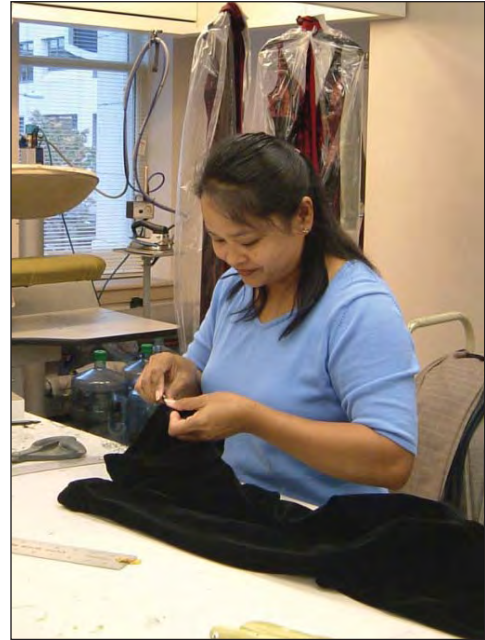


Moving to Work

2013 Annual Plan



Investing in Resident Economic Opportunity

Greater stability and financial independence are the goals of the Economic Opportunity programs offered by Seattle Housing Authority for residents who want to find jobs and advance their careers. See page 4 for highlights of our 2013 strategies related to educational and employment opportunities.

Technical Revisions Submitted December 17, 2012

Seattle Housing Authority

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I. Introduction and Executive Summary

This section provides an overview of the purpose and layout of this Plan and highlights major goals and objectives for the year.

What is “Moving to Work”?

Moving to Work (MTW)¹ is a U.S. Department of Housing and Urban Development (HUD) demonstration program for housing authorities to design and test innovative, locally designed housing and self-sufficiency initiatives. The MTW program allows participating agencies to waive certain statutes and HUD regulations in order to increase housing choice for low-income families, encourage households to increase their self sufficiency, and improve operational cost effectiveness. Seattle Housing’s (SHA’s) participation in the MTW program allows the agency to test new methods to improve housing services and to better meet local needs.

Fiscal year 2013 will be Seattle Housing’s fifteenth year as a MTW agency. Each year the agency adopts a plan that describes activities planned for the following fiscal year. At the end of the year, we prepare a report describing our accomplishments.

Stakeholder involvement

As part of developing the MTW Plan and annual budget, Seattle Housing provides opportunities for public review and comment. The public comment period began on August 31, 2012 and ended October 1, 2012. The agency published articles in *The Voice* (a monthly newspaper for Seattle Housing residents) to notify residents of the public hearing and the availability of draft documents, as well as a notice on rent statements, flyers in SHA buildings, and a letter sent out to more than 100 resident leaders. The agency also informed the general public about the plan and budget through our website (seattlehousing.org) and an ad in the Seattle/King County newspaper of record, the *Daily Journal of Commerce*.

All comments were taken into consideration before the agency finalized the plan.

Public hearing: A public hearing was held on September 17, 2012 at 3:00 at the Central Office at 190 Queen Anne Ave N. The agency presented the draft plan and annual budget and received public testimony. More than 40 residents attended and a total of twelve residents and two staff presented testimony.

Resident leaders: The Joint Policy Advisory Committee (JPAC), made up of residents who advise Seattle Housing on various issues, discussed plan activities and the budget at their September meeting.

Seattle Senior Housing Program (SSHP) Review Committee: At the September meeting of the SSHP Review Committee, Seattle Housing staff provided an overview of the draft 2013 budget for the SSHP program and SSHP-related aspects of the annual plan.

¹ SHA refers to the program as “Moving To new Ways,” to keep the acronym and more accurately describe the intent of the program. For official purposes, such as this plan, the original name is used.

Additional public comment: Seattle Housing also accepted three comments in writing and two comments by phone during the comment period.

What is in this plan?

The Annual Plan follows a format required by HUD that is outlined in the 2008 Amended and Restated MTW Agreement between HUD and SHA.

Section I: Introduction provides an overview of the layout of the document and highlights of the agency's plan for the year.

Section II: General Housing Authority Operating Information provides an overview of the agency's housing portfolio, leasing rates, and waiting list information.

Section III: Non-MTW Related Housing Authority Information is an optional section that Seattle Housing has chosen not to submit. Please see our website at seattlehousing.org for more information about the agency.

Section IV: Long-Term MTW Plan is an optional section that Seattle Housing has chosen not to submit. Please see <http://www.seattlehousing.org/news/strategic/> for more information about our long-term plans.

Section V: Proposed MTW Activities describes the new MTW activities that the agency plans to pursue in 2013, including evaluation criteria and waiver citations that provide the agency with the authority to undertake the new activities.

Section VI: Ongoing MTW Activities provides information on previously approved uses of MTW authority.

Section VII: Sources and Uses of Funding describes the agency's projected revenues and expenditures for 2013, local asset management program, and use of MTW Block Grant fungibility.

Section VIII: Administrative Information provides administrative information required by HUD.

Goals and objectives for 2013

Seattle Housing has identified several goals and objectives for 2013 within the context of the agency's mission and the 2011-2015 Strategic Plan, as well as the MTW program's primary objectives. The following pages provide highlights of activities planned for 2013.

MTW goals and objectives

The primary goals for new and existing MTW activities in 2013 align with the primary goals of the MTW program: promoting cost effectiveness, housing choice, and self sufficiency. Given the current recession and fiscal realities, many of the new proposed MTW activities emphasize efforts to support households in increasing their self sufficiency and increasing cost effectiveness.

All proposed new MTW activities are described in greater detail in Section V.

Promoting self sufficiency

Seattle Housing's new strategies in 2013 to support households in increasing their self sufficiency include a proposed activity that would support a collaborative community initiative and launch a short-term rental assistance pilot project. The new program will incorporate both one-time subsidies to prevent homelessness as well as short-term rental assistance paired with targeted services, including connections to employment and childcare services, for families in danger of losing their housing.

Increasing efficiency

Seattle Housing is proposing three new MTW activities targeting cost effectiveness. These include policies to improve the effectiveness of the waiting list for the Seattle Senior Housing Program (SSHP), simplified utility assistance payments in the HOPE VI program, and port outs.

In addition, Seattle Housing continues to make use of our existing MTW activities to support cost effectiveness, including implementation of previously approved strategies to reduce duplication in inspections, particularly for voucher households residing in SHA communities, and expanding the number of households eligible for triennial rather than annual reviews.

Other goals and objectives for 2013

Seattle Housing continues to pursue the goals and objectives laid out in the agency's strategic plan for 2011-2015. A sampling of highlights for 2013 follows.

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

In 2013, the agency plans to:

- Continue redevelopment efforts at Yesler Terrace, including continued construction work on the Baldwin Apartments and 1105 East Fir Street for relocation housing, as well as funding for site work on the Hill Climb
- Refine and extend the preventative maintenance program for each property
- Continue efforts to decrease vacancy times and costs

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

- Actively recruit landlords in high opportunity/low poverty areas in the city to expand housing choice for voucher holders
- Provide more targeted information to voucher households and those on the waiting list about housing choice and the benefits of living in a high opportunity area, including school outcomes, crime rates, and proximity to jobs, public transit, and services
- Increase individualized housing counseling services to serve more voucher participants and to assist them in making informed decisions about housing selection

Assist housing participants in gaining access to education and employment opportunities so they can improve their lives

- Connect households with self-sufficiency opportunities through SHA's Economic Opportunity team, including education, training, and employment
- Expand opportunities for workforce training and job placement through partners, such as Port Jobs, the Workforce Development Council, Seattle Vocational Institute and private sector employers, including those in construction, healthcare, and higher education
- Host events to sign up youth for College Bound Scholarships and collaborate with community partners to offer workshops on college financing and applications
- Complete the renovation of the historic Yesler steam plant building to house an early childhood education and job training center

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

- Apply for special program vouchers as they become available to serve the growing senior population in Seattle
- Continue capital repairs at Seattle Senior Housing Program (SSHP) buildings, including windows and siding, elevator rehabilitation at two buildings, roof repairs, and repairing or replacing intercoms
- Begin design work to improve and expand senior housing at Leschi House, including construction of a new wing built to Evergreen Sustainable Development Standards

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

- Work with residents and the Seattle Police Department's Community Police Team to support safety and Block Watch activities
- Support leadership development, including resident and neighborhood councils and associations
- Provide case management to help our most vulnerable residents maintain their housing, through partnerships with Aging and Disability Services and Full Life Care

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

- Expand the number of households eligible for triennial rather than annual reviews
- Evaluate alternatives and design a test pilot for electronic rent payment for residents
- Pursue opportunities for refinancing or newly financing properties to reduce debt service costs, fund capital reserves, and provide permanent financing and repayment of lines of credit
- Pilot a site-based management model at the public housing high rise communities

Identify and implement sustainable practices across the agency to minimize impact on the environment

- Expand efforts to divert garbage from landfills through composting
- Increase the use of document imaging and decrease paper transactions
- Explore GIS coding to increase the efficiency of travel related to inspections

Promote a healthy, engaged and productive workforce

- Work with managers and directors to create career development plans for employees based on agreed upon goals, including working with NEOGOV on an online performance evaluation tool
- Strengthen employee health and safety through the implementation of stretching programs and trainings such as ladder safety, blood borne pathogens, hazardous waste, and workplace violence prevention

II. General Housing Authority Operating Information

This section provides an overview of SHA's housing portfolio, leasing rates, and waiting list information.

Mission statement

The mission of Seattle Housing Authority is to enhance the Seattle community by creating and sustaining decent, safe and affordable living environments that foster stability and self-sufficiency for people with low incomes.

Agency overview

Seattle Housing Authority is a public corporation, providing affordable housing to more than 29,000 people. The agency provides housing in neighborhoods throughout Seattle through a variety of programs that include SHA-operated housing, partner operated communities, and private rental housing.

Over 5,000 Seattle Housing residents are elderly, more than 5,000 are non-elderly disabled adults, and nearly 10,000 are children. The majority (86 percent) of households have annual incomes below 30 percent of the area median income.

In keeping with its mission, the agency supports a wide range of community services for residents, including employment services, case management, and youth activities.

Funding for Seattle Housing's activities comes from a variety of sources including HUD's MTW Block Grant, which the agency can use for a variety of activities in support of the agency's mission, special purpose HUD funds that can only be used for specific purposes, other government grants, tenant rents, and revenues from other activities.

MTW Block Grant-funded housing

The majority of the agency's funding from HUD comes in the form of a block grant which combines the Public Housing operating fund, Public Housing capital fund, and MTW Housing Choice Voucher funding into one funding source for Seattle Housing to use toward its mission.

Housing Choice Vouchers

The Housing Choice Voucher program (also referred to as the voucher program, HCV, and Section 8) is a public/private partnership that provides housing subsidies through vouchers to low-income families for use in the private rental housing market. Seattle Housing administers nearly 8,400 vouchers which are funded through HUD's MTW Block Grant. Participants typically pay 30 to 40 percent of their household's monthly income for rent and utilities, depending on the unit they choose. Voucher subsidy is provided through a variety of means including:

- Tenant-based (tenants can take their voucher into the private rental market)
- Project-based (the subsidy stays with the unit)

-
-
- Program-based (Seattle Housing uses MTW flexibility to provide unit-based subsidies that float within a group of units or properties)
 - Provider-based (Seattle Housing uses MTW flexibility to provide subsidy to service providers to master lease units, who then sublet to participants in need of highly-supportive housing)

Public Housing

The Low Income Public Housing program (also referred to as public housing or LIPH) includes more than 6,300 units, including communities in high-rises (large apartment buildings), scattered sites (small apartment buildings or single family housing), and in communities at NewHolly, Rainier Vista, High Point, Lake City Court, and Yesler Terrace. HUD's MTW Block Grant provides funding to help contribute to costs exceeding rental income. Households typically pay 30 percent of their monthly income for rent and utilities. About 125 of these units are leased to service providers who use the units to provide transitional housing or services to residents.

Forty units receiving public housing subsidy through Seattle Housing are owned and operated by nonprofits and as traditional public housing.

In late 2011, Seattle Housing introduced public housing subsidy to nearly 900 units in the Seattle Senior Housing Program (SSHP). These communities provide affordable housing to senior households and non-elderly disabled participants.

Other HUD-funded housing

Special Purpose Vouchers

Seattle Housing currently administers approximately 900 vouchers provided by HUD for special purposes such as housing veterans, reuniting families, and preserving affordable housing. These vouchers are often awarded competitively and funding is provided outside of the MTW Block Grant. This number fluctuates over time, not only due to new vouchers, but also because the agency is able to move certain types of vouchers into the MTW Block Grant after the first year.

Moderate Rehab

The agency administers HUD Section 8 Moderate Rehab funding for 759 units operated by partner nonprofits serving extremely low-income individuals. Over 600 of these units are designated for homeless individuals.

Section 8 New Construction

Seattle Housing operates 130 units of locally owned units that receive Section 8 New Construction funding and serve people with extremely low-incomes.

Local housing

Local housing programs are operated outside of HUD's MTW Block Grant. They receive no operating subsidy except project-based vouchers in selected properties. In a small number of cases, MTW Block Grant funds are used for capital improvements in local housing properties serving low-income residents (as discussed further in Section V, MTW Activity 20.A.01).

Seattle Housing operates about 1,700 units of housing in properties throughout Seattle, including low- and moderate-income rental housing in the agency's redeveloped communities (NewHolly, Rainier Vista, and High Point) and three SSHP buildings.

Changes in housing inventory

Seattle Housing forecasts changes in housing resources between January 1, 2013 and December 31, 2013 as outlined in the following table.

Table 1: Changes in housing inventory

Housing Program	2011 year end (actual)	2013 beginning (projected)	2013 year end (projected)
MTW Block Grant-funded Housing			
Housing Choice Voucher	8,363	8,798	9,134
<i>Tenant-based</i>	5,545	5,763	5,959
<i>Project-based – partner-owned</i>	2,380	2,582	2,722
<i>Project-based – SHA-owned</i>	364	379	379
<i>Program-based – SHA-owned</i>	15	15	15
<i>Provider-based</i>	59	59	59
Public Housing	6,302	6,335	6,295
<i>SHA-owned *</i>	6,262	6,295	6,255
<i>Partner-owned</i>	40	40	40
MTW Block Grant-funded Housing Total	14,665	15,133	15,429
Other HUD-funded Housing			
Housing Choice Vouchers - Special Purpose	912	871	535
<i>Family Unification Program</i>	200	200	200
<i>Mainstream Disability</i>	75	75	75
<i>Housing Conversion</i>	435	336	0
<i>Veterans Affairs Supportive Housing</i>	202	260	260
Section 8 New Construction	130	130	130
Section 8 Moderate Rehab	759	759	759
Other HUD-funded Housing Total	1,801	1,760	1,424
Local Housing			
Seattle Senior Housing Program *	100	100	100
Seattle Senior Housing Program – operated by partners	97	65	65
Tax credit housing (without public housing subsidy)	720	739	739
Other affordable housing	818	811	811
Local Housing Total	1,735	1,715	1,715
Managed by SHA for other owners	14	14	14
Total Housing**	17,822	18,214	18,174

*Includes residential units leased to agencies that provide transitional housing or supportive services and units for live-in staff.

**Due to project-basing and program-basing of Housing Choice Vouchers in Local Housing, Total Housing is the sum of all housing units minus Housing Choice Vouchers-MTW Project-based – SHA-owned and Program-based – SHA-owned. Managed by SHA for other owners is also not included in Total Housing.

Housing choice vouchers

In 2013 Seattle Housing plans to convert 336 preservation vouchers from non-MTW special purpose vouchers to the MTW Block Grant.

Seattle Housing may apply for additional preservation vouchers in 2013 as opportunities arise and hopes to secure tenant protection vouchers to support the redevelopment of Yesler Terrace. No other change to Seattle Housing's overall voucher authority is anticipated, although the agency will take advantage of any opportunities to apply for additional vouchers.

