes between 50 and 60 percent of the area median income.

	Proposed CY 2012
Revenue	\$24,791,000
Expenditures	<u>22,199,000</u>
Funds for Principal Payments, Reserves, and Other Obligations	\$2,592,000

The MTW Block Grant subsidy for the public housing units totals \$8.76 million, with \$6.26 million going to the three homeWorks high rise partnerships and \$2.44 million to the HOPE VI limited partnerships. Total limited partnership activity is shown in the table above.

NewHolly Phase I was converted in 2010 from a limited partnership to an SHA tax credit property and is now included in the SHA Consolidated Budget displayed earlier in the Summary. The homeWorks high-rise partnership budgets are included above and are shown in the MTW General Fund Budget. Ravenna School Limited Partnership is included above and in the Seattle Senior Housing table. The budgets for the partnerships reflected in the figures above are preliminary and subject to approval by each limited partnership.

CY 2012 Capital and Non-Routine Budget

The table below presents the proposed sources and uses of funds for the 2012 Capital and Non-Routine Budget.

Sources	Proposed CY 2012	Uses	Proposed CY 2012
Public Housing Capital Grant MTW	\$11,267,000	Low Income Public Housing Asset Preservation	\$8,129,000
		Predevelopment Planning	1,425,000
Seattle Senior Housing Capital Grant MTW	3,962,000	Seattle Senior Housing Asset Preservation	1,982,000

Special Portfolio Reserves	831,000	Special Portfolio Asset Preservation	862,000
Short and Long Term Financing for Leschi House and Wedgewood Estates	12,650,000	Wedgewood Estates asset preservation	562,000
City & Federal Grant Funds for Leschi House	3,295,000	Leschi House rehabilitation and development	7,940,000
Capital Contribution for Leschi House	2,300,000		
Prior Year Financing	9,755,000	Bitter Lake and Blakeley Manors	3,700,000
		Steam Plant Redevelopment at Yesler Terrace	1,145,000
		HOPE VI Redevelopment: Rainier Vista	4,910,000
Limited Partnership Reserves	1,345,000	Limited Partnerships Asset Preservation	1,345,000
LIPH Reserves	80,000	Brownfield consultant	80,000
Facility/Equipment Reserves	161,000	Miscellaneous Non-Routine Expenses	182,000
		Management Improvement through technology	643,000
Total Sources	\$45,646,000	Total Uses	\$32,905,000

NOTES:

Sources include:

- Overall, capital sources include federal grants, bond proceeds, tax credit equity, SHA reserves, and local and state funds.
- Part of SHA's MTW Block Grant includes the Public Housing Capital Grant. These funds support major activities for repair and refurbishment to preserve SHA's low-income public housing and critical needs of other SHA local housing.
- The capital program in Seattle Senior Housing will be funded from the new Seattle Senior Housing block grant through the MTW Low Income Public Housing program. SHA provides matching funds to leverage City levy and weatherization funds for various projects, including Blakeley and Bitter Lake Manors.
- Prior Year Financing sources will support the Bitter Lake and Blakeley Manors, the Steam Plant Redevelopment at Yesler Terrace and the final year of the Rainier Vista Northeast redevelopment

Redevelopment Grants and Mixed-Financing

Upon completion, the Rainier Vista redevelopment will have all new units, new streets and infrastructure that open the formerly isolated communities to the surrounding neighborhoods. Community facilities, parks and amenities and for-sale housing bring homeowners into the redevelopment mixed-income communities. Rainier Vista activities in 2012 will include completion of rental housing construction, continued construction of market-rate homes, and continued marketing of for sale development lots. Lake City Court activities in 2012 will include marketing of for sale development lots. Marketing of for-sale lots will also continue in High Point.

Leschi House is a new redevelopment and rehabilitation project planned to begin mid-2012. The original unit count will expand from 34 to 69. The project includes the complete replacement of the exterior stucco wall system including new windows. It is expected to be completed in 2014.

The Bitter Lake and Blakeley Manors projects will replace and repair the building envelope and windows. These projects will begin in 2011 and are expected to be completed in 2012.

The Yesler Steam Plant redevelopment project will transform Yesler Terrace's only uniquely modernist building into a community learning center. The new center will house Neighborhood House's Head Start program and others.

2012 Capital Projects Listing

Attachment 1 following this page presents the list and brief descriptions of capital projects and development activities proposed for 2012.