Units to receive new project-based voucher assistance

Through a Notice of Funding Availability (NOFA) issued in partnership with a combined funders network, 103 new project-based vouchers will be issued to projects in 2013.

Through a Request for Proposals in partnership with the City of Seattle, 50 units will be awarded as High Point replacement vouchers. Specific details on the projects are not available at this point, because the projects have not yet been selected. However, they will be described in the 2013 Annual Report.

Any project-based commitments outlined in Seattle Housing's 2012 Annual Plan that are not completed in 2012 will be implemented in 2013.

Public housing

In 2013 Seattle Housing may seek HUD approval for the demolition and/or disposition of:

- Land at Yesler Terrace in support of the Choice Neighborhoods Initiative redevelopment

The agency may also request dispositions outlined in prior year plans, including:

- Up to four scattered sites as part of the disposition process that began in 2005 (Previously approved by HUD, the original disposition plan called for the disposition of 200 scattered site units, of which 4 units remain.)
- Up to 100 additional scattered sites units in 2013, as part of a possible extension of the scattered sites repositioning strategy, which seeks to improve the efficiency of the portfolio by selling units that are comparatively high cost to operate

These possibilities are not reflected in Table 1.

Local housing

As the agency continues to reposition its assets to advance its mission and strategic priorities, the agency may also dispose of other locally-funded parcels. These possibilities are not reflected in Table 1.

Major capital activities

MTW Block Grant funds

None of the capital activities planned for 2013 will use 30 percent or more of the agency's capital budget through the MTW Block Grant, which is HUD's current definition of a major capital project. However, we are planning to implement smaller-scale capital projects, including elevator repairs within SSHP buildings and assorted projects addressing window replacement, floors, rot, appliances, fences, and carbon monoxide detectors.

Other Federal capital funds

Seattle Housing was awarded a Choice Neighborhoods implementation grant in 2012. The grant will fund the first phase of redevelopment and begin the fundamental transformation of Yesler Terrace, including comprehensive education and employment programs, housing opportunities, and support for economic development. Plans for 2013 include continued construction work on the Baldwin Apartments and 1105 East Fir Street for relocation housing, as well as funding for site work on the Hill Climb.

SHA has also received a Community Facilities Capital Fund grant to help transform the Yesler Terrace steam plant into a community center that will provide early childhood education and adult training for the neighborhood, including Neighborhood House's Head Start program and other programs. We anticipate that the project will be completed in 2013.

Seattle Housing has been working in partnership with other agencies on a transit-oriented affordable housing project led by King County Metro in the Northgate area. In 2010 the Northgate project received a Sustainable Communities grant to fund the initial stages of planning. In 2013 community partners will continue to consider site options for development.

Leasing information

The following Table 2 represents actual and projected utilization for vouchers and occupancy for Seattle Housing-operated housing.

Table 2: Actual and projected units leased

HOUSING PROGRAM*	2011 year end (actual)	2013 year end (projected)
Housing Choice Vouchers-MTW	8,201	8,863
Housing Choice Vouchers-Non-MTW	688	510
<i>Family Unification Program</i>	113	190
<i>Mainstream Disability</i>	71	73
<i>Housing Conversion</i>	334	0
<i>Veterans Affairs Supportive Housing</i>	170	247
Low Income Public Housing	6,150	5,981
Section 8 Moderate Rehab	729	735
Section 8 New Construction	126	127
Local Housing	1,387	1,677

*There is overlap between Housing Choice Vouchers and Local Housing as vouchers can be used in otherwise unsubsidized units.

Anticipated leasing issues

The current economy has slowed turnover in subsidized housing considerably, creating low vacancy rates in public housing and high voucher utilization. However, the number of occupied public housing units in 2013 is expected to be lower than in recent years due to selected units not being filled pending Yesler Terrace redevelopment. No other significant leasing issues are anticipated in these programs.

Vacancies in unsubsidized units are on par with the local rental market and are not expected to change considerably in 2013.

Waiting list information

Waiting list strategies

Seattle Housing's waiting list strategies vary to match the needs of different properties and housing programs. Applicants may be, and often are, on multiple waiting lists at the same time.

Housing choice vouchers

The agency maintains a single tenant-based waiting list, which has been closed since a 2008 lottery placed 4,000 applicants on the list. Project-based voucher properties operate their own site-specific waiting lists.

Seattle Housing-operated housing

Site-specific waiting lists are offered for all of Seattle Housing's affordable housing properties. The larger HOPE VI communities (including NewHolly, High Point, and Rainier Vista) operate waiting lists on-site. All other site-specific waiting lists are maintained centrally, by program, to maximize efficiencies and housing choice. The waiting lists for SSHP and public housing in traditional communities are updated on an ongoing basis through the use of Save My Spot, a system that allows applicants to check in monthly by phone or computer to indicate their continued interest in housing opportunities with the agency. This system will be extended to all waiting lists for Seattle Housing-operated housing in late 2012.

Anticipated waiting list changes

Housing choice vouchers

The tenant-based Housing Choice Voucher waiting list has been closed since 2008. We anticipate closing out the current waiting list by the end of April 2013 and as a result we anticipate that we will open a new HCV waiting list via lottery in early 2013.

Seattle Housing-operated housing

As of June 2012, there were 18,768 (not unduplicated) applicants on waiting lists for SHA-operated housing. Please note that there is overlap among lists as applicants are allowed to apply for multiple programs.

Given the current economic climate and the agency's low vacancy rates, low income public housing and SSHP waiting lists are expected to remain stable or slightly increase in 2013.

Currently waiting lists are closed for certain bedroom sizes in HOPE VI communities, including the waiting lists for one, two, and three bedroom units at New Holly.

Several changes are anticipated in HOPE VI community waiting lists:

- Seattle Housing began purging waiting lists for outdated information in 2012, which may result in decreases in the number of applicants.
- Waiting lists that are very short or depleted will be opened for defined periods of time to establish waiting lists sufficient to fill anticipated vacancies.
- Lists that are very long may be closed, including waiting lists for public housing units of all bedroom sizes at Rainier Vista and High Point in 2013.

III. Non-MTW Related Housing Authority Information

This section is optional and intentionally left blank. For more information about the agency, please see: www.seattlehousing.org.

IV. Long-term MTW Plan

This section is optional and intentionally left blank. For more information about Seattle Housing's long-term plans, please see the 2011-2015 Strategic Plan at: <http://www.seattlehousing.org/news/strategic/>.

V. Proposed MTW Activities: HUD approval requested

This section provides information detailing proposed new uses of MTW authority, including evaluation criteria and specific waivers to be used.

New proposed MTW activities

Simplified Utility Assistance Payments for HOPE VI Communities

Seattle Housing is proposing a simplified approach to Utility Assistance Payments in HOPE VI communities. This will be an extension of the agency’s move toward streamlined utility assistance that began in 2011 with SHA’s voucher program. HOPE VI participants’ rents will be reduced by a Utility Assistance Payment based on average actual consumption across HOPE VI communities based on the number of bedrooms for tenant paid utilities.

The current methodology for calculating utility allowances includes a number of factors, such as property (New Holly, Rainier Vista, or High Point), space heat source (gas or electric), number of bedrooms, and structure type (apartment, single family detached, multi-family, or semi-detached duplex). This detailed and complex methodology results in a lack of understanding for residents and administrative burden for staff. The proposed change will streamline the administrative process required to calculate housing costs for participants and make the process easier to understand for participants.

In addition, applying adjustments to the Utility Assistance Payment mid-review cycle, as is current practice in HOPE VI communities, creates a staff time burden for changes that are often minor. SHA proposes to instead apply changes in the Utility Assistance Payment at the household’s next scheduled annual review (or annual update for households on a triennial review schedule) except in cases where failure to apply the new Utility Assistance Payment will cause rent to exceed the maximum Tax Credit rent for the unit. SHA will revise the chart if there has been a change of 10 percent or more in utility rates since the last update, or to address building improvements made to increase energy efficiency.

The table below illustrates the streamlined approach that is envisioned. Adjustments may be made due to changes in rates or consumption data. To be clear, it is the methodology and structure of the Utility Assistance Payment, rather than the dollar amounts, that we are proposing with this MTW strategy, as well as the timing of the application of changes at the next regularly scheduled annual review or update.

	1-BD	2-BD	3-BD	4-BD	5-BD
Energy	\$59	\$76	\$97	\$115	\$148
Water/sewer	\$42	\$66	\$89	\$126	\$141

Seattle Housing plans a more extensive public process to discuss this proposed simplified approach before implementation. Feedback from that broader discussion may result in changes to the policy and/or delays in implementation, including the possible addition of energy efficiency as a factor, all of which will be communicated to HUD via our regular MTW reporting.

MTW Activity #10.P.20	Simplified Utility Assistance Payment for HOPE VI communities: HOPE VI participants' rent will be adjusted for a Utility Assistance Payment based on the number of bedrooms and tenant's responsibility for payment of energy and sewer/water. These changes will be applied at the next regularly scheduled annual review or update.		
Targeted MTW statutory objective	Cost-effectiveness: The simplified approach will make it easier for participants to understand how rent is calculated and the methodology used to arrive at the Utility Assistance Payment. By using a simplified chart, staff will spend less time developing and explaining complex utility allowances. Calculation and data entry will be simplified, resulting in decreased administrative time and errors. In addition, SHA will achieve cost savings by applying the simplified approach to new units that come online as the agency will not have to engage an engineering professional to create new property-specific utility models.		
Schedule	Implementation may begin with annual reviews in 2013, following HUD approval and a broader community public process. Implementation of the simplified approach would include Rainier Vista, New Holly, and High Point, but not Lake City Court.		
Outcome Measures	Metric	Baseline	Benchmark
	Cost savings from avoided professional fees for property-specific utility allowance calculations	\$0 cost savings	\$61 per new unit coming online (based on most recent actual contract cost of \$5,245 to create the engineering model for 86 units at Lake City Court)
Hardship requests resolved	0	SHA estimates that in the first year of implementation, less than 10 requests for a hardship waiver will be received and resolved.	
Data sources	Seattle Housing maintains details about unit and utility types for all units. The Utility Assistance Payment chart uses actual consumption data provided by Seattle Public Utilities (water), Seattle City Light (electric), and Puget Sound Energy (gas).		
Authorizations Cited	MTW Agreement: Attachment C (C)(11).		
Hardship Policy	Households may qualify for a hardship waiver if they provide twelve months of utility bills that, combined, exceed the designated Utility Assistance Payment by 50 percent. Upon completion of an educational meeting provided by Seattle Housing Authority regarding energy and water conservation, qualifying households will be given the average of their actual utility costs in lieu of the established Utility Assistance Payment for six months. At that time it is expected that the family will reduce their utility consumption.		

Impact Analysis

There are currently 746 households not at minimum rent or tax credit flat rents at Rainier Vista, High Point, or New Holly who would be affected by the simplified Utility Assistance Payment policy. Nearly all (99 percent) will experience either a decrease in their rent or an increase of \$25 or less per month. More than half (62 percent) will experience an increase in their overall Utility Assistance Payment of up to \$25. The average household will experience a decrease of \$4.07 in their monthly rent. Only ten households will experience an increase in their rent greater than \$25, and their average increase is approximately \$30 per month.

The impact on the agency's rent roll is an increased cost of \$25,000 when compared to the current methodology. However, we believe this expense will be balanced by gains in staff capacity and increased transparency of the process.

Hardship Case Criteria

Households will qualify for a hardship waiver if they provide twelve months of utility bills that, combined, exceed the designated Utility Assistance Payment by 50 percent. Upon completion of an educational meeting provided by Seattle Housing regarding energy conservation, qualifying households will be given the average of their actual utility costs as their Utility Assistance Payment for the following 6 months. At that time it is expected that the family will have reduced their utility consumption.

Transition Period

SHA will implement the new Utility Assistance Payment chart following HUD approval and after a broader public engagement process. Households will receive at least 30 days notification of any increase to their housing costs consistent with existing policies.

Seattle Senior Housing Program (SSHP) Waiting List Policy

The Seattle Senior Housing Program (SSHP) houses a 90 percent senior, 10 percent non-senior disabled population. Most of the units in the SSHP portfolio are one-bedroom units and most SSHP households are composed of one or two adults. However, the SSHP portfolio also contains a small number (approximately 100) of two-bedroom units, which SSHP participants may choose to rent, regardless of household size, for an additional cost per month. The two-bedroom units are often more difficult to lease, as most SSHP applicants select a one bedroom unit. For example, as of year end 2011, only two percent of all applicants on the SSHP waiting list were waiting for a two-bedroom unit.

Efforts to maintain a 90/10 population split at the level of bedroom size, as required by HUD's mixed-population designation, have further exacerbated leasing difficulties, as SHA must not only identify a household that prefers a two-bedroom unit, but also must identify an interested household from the "correct" population that will maintain the population ratio by bedroom size. This burdens staff time and increases vacancy days. SHA therefore proposes to maintain the SSHP 90/10 percent population ratio at the AMP level rather than at the level of bedroom size. Both senior and non-senior disabled households will continue to be welcome and encouraged to apply for the two-bedroom units and each SSHP AMP

will maintain a 90/10 population ratio, but there will be no preference between the two populations when filling vacancies based on bedroom size.

MTW Activity #12.P.06	Seattle Senior Housing Program (SSHP) Waiting List Policy: SHA will not distinguish between senior and non-senior disabled households in filling vacancies in the SSHP portfolio based on bedroom size. The SSHP program will maintain a 90 percent senior, 10 percent non-senior disabled ratio at the AMP level.		
Targeted MTW statutory objective	Cost-Effectiveness: Allows SHA to fill units in the SSHP portfolio more efficiently.		
Schedule	Policy will be implemented with new vacancies in 2013, following HUD approval.		
Outcome Measures	Metric	Baseline	Benchmark
	Average length of time in filling two-bedroom unit vacancies in the SSHP portfolio	208 days (for the one two-bedroom unit that has experienced a vacancy since the implementation of the mixed population designation policy regarding unit size)	35 days average from vacate to lease
	Ratio of senior and non-senior disabled households housed in the SSHP portfolio	90 percent senior, 10 percent non-senior disabled	90 percent senior, 10 percent non-senior disabled
Data sources	SHA maintains detailed records of the composition of SSHP households and applicants by senior/non-senior disabled status and tracks vacancy days for all portfolios, including SSHP.		
Authorizations Cited	MTW Agreement: Attachment C (C)(1).		

Short-Term Rental Assistance

Seattle Housing plans to contribute funding toward short-term shallow rental assistance as part of a pilot cooperative initiative among multiple agencies in Seattle/King County and the Committee to End Homelessness. The new program will incorporate both one-time assistance to prevent homelessness as well as short-term rental assistance paired with targeted services, including connections to employment and childcare services, for families in danger of losing their housing. Emerging best practices in addressing homelessness emphasize the benefits of preventing homelessness for both the family and tax payers.

The program will utilize a “light touch” model of assessing individual household’s needs and addressing their most pressing obstacles to housing stability. It will incorporate several best practice models, including coordinated entry, a joint funding pool, targeted enrollment for homeless prevention, and strong evaluation and performance measurement systems.

SHA’s contribution to the program will be funding for short-term shallow rental assistance for low-income families, beginning with three months of assistance. Participating households will be assessed at the three month mark, with the possibility of extending assistance for up to six or twelve months. Participants would not be eligible for an exit voucher.

The program will serve low-income households and observe applicable requirements regarding local, non-traditional use of MTW funds.

MTW Activity #18.H.01	Short-Term Rental Assistance: SHA will provide funding for short-term shallow rental assistance through a cooperative initiative to prevent homelessness through targeted housing assistance and services.		
Targeted MTW statutory objective	Self sufficiency: Allows families in danger of becoming homeless to maintain their housing. Housing choice: Allows families to maintain housing of their choice.		
Schedule	Planning and implementation are scheduled to occur in 2013, following HUD approval and continued work with the collaborating community partners.		
Outcome Measures	Metric	Baseline	Benchmark
	Number of families that retain their housing through the short-term rental assistance program	0	32
	SHA cost per household served compared to average annual HAP	\$8,400 average annual HAP	\$3,000 per household served
Data sources	Outcomes for families served will be tracked through both program records and HMIS. SHA costs will be tracked via the agency’s regular accounting software.		
Authorizations Cited	MTW Agreement: Attachment D(B)		
Hardship Policy	Applicants that cannot be served through the short-term rental assistance program will be referred to other housing or service programs for which they may be eligible.		

Limiting Portability in High Cost Areas

Seattle Housing currently has nearly 1,800 voucher participants using portability to live in a jurisdiction other than Seattle where the receiving housing authority has not absorbed the household into their voucher pool. Instead the receiving housing authority is billing Seattle Housing for the monthly Housing Assistance Payment.

Given the constraints on recent budget allocations from Congress, Seattle Housing is proposing to deny requests for portability moves to another jurisdiction in an effort to reduce costs.

Denials will occur when:

- The receiving housing authority intends to administer, rather than absorb, the voucher; and
- The combination of higher payment standards and/or more generous subsidy standards would result in a higher payment standard for the household than the payment standard applicable within Seattle Housing’s jurisdiction.

In those circumstances, Seattle Housing would deny the household’s request to use portability to move to the higher cost area.

Approximately 300 households per year port out to other jurisdictions. This policy will not apply retroactively to households that have already ported to high cost areas.

We anticipate that limiting port outs to Seattle’s payment standard will have minimal impact on housing mobility and choice. Fewer than 7 percent of households that port out to other jurisdictions encounter rents above Seattle’s payment standards. We expect that the number of denials that would result from the proposed policy change will not be significant enough to limit housing mobility.

MTW Activity #19.H.01	Limiting portability in high cost areas: SHA may deny requests for portability moves to another jurisdiction when the receiving housing authority intends to administer rather than absorb the voucher and the resulting payment standard would be higher than SHA’s payment standard.		
Targeted MTW statutory objective	Cost-effectiveness: Limiting port outs to high cost areas will decrease SHA’s costs.		
Schedule	Our budget projections are based on the assumption that implementation will begin following HUD approval with new portability requests in 2013. However, if HUD funding levels permit, we may delay implementation.		
Outcome Measures	Metric	Baseline	Benchmark
	Comparison of average housing assistance payments for participants using portability to non-portability housing assistance payments	Average housing assistance payment for households using portability is 121 percent of the average payment for non-porting households (\$824 as of 2011 for households using portability, compared to \$683 average housing assistance payment for non-porting participants)	Annual decrease in ratio, with an ultimate ratio of 1:1 (100 percent) achieved over time
Number of port-outs granted	Approximately 300 households in 2011	Less than 10 percent reduction in port-outs (270 or greater)	

Data sources	Seattle Housing tracks the amount a receiving housing authority bills for the Housing Assistance Payment for each participant using portability, when the tenant has moved to a jurisdiction where the housing authority is administering (not absorbing) the voucher.
Authorizations Cited	MTW Agreement: Attachment C (D)(1)(g)
Hardship Policy	Households that need to port to a higher cost area due to domestic violence, dating violence, stalking, or a family member with a disability may request an exemption from this policy, which will be approved or denied by the Housing Choice Voucher Manager. Circumstances beyond the control of the family that require a move as an accommodation for a family member with a disability, domestic violence, dating violence, or stalking will supersede any restrictions on portability to higher cost areas.

Use of Funds for Local Non-Traditional Affordable Housing

Seattle Housing sometimes uses MTW Block Grant funds to support affordable housing outside of the traditional public housing and voucher programs. This support may include funding for development, capital improvements, and both physical and financial maintenance. While this was previously an unremarkable use of MTW Block Grant funds under our Local Asset Management Program, new guidance from HUD on local non-traditional activities (PIH Notice 2011-45) has made it advisable for us to call out this use of funds as a new MTW activity.

This use of MTW funds allows Seattle Housing to maintain or broaden the availability of housing in the city affordable to households below 80 percent of Area Median Income. This activity includes both short and long term funding for development, capital improvement, and maintenance of affordable housing units. It may also provide financial maintenance, such as the contribution of funds to meet an established Debt Coverage Ratio, required for continued operation of the affordable units. SHA will follow applicable requirements regarding local non-traditional use of MTW funds.

MTW Activity #20.A.01	Use of Funds for Local Non-Traditional Affordable Housing: SHA may use Block Grant funds to develop, capially improve, and maintain affordable housing outside of the traditional public housing and voucher programs.		
Targeted MTW statutory objective	Housing choice: Increase the supply of affordable housing throughout the city.		
Schedule	HUD approval of this activity will allow SHA to report separately on this ongoing activity.		
Outcome Measures	Metric	Baseline	Benchmark
	Number of local nontraditional affordable housing units	0 prior to local, non-traditional use of MTW funds	113 affordable housing units

Data sources	SHA maintains detailed records on housing units and households served.
Authorizations Cited	MTW Agreement: Attachment D – Use of Funds

VI. Ongoing MTW Activities: HUD approval previously granted

This section provides HUD-required information detailing previously HUD-approved uses of MTW authority.

Background

Seattle Housing has made an effort to include all previously approved MTW activities. Any exclusion is unintentional and should be considered continuously approved. If additional previously approved activities are discovered, we will add them to subsequent plans or reports.

MTW activities

MTW activities are overarching areas of reform that Seattle Housing is pursuing, such as rent reform and the local project-based voucher program, often with multiple different strategies to reach our goals. The agency obtained approval from HUD for these activities through previous Annual Plans and other means prior to execution of the Amended and Restated MTW Agreement. During that time, MTW agencies were not required to specify policy elements or waivers being used to implement the activity. For the purpose of evaluating the impact and success of these activities, the agency has made an effort to break down the specific elements of the initiative into different strategies.

Seattle Housing has developed 20 MTW activities, which are

- | | |
|---|---|
| 1. Development Simplification | 12. Waiting Lists, Preferences, and Admission |
| 2. Family Self-Sufficiency Program | 13. Homeownership and Graduation from Subsidy |
| 3. Inspection Protocol | 14. Related Nonprofits |
| 4. Investment Policies | 15. Combined Program Management |
| 5. Local Leases | 16. Local Asset Management Program |
| 6. MTW Block Grant and Fungibility (<i>no longer reported as an MTW activity</i>) | 17. Performance Standards |
| 7. Procurement (<i>no longer reported as an MTW activity</i>) | 18. Short-term Rental Assistance (Proposed in FY2013) |
| 8. Special Purpose Housing | 19. Portability (Proposed in FY2013) |
| 9. Project-based Program | 20. Local Non-Traditional Affordable Housing (Proposed in FY2013) |
| 10. Rent Policy Reform | |
| 11. Resource Conservation | |

In the following pages, we provide a list of ongoing MTW activities that have been previously approved, with an update on any changes anticipated for 2013. The agency is not using outside evaluators for any of the following ongoing activities.

MTW Activity #1 – Development Simplification

Status

Active - First included in the 1999 MTW Agreement and 1999 MTW Annual Plan and first implemented in 2004.

Description

Development simplification helps Seattle Housing to move quickly to acquire, finance, develop, and remove public housing properties from its stock in an efficient, market-driven manner. MTW flexibilities allow the agency to respond to local market conditions and avoid time delays and associated costs incurred as a consequence of HUD requirements and approval processes. While of greatest impact when the housing market is highly competitive, these strategies present opportunities at all times for Seattle Housing to avoid costs and increase housing options as circumstances arise.

Changes in Authorization

None anticipated.

2013 Updates

Seattle Housing will continue to take advantage of all available development simplification opportunities. Seattle Housing currently has four remaining units to disposition as part of the scattered sites disposition process that we began in 2005. In 2013 we may begin a second phase of our scattered sites repositioning strategy, which would include the disposition of approximately 100 additional scattered site units. We will also dispose of land at Yesler Terrace in support of redevelopment.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Public Housing Strategies					
1.P.01	Design guidelines: Seattle Housing may establish reasonable, modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities.	1999 MTW Agreement	Has not yet been needed	Inactive	None
1.P.02	Streamlined public housing acquisitions: Acquire properties for public housing without prior HUD approval, provided that HUD site selection criteria are met.	1999 MTW Agreement	2004	Active	None

1.P.03	Total Development Cost limits: Replace HUD's Total Development Cost limits with reasonable limits that reflect the local market place for quality construction.	1999 MTW Plan	Has not yet been needed	Inactive	None
1.P.04	Streamlined mixed-finance closings: Utilize a streamlined process for mixed-finance closings	2000 MTW Plan	2005	Active	None
1.P.05	Streamlined public housing demo/dispo process: Utilize a streamlined demolition/disposition protocol negotiated with the Special Applications Center for various public housing dispositions	2000 MTW Plan	2004	Active	None

MTW Activity #2 – Family Self-Sufficiency Program

Status

Under Development - First included in the 1999 MTW Annual Plan and not yet implemented.

Description

Seattle Housing's Family Self-Sufficiency (FSS) Program supports residents with services and financial incentives that help them to pursue self sufficiency in multiple arenas, including employment, education, and moves to market-rate housing. MTW strategies have been designed to help the Family Self-Sufficiency Program expand its impact by partnering with other agencies, providing incentives for participation, and using local selection criteria, contract terms, and escrow calculation methods.

Changes in Authorization

None anticipated.

2013 Updates

Seattle Housing is encouraged by the new HCV FSS NOFA, which will allow agencies to exercise their MTW authority while continuing to receive FSS funding. However the public housing FSS NOFA regulations continue to present a barrier to implementing our MTW FSS strategies. We would prefer not to design two separate FSS programs for the voucher and public housing programs, one using MTW activities to build an innovative program and the other non-MTW and traditional.

Because of this dilemma, we predict that we will not be able to implement many of our MTW FSS strategies in 2013. However, we will continue to look for ways to achieve our MTW goals within the parameters of the current FSS NOFAs, including non-MTW adjustments to the FSS participation contract to modify the length of time allowable for achieving goals.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
2. A.01	FSS: Partner with City: Partner with the City of Seattle to share responsibilities and resources for a new integrated FSS program.	1999 MTW Plan	Has not been implemented	Inactive	None
2.A.02	SJI preference + time limits: Preference for Seattle Jobs Initiative participants coupled with time limits.	1999 MTW Plan	Has not been implemented	Inactive	None
2.A.03	FSS escrow accounts: Use local policies for determining escrow calculation, deposits, and withdrawals.	2007 MTW Plan	Has not been implemented	Inactive	None
2.A.04	FSS participation contract: Locally designed contract terms including length, extensions, interim goals, and graduation requirements.	2007 MTW Plan	Has not been implemented	Inactive	None
2. A. 05	FSS Program Coordinating Committee: Restructure Program Coordinating Committee (PCC) to better align with program goals and local resources.	2007 MTW Plan	Has not been implemented	Inactive	None
2.A.06	FSS program incentives: Provide incentives to FSS participants who do not receive escrow deposits.	2007 MTW Plan	Has not been implemented	Inactive	None
2.A.07	FSS selection preferences: Up to 100% of FSS enrollments may be selected by local preferences.	2007 MTW Plan	Has not been implemented	Inactive	None

MTW Activity #3 - Inspection Protocol

Status

Active - First included in the 1999 MTW Annual Plan and implemented in 2001.

Description

Seattle Housing uses a cost-benefit approach to unit and property inspections. Current strategies within this approach include using Seattle Housing's own staff to complete inspections of its properties with vouchers, inspecting residences less frequently, and allowing landlords to certify their own corrections of minor items.

Changes in Authorization

None anticipated.

2013 Updates

In support of our existing cost-benefit approach to inspections (MTW Strategy 3.A.03) Seattle Housing is clarifying that SHA staff may use HQS or UPCS standards interchangeably when inspecting units. This will allow property management staff to conduct new move-in inspections for voucher holders in SHA properties and off-year inspections for voucher holders on a biennial inspection cycle (3.A.03) housed in SHA properties. This approach will reduce vacancy days for new move-ins, maintain consistency so that all units inspected within a property can conform to the same set of standards, and increase efficiency and proficiency among staff by allowing them to thoroughly learn and implement one set of inspection standards rather than training on both types.

These policies will not apply to the SSHP program, which has a separate inspection protocol and schedule.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
3.A.03 (formerly 3.H.03, 3.P.01)	Reduced frequency of inspections: Cost-benefit approach to housing inspections allows Seattle Housing to establish local inspection protocol	1999 MTW Plan	2003	Active	None
Voucher Strategies					
3.H.01	Inspect SHA-owned properties: Allows SHA staff, rather than a third party entity, to complete HQS inspection of SHA owned properties.	2000 MTW Plan	2001	Active	None
3.H.02	Fines for no-shows at inspections: Impose fines on the landlord or participant for failing to be present at scheduled inspections.	2005 MTW Plan	Has not been implemented	Inactive	None
3.H.04	Self-certification for minor fails: Self-certification by landlords of correction of minor failed inspection items.	2010 MTW Plan	2010	Inactive	None

MTW Activity #4 – Investment Policies

Status

Active - First included in the 1999 MTW Annual Plan and implemented in 1999.

Description

Seattle Housing’s MTW investment policies give the agency greater freedom to pursue additional opportunities to build revenue by making investments allowable under Washington State’s investment policies in addition to HUD’s investment policies. Each year, Seattle Housing staff assess potential investments and make a decision about whether this MTW flexibility will be needed.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
4.A.01	Investment policies: SHA may replace HUD investment policies with Washington State investment policies.	1999 MTW Plan	1999	Active	None

MTW Activity #5 – Local Leases

Status

Active - First included in the 1999 MTW Annual Plan and implemented in 1999.

Description

Seattle Housing utilizes local lease strategies to incorporate best practices from the private market and encourage self-sufficiency.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
5.A.01	Self-sufficiency requirement: All households receiving subsidy from SHA (public housing or voucher) in HOPE VI communities must participate in self-sufficiency activities.	1999 MTW Plan	1999	Active	None

Public Housing Strategies					
5.P.01	Local lease: SHA may implement its own lease, incorporating industry best practices.	2001 MTW Plan	2011	Active	None
5.P.02	Grievance procedures: Modify grievance policies to require tenants to remedy lease violations and be up to date in their rent payments before granting a grievance hearing for proposed tenancy terminations.	2008 MTW Plan	Has not been implemented	Inactive	None
5.P.03	Lease term for public housing units with Tax Credit overlay: Allow leases of less than one year.	2009 MTW Plan	2009	Active	None
5.P.04	Property-specific pet policies: SHA may establish pet policies, which may include the continuation or establishment of pet-free communities or limits on the types of pets allowed, on a building by building basis.	2011 MTW Plan	2011	Active	None

MTW Activity #6 and #7

These activities are intentionally excluded as they are no longer reported on as MTW activities.

MTW Activity #8 – Special Purpose Housing Use

Status

Active - First implemented prior to MTW participation in 1999 and continued throughout MTW participation.