ATTACHMENT 1 - 2012 CAPITAL ACTIVITIES

SHA 2012 Capital Projects - MTW Grant-funded Activities

Low Income Public Housing Projects

Jefferson Terrace	Replace the steam heating system; decommission trash chute.	\$ 1,030,000
LIPH - Scattered Sites	Investigate water intrusion, continue UFAS unit modernization per agreement, repair chimneys, install 24/7 fans, repair soffits, repair decks, repair siding, paint exterior, replace certain roofs, repair common area lighting, upgrade fans, fixtures and thermostats, and repair gate.	766,578
LIPH - High rises North	Repair padding at playgrounds and decommission trash chute.	44,000

LIPH - High rises South	Add entry ACAM, decommission trash chutes, repair stairwell, resurface roof deck, repair elevator pit, and replace carpet.	468,700
Yesler Terrace	Allowance for sewer repairs. Replace heaters, abate or replace subfloor in three units, repair sidewalk and parking lot, trim trees and remove debris.	55,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation	243,000
Public Housing Capital Projects Subtotal		\$ 2,607,278
Special Portfolio Projects		
Norman Street	Replace fencing.	\$ 31,000
Special Portfolio Subtotal		\$ 31,000
Planning and Predevelopment Projects		
Yesler Terrace	Yesler Terrace Redevelopment Planning including preliminary plat, financial analysis, DPD coordination, transaction and communications, and legal services.	\$ 1,425,000
Planning and Predevelopment Subtotal		\$ 1,425,000
Non-residential Facilities Projects		
Center Park	Repair lobby flooring.	\$ 4,000
MLK	Paint exterior building.	16,700
Non-residential Facilities Subtotal		\$ 20,700
Financing and Administrative Costs		
Various	Asset Management administration	418,000
Various	Construction administration	354,000
Various	Hazardous materials abatement administration	131,000
Yesler Terrace	Yesler Terrace redevelopment administration	488,000
LIPH-LP High-rises	Debt service and costs for homeWorks I, II, and III	3,004,135
Finance and Administrative Subtotal		\$ 4,395,135
Indirect Service Fee		\$ 1,126,663
Total 2012 MTW Block Grant Budget for LIPH		\$9,605,776

Seattle Senior Housing Program Projects

Fremont	Design and plan elevator rehabilitation.	\$ 300,000
Daybreak	Various repairs, replacements and rehabilitations	35,000
Gideon-Mathews Gardens	Replace roof, wood fence, paint interior common areas.	176,912
Phinney Terrace	Rehabilitate or replace windows and siding, install rain screen.	992,000
Primeau Place	Repair decks.	75,000
Wildwood Glen	Repair parking lot.	28,352
Senior Housing Portfolio	Design and plan elevator rehabilitation.	150,000
Senior Housing Portfolio	Allowance for minor repair, replacement and rehabilitation.	123,959
Seattle Senior Housing Program Projects		\$ 1,881,000

Indirect Service Fee \$ 101,007

Total 2012 MTW Block Grant Budget for SSHP \$ 1,982,230

Other MTW Funded Capital Projects

All Communities	Management Improvement through Technology	\$ 643,325
Other MTW Funded Capital Projects		\$ 643,325

Total 2012 MTW Capital Budget \$ 12,231,331

Other Facilities Capital Needs

Impact Property Services	Equipment repair and replacement.	\$ 161,000
Other Facilities Capital Needs subtotal		\$ 161,000

Special Portfolio Projects

Alder Crest Apartments	Install exterior lights, re-work sanitary sewer, and install CO and smoke detector combinations sensors.	38,900
Bay View Tower	Modify accessible units, replace shower pans, replace boiler, replace kitchen ballast, grade dumpster landing, replace intercom, repair mailboxes and mail room, repair damage from graffiti, replace certain exterior furniture.	289,690

Beacon Housing ACRS	Install pigeon spikes on and around the rooftop, install CO and smoke detector combination sensors.	1,560
Delridge Triplexes	Repair siding and trim and seal decks.	5,000
Lake City Commons	Replace interior hallway carpet, paint hallways, and install vertical blinds in community room.	28,850
Lam Bow Apartments	Sand and stain all unit entry doors.	4,500
Longfellow Creek Apartments	Repair entrance and exit gates, repair parking lot A, replace stairwell carpet, restripe parking lot, paint interior halls and stairwells, repair sunken parking lot area.	75,310
Main Street Apartments	Fence dumpster area.	3,500
Main Street Place	Replace common area carpet on second floor.	2,592
Market Terrace	Replace hall carpets, install heaters in bedrooms, and connect third floor vents to outside.	38,480
Mary Avenue Townhomes	Replace carpet in units with vinyl.	6,240
Montridge Arms	Repair decks, replace twelve hot water tanks, and investigate other deferred maintenance items.	41,804
Ravenna Springs	Replace siding and windows, replace wood fence, replace windows, repair or replace siding and paint. Repair driveway and sidewalk, wash vinyl siding and paint trim.	109,806
Telemark Apartments	Replace canopy.	1,175
Wedgewood Heights East	Replace interior hallway carpeting, replace flooring for balconies.	47,000
Wisteria Court	Repair cracked and depressed garage entrance; install CO and smoke detector combination sensors.	21,630
Yesler Court	Paint interior halls and stairwells.	9,980
Special Portfolio	Allowance for Minor repair, replacement and rehabilitation	105,400
Special Portfolio Subtotal		\$ 831,417