Description

Seattle Housing utilizes public housing units to provide special purpose housing and to improve quality of services or features for targeted populations and other residents. In partnership with agencies that provide social services, Seattle Housing is able to make affordable housing available to households that would not likely be admitted in traditional public housing units. With this program Seattle Housing and partner agencies use residential units for service-enriched transitional/short-term housing, for office space for community activities and service delivery, and for management uses tied to MTW goals. The ability to designate public housing units for specific purposes and populations facilitates this work, including allowing units to target populations with specific service and housing needs, and specific purposes such as pet-free housing.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
8.A.01	Conditional housing: Housing program for those who do not currently quite meet SHA's minimum LIPH qualifications	8.A.01	Prior to MTW participation	Inactive	None
8.A.02	Program-specific waiting lists: Operate separate waiting lists for specific programs such as service enriched units.	2000 MTW Plan	Prior to MTW participation	Inactive	None
8.A.03	Service enriched housing: With the help of key partners, SHA may develop supportive housing communities.	2001 MTW Plan	Has not been implemented	Inactive	None
Public Housing Strategies					
8.P.01	Agency units for housing and related supportive services: Make residential units available for service-enriched housing by partner agencies.	1999 MTW Agreement	Prior to MTW participation	Active	None
8.P.02	Agency units for services: Make residential units available as office space for community activities, management use, and partner agencies providing services in and around the community.	1999 MTW Agreement	Prior to MTW participation	Active	None
8.P.03	Designate LIPH units for specific purposes/ populations: SHA may designate properties/units for specific purposes such as elderly or smoke-free.	2000 MTW Plan	2011	Active	None
8.P.04	Definition of elderly: Change definition of elderly for HUD-designated elderly preference public housing from 62 to 55.	2008 MTW Plan	Has not been implemented	Inactive	None
8.P.05	Pet-free environments: Establish pet-free environments in connection with selected service enriched housing.	2009 MTW Plan	Has not been implemented	Inactive	None

MTW Activity #9 - Project-based Program

Status

Active - First included in the 1999 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing uses MTW to develop and implement a local project-based program, providing vouchers to subsidize units in SHA-owned and privately-owned properties throughout Seattle. Seattle Housing's project-based activities include a large number of MTW strategies to reduce costs, make project-based programs financially feasible for owners, and to provide housing choice in the City. The project-based program promotes housing choice through strategies such as offering site-specific waiting lists maintained by providers (and, therefore, does not issue exit vouchers), expanding the definition of eligible unit types, allowing more project-based units per development and overall, admitting certain types of felons, allocating vouchers to programs and providers (not just units), allowing payment standards that promote services and the financial viability of projects, and coupling housing assistance with services by working with partners. The project-based program reduces Seattle Housing's costs through strategies allowing project-based staff to self-certify selected inspections and maintain their own waiting list, reducing the frequency of inspections by Seattle Housing staff, streamlining admissions, establishing a minimum threshold for calculating income on assets, and non-competitively allocating subsidies to Seattle Housing units. Project-based program strategies also make contract terms consistent with requirements for other leveraged funding sources.

Changes in Authorization

None anticipated.

2013 Updates

We have renumbered (9.H.21) COPES housing assistance payment calculations. The previous number (9.H.20) was assigned to two different strategies.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Voucher Strategies					
9.H.01	Cost-benefit inspection approach: Cost-benefit approach to housing inspections allows SHA to establish local inspection protocol.	1999 MTW Plan	2004	Active	None
9.H.02	Assets in rent calculation: Only calculate income on assets declared as valuing \$5,000 or more.	2000 MTW Plan	2005	Active	None

9.H.03	Choice offered at beginning (no exit vouchers): Housing choice is offered at the beginning of the project-based admissions process (by nature of site-specific waiting lists); exit vouchers are not offered.	2000 MTW Plan	2000	Active	None
9.H.04	Contract term: Project-based commitments renewable up to 40 years.	2000 MTW Plan	2000	Active	None
9.H.05	Eligible unit types: Modify the types of housing accepted under a project-based contract - allows shared housing and transitional housing.	2000 MTW Plan	2002	Active	None
9.H.06	HAP contracts: Modify the HAP contract to ensure consistency with MTW changes and add tenancy addendum.	2000 MTW Plan	2000	Active	None
9.H.07	Non-competitive allocation of assistance: Allocate project-based subsidy non-competitively to SHA controlled units.	2000 MTW Plan	2000	Active	None
9.H.08	Owners may conduct new and turn-over inspections: SHA may allow project-based owners to conduct their own new construction/rehab inspections and to complete unit turnover inspections	2000 MTW Plan	2005	Active	None
9.H.09	Percent of vouchers that may be project-based: Raise the percentage of vouchers that may be project-based above HUD limits.	2000 MTW Plan	2000	Active	None
9.H.10	Unit cap per development: Waives the 25% cap on the number of units that can be project-based in a multi-family building without supportive services or elderly/disabled designation.	2000 MTW Plan	2008	Active	None
9.H.11	Rent cap-30% of income: Project-based participants can not pay more than 30% of their adjusted income for rent and utilities.	2000 MTW Plan	2000	Inactive	None
9.H.12	Streamlined admissions: Streamline applications process for project-based HCV units.	2000 MTW Plan	2000	Active	None
9.H.13	Competitive allocation process: Commit vouchers to the City's competitive process for housing funding.	2004 MTW Plan	2005	Inactive	None

9.H.14	Payment standards for SHA units: Allows higher than Voucher Payment Standard for SHA-operated project-based units if needed to support the project budget (while still taking into account rent reasonableness).	2004 MTW Plan	2004	Active	None
9.H.15	Subsidy cap in replacement units: Cap subsidy at levels affordable to households at 30% AMI in project-based HOPE VI replacement units where SHA also contributed capital to write-down the unit's affordability to that level.	2004 MTW Plan	2004	Inactive	None
9.H.16	Admissions-admit felons under certain conditions: Allows for the admission into Project-based Voucher units of Class B and Class C felons subject to time-limited sex offender registration requirements who do not, in the opinion of the owner of the subsidized units, constitute a threat to others.	2005 MTW Plan	2005	Active	None
9.H.17	Program-based vouchers: Allocate floating voucher subsidy to a defined group of units or properties.	2007 MTW Plan	2007	Active	None
9.H.18	Provider-based vouchers: Provide vouchers to selected agencies to couple with intensive supportive services. The agency master leases units and subleases to tenants.	2007 MTW Plan	2007	Active	None
9.H.19	Streamlined admissions and recertifications: SHA may streamline admissions and recertification processes for provider-based and project-based programs.	2009 MTW Plan	Not yet implemented	Inactive	None
9.H.20	Partners maintain own waiting lists: Allow partners to maintain waiting lists for partner-owned and/or operated units/vouchers and use own eligibility and suitability criteria.	2000 MTW Plan	2000	Active	None
9.H.21 (formerly 9.H.20)	COPES housing assistance payment calculations: Count as zero income for residents who are living in project-based units at assisted living properties where Medicaid payments are made on their behalf through the COPES system	2012 MTW Plan	Prior to MTW participation	Active	None

MTW Activity #10 – Local Rent Policy

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing's rent policy program tackles a number of objectives, including increasing housing choice by increasing flexibility in calculations determining the eligibility of units and payment standards. Rent policies also promote cost effectiveness and self sufficiency through a minimum rent and asset income threshold and through streamlined rent review processes.

Changes in Authorization

None anticipated.

2013 Updates

Imputed income: We are clarifying our policy regarding imputed income from public benefits (10.P.08). The policy applies to cash benefits from sources such as the State's Employment Security, Department of Social and Health Services, and Child Support Enforcement Program, rather than Employment Security and TANF cash benefits alone. For zero income households that qualify for these cash benefits but choose not to collect them, Seattle Housing will impute the benefit amount based on the actual amount for which they are found to be eligible. Households that refuse to apply for cash benefits for which they appear to be eligible will be considered out of compliance with Seattle Housing rules and regulations. (Extenuating circumstances may be considered on a case by case basis.)

Triennial reviews: Seattle Housing has found triennial reviews (10.P.03, 10.H.10) to be an effective strategy in decreasing time burden both for staff and residents and as a result, in 2013 we plan to adjust the definition of households that are eligible for triennial reviews. Currently Seattle Housing defines triennial-eligible households as households with income entirely from fixed sources, such as Social Security, SSI, or a pension. Beginning in 2013 we plan to expand this definition to include households in which 100 percent of the adult members are elderly and/or disabled, regardless of income sources. SHA may run standard electronic income verification and/or require other documentation annually for certain household types within this triennial eligibility definition, such as households with a recent history of non-fixed income sources and households reporting zero income. All participants will continue to have the option to request a full annual review if they desire.

In 2013 we also plan to redistribute our recertification caseload to more fully realize the staff time savings made available through triennial reviews. This caseload optimization will smooth variations in workload and allow for greater efficiency. In order to implement the newly optimized caseload we will need to allow for a one-time expansion of the allowable window of time for annual recertifications of up to 15 months rather than 12 months.

In addition, Seattle Housing would like to clarify that our ongoing implementation of triennial reviews includes the use of a local 40 month release of information form for all households.

Asset Income: We have also renumbered (10.P.19) Asset Income Threshold. The previous number (10.P.17) was assigned to two different strategies.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Voucher Strategies					
10.H.01	Rent burden-include exempt income: Exempt income included for purposes of determining affordability of a unit in relation to 40% of household income.	2000 MTW Plan	2005	Active	None
10.H.02	Rent cap-use gross income: Rent burden calculated on 30% of Gross Income, up from HUD's standard 30% of Adjusted Income.	2000 MTW Plan	2005	Active	None
10.H.03	Rent Reasonableness at SHA owned units: Allows SHA staff to perform Rent Reasonable determination for SHA owned units.	2000 MTW Plan	2000	Active	None
10.H.04	Payment standard: SHA may develop local voucher payment standards.	2002 MTW Plan	2002	Active	None
10.H.05	Absolute minimum rent: The minimum rent for all residents will be established annually by SHA. No rent will be reduced below the minimum rent amount by a utility allowance.	2003 MTW Plan	Has not been implemented	Inactive	None
10.H.06	Payment standard-SROs: SHA may use the studio payment standard for SRO units.	2003 MTW Plan	2003	Active	None
10.H.07	Tenant-based self-sufficiency incentives: Rent policies to foster self-sufficiency among employable households, including income disregards proportional to payroll tax; allowances for employment-related expenses; intensive employment services coupled with time limits; locally-defined hardship waivers.	2005 MTW Plan	Has not been implemented	Inactive	None
10.H.08	Imputed income from TANF: Impute TANF income if household appears eligible and has not documented ineligibility. TANF not counted toward income if family is sanctioned.	2006 MTW Plan	Has not been implemented	Inactive	None
10.H.09	Rent reasonableness streamlining: Allows SHA to streamline rent reasonable determinations.	2006 MTW Plan	Has not been implemented	Inactive	None

10.H.10	Rent reviews for fixed-income and entirely elderly/disabled adult households every three years: Rent reviews conducted for households exclusively on fixed-incomes (SS/SSI/pensions) and/or households with 100 percent elderly and/or disabled adults only every three years.	2009 MTW Plan	2010	Active	See above
10.H.11	Recategorized as 13.H.02. See Activity #13.				
10.H.12	Asset income threshold: SHA will increase the threshold for calculating asset income to an amount up to \$50,000.	2010 MTW Plan	2010	Active	None
10.H.13	Streamlined medical deduction: SHA will provide medical deductions based on a standardized schedule.	2010 MTW Plan	Has not been implemented	Inactive	None
10.H.14	Simplified utility allowance schedule: HCV participants' rent will be adjusted for a Utility Estimate based on the number of bedrooms (defined as the lower of voucher size or actual unit size) and tenant responsibility for payment of energy, heat, and sewer/water under their lease, with a proration for energy-efficient units.	2011 MTW Plan	2011	Active	None
Public Housing Strategies					
10.P.01	Absolute minimum tenant payment: Tenants pay a minimum rent (\$50 or more) even if rent calculation and/or utility allowance would normally result in a lower rental payment or even reimbursement.	2000 MTW Plan	2001	Active	None
10.P.02	Earned Income Disregard: HUD's Earned income Disregard is not offered to public housing residents.	2000 MTW Plan	2001	Active	None
10.P.03	Every third year rent reviews for fixed-income and entirely elderly/disabled adult households: Rent reviews conducted for households exclusively on fixed-incomes (SS/SSI/pensions) and/or 100 percent elderly and/or disabled adults only every three years.	2001 MTW Plan	2004	Active	See above
10.P.04	Rent freezes: Voluntary rent policy freezes rent in two year intervals.	2000 MTW Plan	2000	Inactive	None
10.P.05	TANF rent calculation: Calculate TANF participant rent on 25% of gross income.	2000 MTW Plan	2000	Inactive	None

10.P.06	Tenant Trust Accounts: A portion of working public housing residents' income may be deposited in an escrow account for use toward self-sufficiency purposes.	2000 MTW Plan	2005	Inactive	None
10.P.07	Ceiling rent 2 year time limit: When a tenant's calculated rent reaches the ceiling rent for their unit, the rent will not be increased beyond the rent ceiling for 24 months. After that time, the tenant's rent is calculated as 30% of adjusted gross income.	2005 MTW Plan	2005	Inactive	None
10.P.08	Impute income from public benefits: SHA may impute income in rent calculation for tenants declaring no income who appear eligible for, but who have not pursued, benefits from the State's Employment Security or Department of Social and Health Services (such as Unemployment or TANF).	2005 Annual Plan	2005	Active	See above
10.P.09	Partners develop separate rent policies: Allow partner providers and HOPE VI communities to develop separate rent policies that are in line with program goals and/or to streamline.	2005 MTW Plan	Has not been implemented	Inactive	None
10.P.10	Studio vs. 1 bedroom: Differentiate rents for studios vs. 1 bedroom units.	2005 MTW Plan	Has not been implemented	Inactive	None
10.P.11	Utility allowance-self-sufficiency and resource conservation: Change utility allowance where metering permits to encourage self-sufficiency and resource conservation.	2005 MTW Plan	Has not been implemented	Inactive	None
10.P.12	Utility allowance-schedule: SHA may change utility allowances on a schedule different for current residents and new move-ins.	2008 MTW Plan	2008	Active	None
10.P.13	Streamlined for fixed income: Further streamline rent policy and certification process for fixed income households.	2009 MTW Plan	Has not been implemented	Inactive	None
10.P.14	Streamlined rent policy for partnership units: Allow non-profit partners operating public housing units to implement simplified rent policies.	2009 MTW Plan	Has not been implemented	Inactive	None

10.P.15	Utility allowance-frequency of utility allowance updates: SHA may revise the schedule for reviewing and updating utility allowances due to fluctuations in utility rates to no more than annually.	2009 MTW Plan	2010	Active	None
10.P.16	Utility allowance-local benchmark: SHA may develop new benchmarks for "a reasonable use of utilities by an energy conservative household" - the standard by which utility allowance are calculated.	2009 MTW Plan	Has not been implemented	Inactive	None
10.P.17	SSHP rent policy: Rents in SSHP units receiving public housing subsidy will be one of four flat rents based on the tenant's percentage of Area Median Income (Under 20 percent, 20-29 percent, 30-39 percent, or 40 percent or over).	2011 MTW Plan	2011	Active	None
10.P.18	No HUD-defined flat rents: Seattle Housing does not offer tenants the choice of "flat rents" as required of non-MTW agencies.	2000 MTW Plan	2001	Active	None
10.P.19 (formerly 10.P.17)	Asset income threshold: Seattle Housing will increase the threshold for including asset income in rent contribution calculations to an amount up to \$50,000	2012 MTW Plan	2012	Active	None

MTW Activity #11 – Resource Conservation

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing's resource conservation strategies take advantage of the agency's existing relationships with the City of Seattle and local utility providers, which continuously identify opportunities to increase resource conservation and reduce costs, rather than conducting a HUD-prescribed energy audit every five years. Conservation strategies have already achieved significant energy and cost savings to the agency, including conversion to more efficient toilets and electrical upgrades.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Public Housing Strategies					
11.P.01	Energy protocol: Employ a cost-benefit approach for resource conservation in lieu of HUD-required energy audits every five years.	2000 MTW Plan	2000	Active	None

MTW Activity #12 – Waiting Lists, Preferences, and Admission

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2000.

Description

Seattle Housing’s waiting list, preferences, and admission strategies have two primary objectives: to increase efficiencies and to facilitate partnerships with agencies that provide supportive services. Seattle Housing’s MTW flexibilities in this area allow the agency to provide a greater percentage of vouchers to service providers and make decisions if needed to prevent homelessness. These strategies also expedite admission into the program for partner agencies’ clients by allowing agencies to maintain their own waiting lists and allowing applicants referred by selected providers to receive the next available unit.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
12.A.01	Local preferences: SHA may establish local preferences for federal housing programs.	2002 MTW Plan	2002	Not currently needed	None

Voucher Strategies					
12.H.01	Recategorized as 9.H.20. See Activity #9.				
12.H.02	Voucher distribution through service provider agencies: Up to 30% of SHA's tenant-based vouchers may be made available to local nonprofits, transitional housing providers, and divisions of local government that provide direct services for use by their clients without regard to their client's position on SHA's waiting list.	2000 MTW Plan	2002	Active	None
12.H.03	Special issuance vouchers: Establish a "special issuance" category of vouchers to address circumstances where timely issuance of vouchers can prevent homelessness or rent burden.	2003 MTW Plan	2003	Active	None
12.H.04	Admit applicants owing SHA money: Provide voucher assistance to households owing SHA money from prior tenancy under specific circumstances, for example if they enter into a repayment agreement.	2008 MTW Plan	2008	Not currently needed	None
12.H.05	Limit eligibility for applicants in subsidized housing: Implement limits or conditions for tenants living in subsidized housing to participate in the HCV program. For example, before issuing a Public Housing resident a Voucher, they must fulfill the initial term of their public housing lease.	2008 MTW Plan	2011	Active	None
12.H.06	Streamlined eligibility verification: Streamline eligibility verification standards and processes, including allowing income verifications to be valid for up to 180 days.	2009 MTW Plan	Has not been implemented	Inactive	None
Public Housing Strategies					
12.P.01	Site-based waiting lists: Applicants can choose from several site-specific and/or next available waiting lists.	1999 MTW Plan	1999	Not currently needed	None
12.P.02	Partners maintain own waiting lists: Allow partners to maintain waiting lists for partner-owned and/or operated units (traditional LIPH units; service provider units, etc.) and use own eligibility and suitability criteria.	2000 MTW Plan	2000	Active	None
12.P.03	Expedited waiting list: Allow applicants referred by selected partners (primarily transitional housing providers) to receive expedited processing and receive	2004 MTW Plan	2004	Active	None

	the "next available unit."				
12.P.04	No waiting list: Allows for filling units without a waiting list.	2008 MTW Plan	Has not been implemented	Inactive	None
12.P.05	Eligibility criteria: Unique eligibility criteria for specific units or properties, such as service enriched units.	2008 MTW Plan	Has not been implemented (except for the agency units governed by 8.P.01)	Inactive	None

MTW Activity #13 – Homeownership and Graduation from Subsidy

Status

Active - First included in the 2004 MTW Annual Plan and first implemented in 2004.

Description

Seattle Housing provides support for the multiple ways that households can successfully move away from housing subsidy – not only through homeownership, but also through unsubsidized rentals in the private market. These strategies include a savings match pilot program, as well as End of Participation clocks for households whose income has increased to the point where they no longer require substantial subsidy.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
13.A.01	Down payment assistance: Allocate MTW Block Grant funds to offer a local down payment assistance program.	2004 MTW Plan	2004	Inactive	None
13.A.02	Savings match incentive: Seattle Housing will implement a new program that will match savings for public housing and HCV households leaving subsidized housing for homeownership or unsubsidized rental units.	2012 MTW Plan	Has not been implemented	Under development	None

Voucher Strategies					
13.H.01	Monthly mortgage assistance: SHA may develop a homeownership program that includes a monthly mortgage subsidy.	2008 MTW Plan	Has not been implemented	Inactive	None
13.H.02	180-day EOP clock: The 180-day End of Participation "clock" due to income will start when a family's Housing Assistance Payment (HAP) reaches \$50 or less.	2010 MTW Plan	2010	Active	None
Public Housing Strategies					
13.P.01	End of Participation for higher income households in mixed-income communities: In mixed-income communities, Seattle Housing will remove subsidy when household income exceeds the established limit for six months.	2012 MTW Plan	Has not been implemented	Under development	None

MTW Activity #14 – Related Nonprofits

Status

Inactive - First included in the 2004 MTW Annual Plan and not yet implemented.

Description

Seattle Housing is able to partner with related nonprofits to implement or develop MTW demonstration activities.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
14.A.01	Related non-profit contracts: SHA may enter into contracts with any related nonprofit.	2004 MTW Plan	Has not been implemented	Inactive	None

MTW Activity #15 – Combined Program Management

Status

Active - First included in the 2008 MTW Annual Plan and first implemented in 2008.

Description

In some of its communities, Seattle Housing co-locates units funded through project-based vouchers and low income public housing. Combining program management and policies for both of these types of units within the same community makes sense and reduces costs by eliminating redundancies, including duplicative rent reviews and inspections. It also avoids unnecessary disparities between tenants of the two different types of units. Seattle Housing’s current implementation of this activity allows for all units subsidized by project-based housing choice vouchers to be operated just like public housing subsidized units in communities that receive both types of subsidy.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
15.A.01	Combined program management: Combined program management for project-based vouchers and public housing in communities operating both subsidy types.	2008 MTW Plan	2008	Active	None

MTW Activity #16 – Local Asset Management Program

Status

Active - First included in the 2000 MTW Annual Plan and first implemented in 2010.

Description

Each year Seattle Housing submits to HUD a Local Asset Management Program (LAMP) plan, which outlines how it will allocate its funds, including the agency’s approach to project-based budgeting and accounting, cost allocation, and classifications of costs and cost objectives. While there are many areas in which Seattle Housing’s LAMP is consistent with HUD’s asset management model, there are distinctions as well, including the ability to apply indirect service fees to all housing and rental assistance programs; expecting all properties, regardless of fund source, to be accountable for property-based management, budgeting, and financial reporting; creating management and operational efficiencies across programs; using MTW Block Grant flexibility to balance resources with local priorities; and maintaining selected

central services, including procurement and specialty maintenance capacities, to most cost effectively serve the needs of the agency and its programs as a whole.

Changes in Authorization

None anticipated.

2013 Updates

We anticipate no changes in this activity.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
Agency-wide Strategies					
16.A.01	Local Asset Management Program: Use asset management principles to optimize housing and services.	2000 MTW Plan	2000	Active	None

MTW Activity #17 – Performance Standards

Status

Active - First included in the 1999 MTW Annual Plan and first implemented in 1999.

Description

Seattle Housing has used alternative performance measurements since becoming a Moving to Work agency in 1999. Because Moving to Work agencies are allowed to try out new strategies that fall outside of regular HUD activities, some of the standard measures that HUD uses to measure housing authorities’ accomplishments may not apply to Moving to Work agencies. Seattle Housing continues to collaborate with other housing authorities to develop HUD-approved measures for Moving to Work agencies that can serve as alternatives to systems such as HUD’s Public Housing Assessment System (PHAS).

Changes in Authorization

None anticipated.

2013 Updates

Seattle Housing will continue to work collaboratively with other MTW agencies to develop an evaluation system that would, among other purposes, serve as an alternative to PHAS.

Previously Approved Strategies

Strategy	Description	First Identified	First Implemented	Current Status	Anticipated Changes, Modifications, or Additions to Authorizations
<i>Agency-wide Strategies</i>					
17.A.01	Local performance standards in lieu of HUD measures: Develop locally relevant performance standards and benchmarks to evaluate the agency performance in lieu of HUD's Public Housing Assessment System (PHAS).	1999 MTW Plan	1999	Active	None

MTW Activities #18-20

These activities are newly proposed in this year's Plan. Please see Section V for more information.

VII. Sources and Uses of Funding

This section describes the agency's projected revenues and expenditures for 2013, local asset management program, and reflects use of MTW Block Grant single fund flexibility.

Sources and uses of MTW funds

The table below summarizes MTW sources of funds in the revised budget for Calendar Year (CY) 2012 and projected for the CY 2013 budget.

Table 3: Projected Sources - MTW Funds

	CY 2012 Budget	CY 2013 Budget	Percent Change
Dwelling Rental Income	\$15,344,000	\$15,315,000	(0.2%)
Investment and Interest Income	57,000	21,000	(63.2%)
Other Income	1,959,000	2,061,000	5.2%
MTW Block Grant*	121,064,000	115,518,000	(4.6%)
<i>LIPH Operating Block Grant</i>	18,172,000	19,215,000	5.7%
<i>HCV Block Grant**</i>	91,131,000	84,026,000	(7.8%)
<i>Capital Block Grant</i>	9,077,000	8,850,000	(2.5)%
<i>Replacement Housing Factor Grant</i>	2,684,000	2,486,000	(7.4%)
<i>HUD Correction of 2011 Capital Grant</i>	--	941,000	--
Subtotal: Existing MTW Programs	\$138,424,000	\$132,915,000	(4.0%)
New MTW Programs			
<i>New Vouchers Converted to MTW</i>	0	4,290,000	-
Total MTW Sources	\$138,424,000	\$137,205,000	(0.9%)

* Transfers made to Limited Partnerships are shown in Table 4 under the title "Transfer to Local Low Income Housing and Development Activities".

**The block grant budgets were revised from the 2012 MTW Plan figures to reflect actual 2012 funding awards or updated estimates.

Changes from CY2012 to CY2013 budget

Dwelling Rental Income is projected to be flat. The Low Income Public Housing (LIPH) continued to benefit from the record low vacancy rate; however, average rental income at LIPH is expected to remain lower as a result of drop or loss of household income seen at some communities caused by the sluggish economic recovery and slow growth of available jobs. A slightly favorable rental income is projected at the Seattle Senior Housing Program (SSHP). Rent increases at SSHP are determined based on annual Social Security increases and Consumer Price Index changes in the Seattle area. The budget anticipates some 40 units at Yesler Terrace currently leased to the YWCA will be removed from operation, as demolition will begin with the start of Phase I redevelopment construction. Phase II of the Choice Neighborhood Initiative is also anticipated to advance at the redevelopment project in 2013. Relocation of residents for Phase II is likely to take place throughout 2013.

Investment and Interest Income is projected to decrease from 2012 due to lower balances on MTW investments. Interest rates continue to remain low.

Other Income includes laundry, portability fees, non-dwelling income attributed to agency units, rooftop antenna, and other miscellaneous income. The LIPH high-rise buildings and Seattle Senior Housing Program are expected to see increases in rooftop antenna income, which has contribute to the slight increase in other income. Other fees are expected to stay at 2012 levels.

The **2013 MTW Block Grant** for existing MTW programs (excluding the funds for the anticipated transfer of special purpose vouchers to the MTW program over the course of the year) is estimated to decline by about 4.6 percent from the 2012 revised budget, a drop of about \$5.5 million. Here are the assumptions in our revenue forecast and the resulting revenue impacts on MTW funds:

- The **MTW LIPH Operating Block Grant** revenues are anticipated to increase from the 2012 budget level. The federal government made a one-time adjustment to reclaim “excess reserves” from local housing authorities in 2012; SHA’s resulting reduction was \$2.8 million. For 2013, we have assumed that there will not be an “excess reserve” adjustment, but we have incorporated a continuing proration and reductions due to sequestration in our funding forecast. Also, the SSHP MTW Block Grant revenues in 2012 were anticipated to include both operating and capital funds due from HUD as a result of HUD’s approval of the conversion of these units to public housing. However, HUD denied operating subsidy to the SSHP portfolio in 2012, leaving only capital funding. SHA is in the process of working with HUD to reach a positive outcome to remedy the denial of operating subsidy.
- The **MTW HCV Block Grant** revenues for **existing vouchers** are projected to decline in 2013 by 7.8 percent, or by more than \$7.1 million. The HCV block grant is expected to be hit the hardest by sequestration due to the overall size of the program. In addition to sequestration, SHA expects any inflationary adjustments to be offset by proration in 2013.

Seattle Housing was awarded 336 Special Purpose Tenant Protection Vouchers in 2012. We expect to receive \$4.3 million associated with these new Tenant Protection Voucher conversions to the MTW program – see **New Vouchers Converted to MTW** in Table 3 above. These should all convert to MTW by year end 2013. Due to staggered conversion schedules and prior year awards, the 2013 MTW average voucher count is 440 more than the 2012 average. These newly converted vouchers will help absorb some of the shock of the anticipated funding cuts.

Overall HCV MTW Block Grant funding will decrease by \$2.8M or three percent. Given the increase in MTW inventory and the anticipated increase in Housing Assistance Program Payment (HAP) costs due to the tight Seattle rental market, functioning at a reduced level of funding will be difficult. The agency’s ability to increase the level of HCV voucher utilization is already limited, and cuts to MTW funded activities will be made because funding levels continue to lag behind cost increases.

- Federal funding of the **MTW LIPH Capital Block Grant** is projected to continue falling behind urgent demands and needs of a prudent asset preservation program to maintain our housing resources. This is true both for Seattle Housing’s LIPH portfolio and for the senior and local housing programs. The MTW Capital Block grant has three components:
 - (1) The **2013 MTW Capital Block Grant** is projected to decrease by 2.5 percent from the previous year’s funding level.
 - (2) **Replacement Housing Factor** funding has been broken out and shown separately in the table above. This is a formula driven amount under either a five-year or a ten-year program and has been adjusted for sequestration, resulting in a decrease of 7.4 percent in funding.

- (3) There is a one-time increase in capital funds as a result of a correction HUD made in SHA's 2011 **Capital Grant**. The correction notice was received in mid-2012 and the \$941,000 is being programmed in 2013. As a result of this one time increase, the overall MTW Capital Block Grant program will total \$12,277,000, and increase of 4.4 percent over 2012.

Table 4 below shows planned expenditures of MTW funds for CY 2012 and CY 2013.

Table 4: Projected Expenses - MTW Funds

	CY 2012 Budget	CY 2013 Budget	Percent Change
Program Operations and Administration	\$23,653,000	\$22,246,000	(5.9%)
Utilities	7,171,000	7,183,000	0.2%
Maintenance and Contracts	11,372,000	11,181,000	(1.7%)
Subtotal: Operations	\$42,196,000	\$40,610,000	(3.8%)
Housing Assistance Payments	70,813,000	74,196,000	4.8%
Development and Capital Projects	8,129,000	7,693,000	(5.4%)
Seattle Senior Housing Capital Projects	1,982,000	1,221,000	(38.4%)
Replacement Housing Factor Projects	1,425,000	1,200,000	(15.8%)
Management Improvements through Technology	643,000	526,000	(18.2%)
Subtotal: All MTW Capital	\$12,179,000	\$10,640,000	(12.6%)
Total Uses - Existing MTW Programs	\$125,188,000	\$125,446,000	0.2%
<i>New Vouchers Converted to MTW—HAPs</i>	<i>1,335,000</i>	<i>1,899,000</i>	<i>42.2%</i>
Total Expenses-MTW³	\$126,523,000	\$127,345,000	0.6%
Transfers For Other Low Income Housing Activities ⁴	8,983,000	8,938,000	(0.5%)
Contribution to Reserves ⁵	2,918,000	922,000	(68.4%)
Total Expenses and Transfers-MTW	\$138,424,000	\$137,205,000	(0.9%)

³ In order not to double count expenditures in deriving agency-wide expenditures, use the Total Expenses- MTW line and add the Total Expense-Other from Table 6: Projected Expenses-Other Programs.

⁴ Transfers are from MTW Block Grant to other funds that perform Section 8 and 9 activities, such as community supportive services and Public Housing in limited partnerships, and to local non-traditional activities involving other local low-income housing programs.

⁵ Contributions to reserves include requirements for our homeWorks high-rise limited partnership projects.

Changes from CY2012 to CY2013 budget

Program Operations and Administration The reduction in MTW program and support costs involves several factors. After a thorough review, Housing Operations will implement a demonstration in 2013 of a more site-based property management structure that is expected to improve efficiency and service responsiveness. The department also continues to evaluate major cost drivers and address challenges to provide efficient service to residents. In the new demonstration of site-based property management structure, LIPH staff will have fewer job classifications than the previous structure. The new direction is anticipated to increase accountability and reduce operating expenses. The demonstration will team resident managers with maintenance mechanics assigned to 3-6 LIPH buildings; these staff will deliver the vast majority of day-to-day services to the residents of their buildings. For 2013, as the demonstration is undertaken, property staffing will be adjusted and existing Maintenance Mechanics will be assigned to the demonstration to serve specific properties. The proposed change is expected to result in a net saving of about \$524,000 in salaries and benefits.