CY 2012 Limited Partnership Capital Projects

Holly Park LP (Phase I)	Replace whole house fans, hot water heaters, exterior lighting, flooring, circulation pumps, and mixing valves. Repair trip hazards as needed.	\$ 163,940
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Othello LP (Phase II)	Replace appliances. Replace floors. Replace hot water heaters for hillside units only. Repair trip hazards as necessary.	74,192
Desdemona LP	Appliance and floor replacements. Replace wood fencing.	186,175
Escallonia LP	Replace floors, common area carpets, appliances, and hot water tanks, kitchen countertops and stovetop fans.	153,615
High Point North LP	Ongoing painting upkeep on exterior trim, review hydronic heating sources and control boards. Appliance replacement allowance.	136,436
High Point South LP	Entry locks and countertop replacement.	53,250
LIPH LP (Phase I)	Replace some appliances. Replace boilers at various buildings. Abate floors in vacant units. Replace shower surrounds and pans. Burnish stainless steel elevator doors to remove graffiti. For specific buildings: improve ramp near front door, repair elevator pit, repair failed window seals, install sump pump in elevator pit, repair stairs, repair the exterior coating and re-coat roof. .	197,096
LIPH LP (Phase II)	Provide an allowance for appliance replacements, boiler replacements, hazardous materials abatement, shower surrounds and pan replacement and floor replacements. For specific buildings: repair the elevator pits, review water intrusion, repair parking lot, upgrade or decommission showers on each floor, and reduce noise from boiler.	213,500
LIPH LP (Phase III)	Provide an allowance for appliance replacements, boiler replacements, hazardous materials abatement, shower surrounds and pan replacements, and floor replacements. For specific buildings: replace the waste line drain and hire a consultant to redesign the rooftop. Replace some appliances. Replace boilers at various buildings. Abate floors in vacant units. Replace damaged ceiling tiles.	166,500
Total CY 2012 Limited Partnership Capital Projects subtotal		\$ 1,344,704

CY 2012 Redevelopment Capital Project Expenditures

Bitter Lake Manor	Funds were received from the Office of Housing and combined with \$800,000 from SHA to replace and repair building envelope, repair and replace windows. This project was expected to be completed in 2011 and budgeted for 2011 for \$1.9 million. The new budget approximates that amount and is expected to be completed in 2012...	\$ 1,900,000
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Blakeley Manor	Funds were received from the Office of Housing and combined with \$737,000 from SHA to replace and repair building envelope, repair and replace windows. This project was expected to be completed in 2011 and budgeted for 2011 for \$2.5 million. The new budget is \$1.8 million and is expected to be completed in 2012.	1,800,000
Wedgewood Estates	Upgrade signage, replace interior hallway carpet, replace cab and machinery in two elevators, repair cottage roofs as needed, repair and replace sidewalks, replace and repair exterior doors, re-side pool house, replace ventilation fans in garage, repair parking lot and improve storm drain, replace playground equipment, replace benches, replace wood fence and replace garage doors.	562,013
Leschi House	Leschi House redevelopment is scheduled to close in summer 2012.	7,940,000
Steam Plant at Yesler Terrace	This is the second year of a three year project to transfer the historic steam plant at Yesler Terrace into an early education empowerment center.	1,145,000
Rainier Vista /Rental Hsg II	Final year of expenditures on housing construction and related fees.	4,910,000
Brownfield Cleanup	Hire a consultant to move forward on cleanup strategies for three multifamily sites in order to prepare them for sale.	80,000
Total CY 2012 Redevelopment Capital Expenses		\$18,337,013
Total CY 2012 Non-MTW Capital Budget		\$20,674,134
Total CY 2012 Capital Expenditures		\$32,905,465