The Housing Choice Voucher program also undertook an organizational review during 2012 with outside expertise, surveys, and brainstorming with staff on ways to increase operational efficiencies and workflow changes to save costs. Changes resulting from this work are expected to result in operating efficiencies that will enable the program to accommodate 2013 budget reductions and manage the expected voucher stock.

Finally, the operating budgets for Information Technology and Central Services, along with anticipated decreases in unemployment and early retirement costs, resulted in significant decreases in internal service fees. The Information Technology fee was reduced by 3.2 percent, while the Central Service Cost Center fee was reduced from \$48.73 per unit to \$45.97 and from \$19.59 to \$17.23 per voucher.

Utility expenses are expected to be flat compared to 2012 levels mainly as a result of rate increases that were partially offset by savings seen from in-house solid waste, due to implementing the recycling and organic program. The organic and recycling program resulted in the reduction of tonnage, particularly at LIPH High Rise communities. Utility expenses also declined as a result of units anticipated to be removed from operation for the redevelopment of Yesler Terrace. Seattle City Light proposes to increase electricity rates by about 4.7 percent and Seattle Public Utility anticipates an increase in water rates of about 10 percent. The savings from in-house solid waste and decrease in utility expenses at Yesler Terrace have offset the increases resulting from utility rate hikes.

Maintenance and Contracts expenses for 2013 are projected to decrease. In 2012 the Housing Operations Department took major budget reductions from vacates, routine maintenance and landscaping with the help of new efficiency strategies implemented during the year. The department realigned vacate decision-making authority and budget accountability to property management to reduce cost and reduce unit turnaround time. The department also reduced landscaping expenses by pulling back on off-season work. The 2013 maintenance budget is anticipated to be about the same as the 2012 level. Housing Operations has proposed a realignment of security programs with greater flexibility in the deployment of Community Police Teams, requiring less reliance on private security contracts.

The \$3.9 million net increase projected in **Housing Assistance Payments** results from two primary factors:

- 336 vouchers are expected to convert to the MTW program from the tenant protection program during 2013 for an increased MTW HAP cost of about \$1.9 million. The impact of vouchers to the MTW program is greater in 2013 than 2012 due to the timing of conversions from prior years and during 2013.
- Vacancy rates in Seattle continue to remain low. This has allowed landlords to increase rents. We anticipate the average Seattle renter will have their rent increased by approximately 4 percent in 2013. Due to Voucher Payment Standards, income review timing, and project based contracts, we anticipate the effect of rent changes on HAPs will be approximately 2 percent for existing vouchers on a year-over-year basis.

The MTW **Development and Capital Projects** budget continues to be underfunded and does not reflect outstanding needs. Fewer and smaller projects will be funded in 2013.

- In the 2013 budget, the agency continues to fund some of the backlog of minor repair, replacement, and rehabilitation projects and provides a reduced allowance for each LIPH portfolio.
- In addition, the 2013 MTW Capital Budget provides funding for accessibility (UFAS) improvements in six scattered site units; roof replacements in the scattered site portfolio; installation of mandatory carbon monoxide detectors; and annual debt service costs for homeWorks rehabilitation of the high-rises.

The 2013 **Seattle Senior Housing Capital Projects** budget will focus on targeted water intrusion repairs and two elevator rehabilitations. Major structural rehabilitation projects to address envelop integrity and water intrusion will be deferred while SHA seeks a resolution with HUD of total public housing funding for SSHP. The targeted water intrusion repairs are expected to address the critical projects and buy time for major repairs.

Replacement Housing Factor (RHF) grant funds support Yesler Terrace redevelopment planning. The reduction from 2012 to 2013 in RHF expenditures is due to the progression of the planning effort and timing of other segments of the redevelopment effort and to the availability of other funds. Also of note is the difference between RHF revenues and expenses, which represents the fact that SHA has developed replacement units more quickly than HUD has allocated RHF funds and as a result represents HUD's reimbursement of SHA's replacement activities that have taken place in previous years. Since 2001, SHA has used first and second increment RHF funding to create new affordable housing with several large-scale mixed finance projects at NewHolly, Rainier Vista, and High Point. In total we have spent more to replace housing (\$26.7 million) than we have received in RHF funding combined (\$20.6million).

The **Management Improvements through Technology** budget of \$526,000 includes funding and staff time to implement new property management software (Yardi Phase II). In addition, SHA Management Improvements include funds necessary for changes to the Rent Calculation System for rent policy revisions. Funds to complete the replacement of out of date technology infrastructure and additional computer hardware storage space are also included. Additional projects include replacement of the agency's data warehouse and the first phase of replacing the agency telephone system. Various other

projects are funded, such as an electronic performance evaluation system, changes to the rent receipting system, and several that will increase efficiency in Finance and the HCV Program.

Sources and uses of other funds

Seattle Housing operates a number of activities that are not part of the Consolidated MTW Budget. These include other funds and programs that provide direct services and support to voucher participants and public housing residents, including community supportive service operations, development activities to plan for and expand low income and affordable housing, and subsidy for public housing and voucher residents of tax credit limited partnerships. It can also include local housing non-traditional activities, through the provision of capital development or repair/rehabilitation support, augmenting capital replacement reserves, and ensuring debt coverage standards are met. The following table summarizes sources of funds projected for the local housing program, development and related activities.

Table 5: Projected Sources – Other Programs

	CY 2012 Budget	CY 2013 Budget	Percent Change
Dwelling Rental Income	\$10,401,000	10,764,000	3.5%
Investment and Interest Income	1,124,000	359,000	(68.1%)
Other Income	12,127,000	12,352,000	1.9%
Special Purpose Vouchers and Misc. Subsidy	10,896,000	10,399,000	(4.6%)
Service Grants	984,000	804,000	(18.3%)
Capital Sources:			
Reserves and Other Funds	2,425,000	1,656,000	(31.7%)
Other Revenues for New Projects	18,237,000	17,750,000	(2.7%)
Redevelopment Grants	3,446,000	4,230,000	22.8%
Prior Year Mixed Finance/Redevelopment	9,755,000	17,884,000	83.3%
Total Sources-Other Programs	\$69,395,000	\$76,197,000	9.8%

Changes from CY2012 to CY2013 budget

Dwelling Rental Income is increased mainly because of improved occupancy rates, particularly at special portfolio properties.

The decrease in **Investment and Interest Income** is due partially to continuing very low investment interest rates. Interest from bonds and notes also decreases due to lower balances resulting from refinancing. Most significant in the reduction, investments in government backed securities were used to pay off outstanding bond liabilities to accommodate a refinance.

The increase in **Other Income** is due to several different accounts. Other Income has a technical change that reclassified \$329,000 of budget related to water and sewer reimbursements from a credit to a utility expense item to a revenue account. This reclassification is intended to improve visibility on our success rate at collecting payments from residents. Offsetting this change is a drop in developer fee earnings as the development of new HOPE VI properties comes to an end. Administration fees for special purpose vouchers are also lower as the vouchers convert to MTW.

The net decrease in the subsidy for **Special Purpose Vouchers and Miscellaneous Subsidy** is due to two countervailing factors. All tenant protection vouchers are expected to convert to MTW by the end of 2013, significantly decreasing the special purpose voucher count and associated subsidy. On the other hand, we expect growing utilization rates in the Veteran's Affairs Supporting Housing (VASH) and Family Unification Program (FUP) programs, which were in lease up phases in 2012.

Service Grants for Community and Supportive Services (CSS) have decreased from a budgeted \$984,000 in 2012 to a budget of \$804,000 in 2013, excluding the CSS portion of the Choice Neighborhoods Initiative grant (see the discussion of the Redevelopment Grants below). Use of community and supportive services funds from the Lake City Court HOPE VI funds will end in mid-2013. In addition, the Communities Putting Prevention to Work grant ended early in 2012. These combined for a loss of \$126,000. Several other grants are expected to be awarded at 2012 funding levels.

Capital Sources outside the MTW Capital Block Grant are reflected in the table above to provide a more complete picture of the scope of the agency's development, rehabilitation, and asset preservation programs.

- **Reserves and Other Funds** for 2013 include use of reserves for asset preservation projects, equipment and appliance replacements in Special Portfolio and limited partnership portfolios.
- **Other Revenues for New Projects** represents the Leschi House Rehabilitation and Addition project, which includes the renovation of 34 existing units and the construction of approximately 35 new housing units. Project details include replacing the exterior stucco wall system, cabinet fronts and counter replacements, appliances and fixtures. The 2012 mixed-finance funding plan was delayed, awaiting an opportunity for State bond cap award and other funding sources. Assuming the 2013 mixed finance is approved, it is expected to be a two-year construction project starting at mid-year 2013.
- **Redevelopment Grants** represent Choice Neighborhoods Implementation (CNI) grant funds for redevelopment. The increase in grants is the result of a combination of factors. It reflects \$3.6 million of the \$10.3 million Choice Neighborhoods Implementation grant awarded in 2012. The Yesler Terrace Choice Neighborhoods Implementation Grant will address critical community improvements, renovation at the Baldwin Apartments, construction at 1105 East Fir Street, infrastructure work, and phase two housing design and permitting. The CNI grant has a Community and Supportive Services component with \$648,000 budgeted for 2013.
- **Prior Year Capital Sources – Mixed Finances/Redevelopment** represents financing from prior years that provide funding for multi-year projects. The increase in funding from 2012 to 2013 is due to adding two new projects, 1105 East Fir Street and the Baldwin Apartments. The 2012 funds supported the completion of Rainier Vista Northeast, the final year of the rehabilitation of the building envelopes at Bitter Lake Manor and Blakeley Manor, and redevelopment of the Steam Plant into a community-learning center at Yesler Terrace. The 2013 balance includes funds for 1105 East Fir Street, the Baldwin Apartments and the final year of the Steam Plant at Yesler Terrace.

Table 6: Projected Expenses – Other Programs

	CY 2012 Budget	CY 2013 Budget	Percent Change
Program Operations and Administration	\$20,019,000	\$19,359,000	(3.3%)
Utilities	1,907,000	2,296,000	20.4%
Maintenance and Contracts	5,964,000	5,728,000	(4.0%)
Subtotal: Operations	\$27,890,000	\$27,383,000	(1.8%)
Community and Supportive Services Grants	984,000	804,000	(18.3%)
Special Purpose Vouchers - Housing Assistance Payments	9,833,000	9,332,000	(5.1%)
Capital and Non-Routine Projects	2,951,000	1,855,000	(37.1%)
Development Budget			
New Projects	11,466,000	8,146,000	(29.0%)
Prior Year Financed Redevelopments	9,755,000	22,114,000	126.7%
Subtotal: Development Budget	\$21,221,000	\$30,260,000	42.6%
Total Expenses-Other	\$62,879,000	\$69,635,000	10.7%

Changes from CY 2012 to CY 2013 Budget

Program Operations and Administration expenses in Other Programs shows a net decrease of 3.3 percent. The decline is partially due to agency wide cuts taken in light of funding shortfalls and HCV tenant protection conversions, which shifted some administrative costs to the MTW voucher program. In addition, the refinancing of Wedgewood resulted in substantial savings on mortgage and bond interest payments. These savings are partially offset by a \$368,000 increase in operating costs due to a full year of rent at the 190 Queen Anne Office and the move of SHA’s computer servers and computer storage to an off-site location.

Utilities expense is expected to increase mainly because of the reclassification of utility reimbursements at New Holly mentioned in the revenue section of Table 5. Historically, water sewer reimbursements from tenants at New Holly Phase I were budgeted as a reduction to utilities expenses. However, in 2013 these reimbursements will be budgeted as revenue which increases revenue and expenses proportionally by almost \$330,000. Rate changes and a higher consumption trends resulting from higher occupancy rates and an overall increase in unit counts also contribute to utility increases. Water rates are anticipated to increase by about 10 percent and electricity is expected to increase by about 4.7 percent. Solid waste costs decrease at SHA communities due to recycling and food waste programs. Due to the Central Office move in 2012, three months of utilities expense have been eliminated. Utilities costs are now captured in rent,

which is classified as an administrative expense. These savings minimally offset the increases mentioned above.

Maintenance and Contracts for Other Programs has decreased for several reasons. While administrative expenses incurred an increase due to the Central Office move, maintenance and contracts costs have decreased. Costs for the two largest office facilities formerly used by the agency were reduced as most maintenance expenses are replaced with administrative office rent charges. This reduced our maintenance needs, primarily janitorial, by more than \$100,000. Also, one of SHA's maintenance locations is being converted to replacement housing and costs for maintenance and contracts are budgeted elsewhere. In addition, the expense budget for grounds maintenance at the for-sale properties at Rainier Vista is reduced in 2013 due to land sales.

Community and Supportive Services Grants expenses decrease due to the funding reductions described previously. Several other grant funded programs such as the HUD Family Self Sufficiency Coordinator program, ROSS Service Coordinators, and Sound Families are expected to remain at 2012 funding levels.

Special Purpose Vouchers - Housing Assistance Payments (HAP) decrease in 2013 because of Tenant Protection Vouchers converting to MTW. At this time we have not identified any new tenant protection projects that would increase our voucher stock in 2013. We expect to have 336 authorized tenant protection vouchers in January 2013 that will all convert to MTW by year-end. This reduction in Special Purpose HAPs is partially offset by an increase in per unit HAP payments due to rising rents and an overall increase in special purpose utilization. Seattle Housing Authority received a large infusion of FUP and VASH vouchers in 2012, which should reach maximum utilization in 2013. Finally, we expect our mod rehab projects to be leased at a typical rate, which is an increase compared to years past when utilization was lower due to construction projects.

Capital and Non-Routine Projects includes several small asset preservation projects, appliance and equipment replacement expenditures planned for Special Portfolio, tax credit partnerships, and Seattle Housing facilities. A modest financing package of about \$200,000 will be completed in 2013 to support repairs and replacements identified for Montridge Arms.

Development Budget:

- **New Projects** includes expenditures rehabilitating and expanding Leschi House, which will be a two-year project. Leschi House expenditures are estimated at \$8.1 million in 2013 and will include construction and related design work.
- **Prior Year Financed Projects** include the Yesler Terrace Steam Plant redevelopment, 1105 East Fir Street construction, the Baldwin renovation, and SHA's CNI Hill Climb contribution. The increase in Prior Year Financed Redevelopments reflects the completion of Rainier Vista Northeast Rental Housing in 2012. The 2013 balance represents completion of the Steam Plant and Baldwin, and the start of construction at 1105 East Fir Street.

Year-end Budgeted Results give the appearance that revenues exceed expenses. The Projected Sources – Other Programs includes all projected revenue that will come available to SHA in the course of the following year as opposed to only twelve months of projected expenses. If a multi-year project, such as Leschi House, is projected to have a financing transaction in the coming year, then all of that financing,

whether expected to be expended in that year or not, is shown as a source of revenue. While on the expense side, only the twelve months of expenditures on the project are included on the Projected Uses – Other Programs.

Local Asset Management Program

Seattle Housing has implemented a local asset management program (LAMP) since the inception of its MTW participation. The agency detailed the LAMP in its HUD-approved 2010 MTW Annual Plan. We continue to implement the local asset management program. No significant changes have been made to Seattle Housing's LAMP, with the exception of annually updating the Indirect Service Fee (see below), defining a new program: SHA Tax Credit Properties (this remains a tax credit limited partnership), and in 2013 extending on-site maintenance staff to certain communities in a portfolio or geographic-based area.

The agency has not created a Central Office Cost Center as described in HUD's Asset Management plans. Instead, Seattle Housing uses an indirect services fee (IDSF) that complies with the federal Office of Management and Budget (OMB) Circular A-87 requirements, but differs from HUD's prescribed options.

Seattle Housing's Central/Indirect Service Fee is more comprehensive than HUD's asset management system. HUD's asset management and fee for service systems focus only on a fee for service at the LIPH property level. The agency's LAMP is much broader and includes local housing and other activities not found in traditional HUD programs. Seattle Housing's IDSF is based on anticipated indirect costs for the fiscal year. The fee is updated each year as part of the annual budget process. Pursuant to the requirements of OMB Circular A-87, the IDSF is determined in a reasonable and consistent manner based on total units and leased vouchers. Thus, the IDSF is calculated as a per-housing-unit or per-leased-voucher fee per month charged to each program.

For 2013 the IDSF is \$45.97 per unit month for housing units, down from \$48.73 in 2012 and \$17.23 per unit month for vouchers, down from \$19.59 for 2012. Per HUD's request and for their convenience and information, Seattle Housing's original LAMP, as submitted in the 2010 MTW Plan, is provided in Appendix C. The agency does so with the understanding that its LAMP is not subject to annual approval under the MTW Amended and Restated Agreement.

Single-fund flexibility

Seattle Housing established a MTW Block Grant Fund under the original MTW Agreement and continues to use single-fund flexibility under the First Amendment to the Amended and Restated MTW Agreement. Seattle Housing's flexibility to use MTW Block Grant resources is central to support its array of low-income housing services and programs, both for public housing residents and voucher participants and for local non-traditional activities associated with other local low income and affordable housing programs. The agency exercises its authority to move MTW funds and project cash flow among projects and programs as the agency deems necessary to further its mission and cost objectives.

The agency analyzes its housing, rental assistance, community service, administrative, and capital needs on an annual basis through the budget process to determine the level of service and resource needs to meet the agency's strategic objectives. MTW flexibility to allocate MTW Block Grant revenues among the Authority's housing and administrative programs enables the agency to balance the mix of housing types, services, capital investments and administrative support to different low-income housing programs and

different groups of low-income residents. It enables the agency to tailor resource allocation to best achieve our cost and strategic objectives and therefore maximize our services to low-income residents and applicants having a wide diversity of circumstances, needs, and personal capabilities.

The bulk of SHA's use of its MTW single fund authority is to provide MTW Block Grant funds for activities in other funds that directly support low income housing and services for public housing and housing choice voucher participants. Examples are community supportive services, subsidy to public housing units in tax credit limited partnerships, and activities to plan and provide pre-development services for public housing redevelopment. The MTW Block Grant has also enabled Seattle Housing to continue addressing some of the most urgent capital needs in other local housing programs with Section 8 and 9 eligible housing units by augmenting local program funds with MTW Block Grant monies. The MTW Block Grant also has been used to augment our special portfolio replacement reserves and to support development and maintenance of common park areas in our family communities.

For 2013 Seattle Housing will transfer MTW Block Grant Funds of \$8.9 million for the above purposes. The three largest MTW Block Grant transfers are for community and supportive services (\$3.2 million); subsidy for public housing residents of tax credit properties and partnerships (\$2.7 million); and support of low-income housing new and redevelopment activities (\$1.6 million).

Operating Reserves

Let us say a brief word on Seattle's approach to our Operating Cash Reserve and how it differs from HUD's. First, our financial policy related to reserves focuses on cash reserves – unrestricted, undesignated or committed, and unassigned cash reserves. We focus on cash because if we need to use our reserve, we need it to be fully liquid. This contrasts with HUD's definition of unrestricted reserves which include non-cash assets and exclude liabilities for which current year cash will be required. We think this leads to an over-statement of unrestricted reserves, when HUD is looking to evaluate the level of prudent cash operating reserves with no committed or assigned purposes or to isolate funds designed to substitute for a portion of the federal cash operating grant.

Seattle Housing's reserve policy is designed around the needs of the agency as a whole, and thus considers the entire agency's unrestricted, undedicated, and unassigned cash in relation to total agency expenditures. Our policy is to maintain cash reserves equal to at least one month and up to a maximum of six months of average monthly expenditures plus one month of principal debt payments. We believe this approach is completely appropriate for an agency with MTW designation and single-fund authority and represents a prudent policy to ensure continuing operating capacity in the event of short-term funding interruptions.

HUD's approach considers only LIPH property reserves on a property level basis. Given our single fund authority, measuring reserves on a narrow disaggregated basis is likely to be misleading, as our perspective, for example, is to have our LIPH properties receive sufficient subsidy to breakeven. Instead of building months of unrestricted reserves, we prefer to deploy our MTW Block Grant to maximize the number of low income residents and participants we can serve.

VIII. Administrative Information

This section provides documentation of Board of Commissioners actions regarding this plan and describes agency-directed evaluations of MTW, if any.

Agency-directed evaluations

The agency is not currently engaged in any agency-wide evaluations of its MTW program.

SHA Board of Commissioners resolution

On October 15, 2012, the Board of Commissioners passed a resolution to approve this plan. The resolution approving the Plan and certification of compliance with regulations are provided as a separate attachment.

Appendix A – New public housing units

No new public housing units are anticipated for 2013.

Appendix B – New project-based voucher units

The following is a description of new project-based HCV units to be added during 2013 by project.

2013 commitments

Seattle Housing has committed project-based voucher assistance to the projects listed below.

To be determined by Combined Funders NOFA process						
Project description	Seattle Housing has allocated up to 103 vouchers to be project-based in 2013 via the Combined Funders competitive Notice of Funding Availability (NOFA) process. The results will be reported in the agency's 2013 Annual Report.					
Total units in property (ies)	Project-based units					
	Studios	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Total
TBD*	TBD	TBD	TBD	TBD	TBD	103

*TBD = To Be Determined

To be determined by City of Seattle RFP process						
Project description	Seattle Housing has allocated 50 vouchers to be project-based in 2013 via a Request for Proposals process. These units will serve as replacement units for High Point. The results will be reported in the agency's 2013 Annual Report.					
Total units in property (ies)	Project-based units					
	Studios	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Total
TBD	TBD	TBD	TBD	TBD	TBD	50

Any project-based commitments or potential commitments listed in a previous plan not completed by the end of 2012 may come on line during 2013.

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Appendix C – Local Asset Management Plan

This is a republishing of SHA’s LAMP, originally submitted as Appendix A of the 2010 MTW Plan

I. Introduction

The First Amendment to the Amended and Restated Moving to Work (MTW) Agreement (“First Amendment”) allows the Seattle Housing Authority (SHA or the Authority) to develop a local asset management program (LAMP) for its Public Housing Program. The agency is to describe its LAMP in its next annual MTW plan, to include a description of how it is implementing project-based management, budgeting, accounting, and financial management and any deviations from HUD’s asset management requirements. Under the First Amendment, SHA agreed its cost accounting and financial reporting methods would comply with federal Office of Management and Budget (OMB) Circular A-87 and agreed to describe its cost accounting plan as part of its LAMP, including how the indirect service fee is determined and applied. The materials herein fulfill SHA’s commitments.

II. Framework for SHA’s Local Asset Management Program

A. Mission and Values

SHA was established by the City of Seattle under State of Washington enabling legislation in 1939. SHA provides affordable housing to about 26,000 low-income people in Seattle, through units SHA owns and operates or for which SHA serves as the general partner of a limited partnership and as managing agent, and through rental assistance in the form of tenant-based, project-based, and provider-based vouchers. SHA is also an active developer of low-income housing to redevelop communities and to rehabilitate and preserve existing assets. SHA operates according to the following Mission and Values:

Our Mission

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

Our Values

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

SHA owns and operates housing in neighborhoods throughout Seattle. These include the four large family communities of NewHolly and Rainier Vista in Southeast Seattle, High Point in West Seattle, and Yesler Terrace in Central Seattle. In the past fifteen years, SHA has undertaken redevelopment or rehabilitation of three of our four family communities and 21 of our public housing high-rise buildings, using mixed financing with low-income housing tax credit limited partnerships.

SHA has approximately 590 employees and a total projected operating and capital budget of \$220 million for Calendar Year 2010.

B. Overarching Policy and Cost Objectives

SHA's mission and values are embraced by our employees and ingrained in our policies and operations. They are the prism through which we view our decisions and actions and the cornerstone to which we return in evaluating our results. In formulating SHA's Local Asset Management Program (LAMP) our mission and values have served as the foundation of our policy/cost objectives and the key guiding principles that underpin SHA's LAMP.

Consistent with requirements and definitions of OMB Circular A-87, SHA's LAMP is led by three overarching policy/cost objectives:

- ◇ ***Cost Effective Affordable Housing:*** To enhance the Seattle community by creating, operating, and sustaining decent, safe, and affordable housing and living environments for low-income people, using cost-effective and efficient methods.
- ◇ ***Housing Opportunities and Choice:*** To expand housing opportunities and choice for low-income individuals and families through creative and innovative community partnerships and through full and efficient use of rental assistance programs.
- ◇ ***Resident Financial Security and/or Self-Sufficiency:*** To promote financial security or economic self-sufficiency for low-income residents, as individual low-income tenants are able, through a network of training, employment services, and support.

C. Local Asset Management Program – Eight Guiding Principles

Over time and with extensive experience, these cost objectives have led SHA to define an approach to our LAMP that is based on the following principles:

(1) *In order to most effectively serve low-income individuals seeking housing, SHA will operate its housing and housing assistance programs as a cohesive whole, as seamlessly as feasible.*

We recognize that different funding sources carry different requirements for eligibility and different rules for operations, financing, and sustaining low-income housing units. It is SHA's job to make funding and administrative differences as invisible to tenants/participants as we can, so low-income people are best able to navigate the housing choices and rental assistance programs SHA offers. We also consider it SHA's job to design our housing operations to bridge differences among programs/fund sources, and to promote consolidated requirements, wherever possible. It is also incumbent on us to use our own and MTW authority to minimize administrative inefficiencies from differing rules and to seek common rules, where possible, to enhance cost effectiveness, as well as reduce the administrative burden on tenants.

This principle has led to several administrative successes, including use of a single set of admissions and lease/tenant requirements for Low Income Public Housing and project-based Housing Choice Voucher tenants in the same property. Similarly, we have joint funder agreements for program and financial reporting and inspections on low-income housing projects with multiple local and state funders.

An important corollary is SHA's involvement in a community-wide network of public, nonprofit, and for-profit housing providers, service and educational providers, and coalitions designed to rationalize and maximize housing dollars – whatever the source – and supportive services and educational/training resources to create a comprehensive integrated housing + services program city and county-wide. So, not only is SHA's LAMP designed to create a cohesive whole of SHA housing programs, it is also intended to be flexible enough to be an active contributing partner in a city-wide effort to provide affordable housing and services for pathways out of homelessness and out of poverty.

(2) *In order to support and promote property performance and financial accountability at the lowest appropriate level, SHA will operate a robust project and portfolio-based budgeting, management, and reporting system of accountability.*

SHA has operated a property/project-based management, budgeting, accounting, and reporting system for the past decade. Our project-based management systems include:

- Annual budgets developed by on-site property managers and reviewed and consolidated into portfolio requests by area or housing program managers;
- Adopted budgets at the property and/or community level that include allocation of subsidies, where applicable, to balance the projected annual budget – this balanced property budget becomes the basis for assessing actual performance;
- Monthly property-based financial reports comparing year-to-date actual to budgeted performance for the current and prior years;

Quarterly portfolio reviews are conducted with the responsible property manager(s) and the area or housing program managers, with SHA's Asset Management Team.

SHA applies the same project/community based budgeting system and accountability to its non-federal programs.

(3) *To ensure best practices across SHA's housing portfolios, SHA's Asset Management Team provides the forum for review of housing operations policies, practices, financial performance, capital requirements, and management of both SHA and other housing authorities and providers.*

A key element of SHA's LAMP is the Asset Management Team (AM Team) comprised of upper and property management staff from housing operations, asset management, property services, executive, legal, finance and budget, community services, communications, and rental assistance. This interdisciplinary AM Team meets weekly throughout the year and addresses:

- All critical policy and program issues facing individual properties or applying to a single or multiple portfolios, from rent policy to smoke-free buildings to rules for in-home businesses;
- Portfolio reviews and follow-up, where the team convenes to review with property management staff how well properties are operating in relation to common performance measures (e.g. vacancy rates; turnover time); how the property is doing in relation to budget and key reasons for deviations; and property manager projections and/or concerns about the future;
- Annual assessment of capital repair and improvement needs of each property with property managers and area portfolio administrators in relation to five year projections of capital preservation needs. This annual process addresses the capital needs and priorities of individual properties and priorities across portfolios; and.
- Review and preparation of the annual MTW Plan and Report, where key issues for the future are identified and discussed, priorities for initiatives to be undertaken are defined, and where evaluation of MTW initiatives are reviewed and next steps determined.

The richness and legitimacy of the AM Team processes result directly from the diverse Team composition, the open and transparent consideration of issues, the commitment of top management to participate actively on the AM Team, and the record of follow-up and action on issues considered by the AM Team.

(4) *To ensure that the Authority and residents reap the maximum benefits of cost-effective economies of scale, certain direct functions will be provided centrally.*

Over time, SHA has developed a balance of on-site capacity to perform property manager, resident manager and basic maintenance/handyman services, with asset preservation services performed by a central capacity of trades and specialty staff. SHA's LAMP reflects this cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, pest control, and asset preservation as direct costs to properties. Even though certain maintenance functions are performed

by central trade crews, the control remains at the property level, as it is the property manager and/or area or program manager who calls the shots as to the level of service required from the “vendor” – the property services group – on a unit turnover, site landscaping, and maintenance and repair work orders. Work is not performed at the property by the central crews without the prior authorization of the portfolio manager or his/her designee. And all services are provided on a fee for service basis.

Similarly, SHA has adopted procurement policies that balance the need for expedient and on-site response through delegated authorization of certain dollar levels of direct authority for purchases, with Authority-wide economies of scale and conformance to competitive procurement procedures for purchases/work orders in excess of the single bidder levels. Central procurement services are part of SHA’s indirect services fee.

(5) SHA will optimize direct service dollars for resident/tenant supportive services by waiving indirect costs that would otherwise be born by community service programs and distributing the associated indirect costs to the remaining direct cost centers.

A large share of tenant/resident services are funded from grants and foundations and these funds augment local funds to provide supportive services and self-sufficiency services to residents. In order to optimize available services, the indirect costs will be supported by housing and housing choice objectives.

There are a myriad of reasons that led SHA to this approach:

- Most services are supported from public and private grants and many of these don’t allow indirect cost charges as part of the eligible expenses under the grant;
- SHA uses local funds from operating surpluses to augment community services funding from grants; these surpluses have derived from operations where indirect services have already been charged;
- SHA’s community services are very diverse, from recreational activities for youth to employment programs to translation services. This diversity makes a common basis for allocating indirect services problematic.
- Most importantly, there is a uniform commitment on the part of housing and housing choice managers to see dollars for services to their tenants/participants maximized. There is unanimous agreement that these program dollars not only support the individuals served, but serve to reduce property management costs they would experience from idle youth and tenants struggling on their own to get a job.

(6) SHA will achieve administrative efficiencies, maintain a central job cost accounting system for capital assets, and properly align responsibilities and liability by allocating capital assets/improvements to the property level only upon completion of capital projects.

Development and capital projects are managed through central agency units and can take between two and five or more years from budgeting to physical completion. Transfer of fixed assets only when they are fully complete and operational best aligns responsibility for development and close-out vs. housing operations.

The practice of transferring capital assets when they are complete and operational, also best preserves clear lines of accountability and responsibility between development and operations; preserves the relationship and accountability of the contractor to the project manager; aligns with demarcations between builders risk and property insurance applicability; protects warranty provisions and requirements through commissioning; and, maintains continuity in the owner's representative to ensure all construction contract requirements are met through occupancy permits, punch list completion, building systems commissioning, and project acceptance.

(7) SHA will promote service accountability and incorporate conservation incentives by charging fees for service for selected central services.

This approach, rather than an indirect cost approach, is preferred where services can be differentiated on a clear, uniform, and measureable basis. This is true for information technology services and for Fleet Management services. The costs of information technology services are distributed based on numbers of personal computers, "thin clients", and printers; the fees differentiate the operating costs of these equipment items and provide incentives for shared equipment use for printers and use of the lower cost thin client computers.

The Fleet service fee encompasses vehicle insurance, maintenance, and replacement. Fuel consumption is a direct cost to send a direct conservation signal. The maintenance component of the fleet charge is based on a defined maintenance schedule for each vehicle given its age and usage. The replacement component is based on expected life of each vehicle in the fleet, a defined replacement schedule, and replacement with the most appropriate vehicle technology and conservation features.

(8) SHA will use its MTW block grant authority and flexibility to optimize housing opportunities provided by SHA to low-income people in Seattle.

SHA flexibility to use MTW Block Grant resources to support its low-income housing programs is central to our Local Asset Management Program (LAMP). SHA will exercise our contractual authority to move our MTW funds and project cash flow among projects and programs as the Authority deems necessary to further our mission and cost objectives. MTW flexibility to allocate MTW Block Grant revenues among the Authority's housing and administrative programs enables SHA to balance the mix of housing types and services to different low-income housing programs and different groups of low-income residents. It enables SHA to tailor resource allocation to best achieve our cost objectives and therefore maximize our services to low-income residents and applicants having a wide diversity of circumstances, needs, and personal capabilities. As long as the ultimate purpose of a grant or program is low income housing, it is eligible for MTW funds.

III. SHA's Local Asset Management Program (LAMP) Implementation

A. Comprehensive Operations

Consistent with the guiding principles above, a fundamental driver of SHA's LAMP is its application comprehensively to the totality of SHA's MTW program. SHA's use of MTW resource and regulatory flexibility and SHA's LAMP encompass our entire operations; accordingly:

- We apply our indirect service fees to all our housing and rental assistance programs;
- We expect all our properties, regardless of fund source, to be accountable for property-based management, budgeting, and financial reporting;
- We exercise MTW authority to assist in creating management and operational efficiencies across programs and to promote applicant and resident-friendly administrative requirements for securing and maintaining their residency; and,
- We use our MTW Block Grant flexibility across all of SHA's housing programs and activities to create the whole that best addresses our needs at the time.

SHA's application of its LAMP and indirect service fees to its entire operations is more comprehensive than HUD's asset management system. HUD addresses fee for service principally at the low income public housing property level and does not address SHA's comprehensive operations, which include other housing programs, business activities, and component units.

B. Project-based Portfolio Management

We have reflected in our guiding principles above the centrality of project/property-based and program-based budgeting, management, reporting and accountability in our asset management program and our implementing practices. We also assign priority to our multi-disciplinary central Asset Management Team in its role to constantly bring best practices, evaluations, and follow-up to inform SHA's property management practices and policies. Please refer to the section above to review specific elements of our project-based accountability system.

A fundamental principle we have applied in designing our LAMP is to align responsibility and authority and to do so at the lowest appropriate level. Thus, where it makes the most sense from the standpoints of program effectiveness and cost efficiency, the SHA LAMP assigns budget and management accountability at the property level. We are then committed to providing property managers with the tools and information necessary for them to effectively operate their properties and manage their budgets.

We apply the same principle of aligning responsibility and accountability for those services that are managed centrally, and, where those services are direct property services, such as landscaping, decorating, or specialty trades work, we assign the ultimate authority for determining the scope of work to be performed to the affected property manager.

In LIPH properties, we budget subsidy dollars with the intent that properties will break even. Over the course of the year, we gauge performance at the property level in relation to that aim. When a property falls behind, we use our quarterly portfolio reviews to discern why and agree on corrective actions and

then track their effectiveness in subsequent quarters. We reserve our MTW authority to move subsidy and cash flow among our LIPH properties based on our considered assessment of reasons for surplus or deficit operations. We also use our quarterly reviews to identify properties whose performance warrants placement on a “watch” list.

C. Cost Allocation Approach

Classification of Costs

Under OMB Circular A-87, there is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances, either as a direct or an indirect cost. Consistent with OMB Circular A-87 cost principles, SHA has identified all of its direct costs and segregated all its costs into pools, as either a direct or an indirect cost pool. We have further divided the indirect services pool to assign costs as “equal burden” or hard housing unit based, as described below.

Cost Objectives

OMB Circular A-87 defines cost objective as follows: *Cost objective means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.* The Cost Objectives for SHA’s LAMP are the three overarching policy/cost objectives described earlier:

- Cost Effective Affordable Housing;
- Housing Opportunities and Choice; and,
- Resident Financial Security and/or Self-Sufficiency

Costs that can be identified specifically with one of the three objectives are counted as a direct cost to that objective. Costs that benefit more than one objective are counted as indirect costs.

SHA Direct Costs

OMB Circular A-87 defines direct costs as follows: *Direct costs are those that can be identified specifically with a particular final cost objective.* SHA’s direct costs include but are not limited to:

- Contract costs readily identifiable with delivering housing assistance to low-income families.
- Housing Assistance Payments, including utility allowances, for vouchers
- Utilities
- Surface Water Management fee
- Insurance
- Bank charges
- Property-based audits
- Staff training

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- Interest expense
 - Information technology fees
 - Portability administrative fees
 - Rental Assistance department costs for administering Housing Choice Vouchers including inspection activities
 - Operating costs directly attributable to operating SHA-owned properties
 - Fleet management fees
 - Central maintenance services for unit or property repairs or maintenance
 - Central maintenance services include, but are not limited to, landscaping, pest control, decorating and unit turnover
 - Operating subsidies paid to mixed income, mixed finance communities
 - Community Services department costs directly attributable to tenants services
 - Gap financing real estate transactions
 - Acquisition costs
 - Demolition, relocation and leasing incentive fees in repositioning SHA-owned real estate
 - Homeownership activities for low-income families
 - Leasing incentive fees
 - Certain legal expenses
 - Professional services at or on behalf of properties or a portfolio, including security services
 - Extraordinary site work
 - Any other activities that can be readily identifiable with delivering housing assistance to low-income families
 - Any cost identified for which a grant award is made. Such costs will be determined as SHA receives grants
 - Direct Finance staff costs
 - Direct area administration staff costs

SHA Indirect Costs

OMB Circular A-87 defines indirect costs as *those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.* SHA's indirect costs include, but are not limited to:

- Executive
- Communications
- Most of Legal

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- Development
 - Finance
 - Purchasing
 - Human Resources
 - Housing Finance and Asset Management
 - Administration staff and related expenses of the Housing Operations and Rental Assistance Departments that cannot be identified to a specific cost objective.

SHA Indirect Service Fee – Base, Derivation and Allocation

SHA has established an Indirect Services Fee (IS; ISF) based on anticipated indirect costs for the fiscal year. Per the requirements of OMB Circular A-87, the ISF is determined in a reasonable and consistent manner based on total units and leased vouchers. Thus, the ISF is calculated as a per-housing-unit or per-leased-voucher fee per month charged to each program.

Equitable Distribution Base

According to OMB Circular A-87, *the distribution base may be (1) total direct costs (excluding capital expenditure), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.* SHA has found that unit count and leased voucher is an equitable distribution base when compared to other potential measures. Testing of prior year figures has shown that there is no material financial difference between direct labor dollar allocations and unit allocations. Total units and leased vouchers are a far easier, more direct and transparent, and more efficient method of allocating indirect service costs than using direct labor to distribute indirect service costs. Direct labor has other complications because of the way SHA charges for maintenance services. Using housing units and leased vouchers removes any distortion that total direct salaries and wages might introduce. Units leased vouchers is an equitable distribution base which best measures the relative benefits.

Derivation and Allocation

According to OMB Circular A-87, where a grantee agency's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefitted functions by means of a base which best measures the relative benefits. SHA divides indirect costs into two pools, "Equal Burden" costs and "Hard Unit" costs. Equal Burden costs are costs that equally benefit leased voucher activity and hard, existing housing unit activity. Hard Unit costs primarily benefit the hard, existing housing unit activity.

Before calculating the per unit indirect service fees, SHA's indirect costs are offset by designated revenue. Offsetting revenue includes 10 percent of the MTW Capital Grant award, a portion of the developer fee paid by limited partnerships, laundry revenue and antenna revenue.

A per unit cost is calculated using the remaining net indirect costs divided by the number of units and the number of leased vouchers. For the 2010 budget, the per unit per month (PUM) cost for housing units is \$52.10 and for leased vouchers is \$21.21.

Annual Review of Indirect Service Fee Charges

SHA will annually review its indirect service fee charges in relation to actual indirect costs and will incorporate appropriate adjustments in indirect service fees for the subsequent year, based on this analysis.

D. Differences – HUD Asset Management vs. SHA Local Asset Management Program

Under the First Amendment, SHA is allowed to define costs differently than the standard definitions published in HUD's Financial Management Guidebook pertaining to the implementation of 24 CFR 990. SHA is required to describe in this MTW Annual Plan differences between our Local Asset Management Program and HUD's asset management program. Below are several key differences:

- SHA determined to implement an indirect service fee that is much more comprehensive than HUD's asset management system. HUD's asset management system and fee for service is limited in focusing only on a fee for service at the Low Income Public Housing (LIPH) property level. SHA's LAMP is much broader and includes local housing and other activities not found in traditional HUD programs. SHA's LAMP addresses the entire SHA operation.
- SHA has defined its cost objectives at a different level than HUD's asset management program. SHA has defined three cost objectives under the umbrella of the MTW program, which is consistent with the issuance of the CFDA number and with the First Amendment to the MTW Agreement. HUD defined its cost objectives at the property level and SHA defined its cost objectives at the program level. Because the cost objectives are defined differently, direct and indirect costs will be differently identified, as reflected in our LAMP.
- HUD's rules are restrictive regarding cash flow between projects, programs, and business activities. SHA intends to use its MTW resources and regulatory flexibility to move its MTW funds and project cash flow among projects without limitation and to ensure that our operations best serve our mission, our LAMP cost objectives, and ultimately the low-income people we serve.
- HUD intends to maintain all maintenance staff at the property level. SHA's LAMP reflects a cost-effective balance of on-site and central maintenance services for repairs, unit turnover, landscaping, and asset preservation as direct costs to properties.

HUD's asset management approach records capital project work-in-progress quarterly. SHA's capital projects are managed through central agency units and can take between two and five or more years from budgeting to physical completion. Transfer of fixed assets only when they are fully complete and operational best aligns responsibility for development and close-out vs. housing operations.

Balance Sheet Accounts

The following balance sheet accounts will be reported in compliance with HUD's Asset Management Requirements:

- Accounts Receivable
- Notes Receivable

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- Accrued Interest Receivable
 - Leases
 - Fixed Assets
 - Reserves
 - Advances
 - Restricted Investments
 - Notes Payable – short term
 - Deferred credits
 - Long Term Liabilities
 - Mortgages
 - Bonds

Appendix D – Replacement Housing Factor (RHF) Plan (2012)

This is a republishing of SHA's Replacement Housing Factor (RHF) Plan, originally submitted to HUD as a standalone document.

Seattle Housing Authority Replacement Housing Factor (RHF) Plan

Introduction

Since 2001, Seattle Housing Authority (SHA) has used first and second increment RHF funding to create new affordable housing with several large-scale mixed finance projects at NewHolly, Rainier Vista, and High Point. In total, we have spent more to replace housing (\$26.7 million) than we have received in first and second RHF funding combined (\$20.6 million). Please see the tables below.

RHF Funds Received since 2001			
	1st Increment	2nd Increment	TOTAL RHF
2001	\$139,997		\$139,997
2002	\$151,573		\$151,573
2003	\$929,706		\$929,706
2004	\$1,924,591		\$1,924,591
2005	\$1,151,306		\$1,151,306
2006	\$217,070	\$716,085	\$933,155
2007	\$718,411	\$755,174	\$1,473,585
2008	\$2,686,260	\$719,088	\$3,405,348
2009	\$1,163,627	\$852,533	\$2,016,160
2010	\$1,946,628	\$1,131,739	\$3,078,367
2011	\$1,666,585	\$1,076,820	\$2,743,405
2012	\$1,063,696	\$1,620,294	\$2,683,990
Total	\$13,759,450	\$6,871,733	\$20,631,183

Funds Spent to Replace Housing	
Project	Amount
NewHolly II	\$1,766,796
Rainier Vista I	\$5,114,164
New Holly III	\$5,354,000
High Point I (North)	\$7,500,000
High Point II (South)	\$2,400,000
Rainier Vista II (Tamarack/South)	\$2,649,634
Rainier Vista III (Northeast/North)	\$1,956,452
Total	\$26,741,046

In the following sections of the plan we break this information down separately for first and second increment RHF funds as is required by HUD guidance.

First Increment Funding

SHA is currently receiving first increment RHF funds as a result of the demolition and/or disposition of public housing units at multiple sites. SHA plans to utilize these RHF funds pursuant to Option 3 of SHA's MTW Agreement. SHA intends to continue to combine RHF funds into the MTW Block Grant, spend five years worth of first increment RHF funds on replacement housing, and be eligible for the second increment of RHF funds. SHA needs all five years of first increment RHF funding in order to have sufficient funds to develop new affordable housing units.

First Increment RHF Funds Received (Actual)	
FY 2001	\$139,997
FY 2002	\$151,573
FY 2003	\$929,706
FY 2004	\$1,924,591
FY 2005	\$1,151,306
FY 2006	\$217,070
FY 2007	\$718,411

FY 2008	\$2,686,260
FY 2009	\$1,163,627
FY 2010	\$1,946,628
FY 2011	\$1,666,585
FY 2012	\$1,063,696
Total First Increment	\$13,759,450

Anticipated Future First Increment RHF Funds to be Received from Existing Grants (Estimated)*		
Fiscal Year	Estimated Grant Funding Anticipated	Project Numbers
2013	\$1,528,481	WA001000006, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056
2014	\$2,600	WA001000050
2015	\$2,600	WA001000050
Total First Increment*	\$1,533,681	WA001000006, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056

***Estimated total future funding does not include first increment RHF funds for new projects, such as future RHF funds for the redevelopment of Yesler Terrace, for which SHA has already secured approval. SHA intends to continue with the same approach to first increment RHF funding outlined in this plan with the Yesler Terrace redevelopment, as well as other future projects. The estimated total future funding also does not include the potential impacts of sequestration.**

First increment RHF funding will be used to fill gaps in financing as needed to develop affordable housing units. SHA will ensure that the requisite number of affordable housing units required under the "Proportionality Test" will be developed. SHA will develop new units in accordance with the requirements found in SHA's MTW Agreement and will meet the obligation and disbursement deadlines.

Second Increment Funding

Seattle Housing Authority (SHA) is currently receiving second increment RHF funds as a result of the demolition and/or disposition of public housing units at multiple sites. SHA plans to utilize these RHF funds pursuant to Option 3 of SHA's MTW Agreement. SHA intends to continue to combined RHF funds into the MTW Block Grant and spend five years worth of second increment RHF funds on replacement housing. SHA needs all five years of second increment RHF funding in order to have sufficient funds to develop new affordable housing units.

Second Increment RHF Funds Received (Actual)	
FY 2006	\$716,085
FY 2007	\$755,174
FY 2008	\$719,088
FY 2009	\$852,533
FY 2010	\$1,131,739
FY 2011	\$1,076,820
FY 2012	\$1,620,294
Total Second Increment	\$6,871,733

Anticipated Future Second Increment RHF Funds to be Received from Existing Grants (Estimated)*		
Fiscal Year	Estimated Grant Funding Anticipated	Project Numbers
2013	\$1,167,836	WA001000001, WA001000007, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056, WA001000059
2014	\$2,217,716	WA001000006, WA001000007, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056, WA001000059
2015	\$1,827,624	WA001000006, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056, WA001000059
2016	\$1,666,582	WA001000006, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056
2017	\$1,592,114	WA001000006, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056
2018	\$1,531,081	WA001000006, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056
2019	\$2,600	WA001000050
2020	\$2,600	WA001000050

Total Second Increment*	\$10,008,152	WA001000001, WA001000006, WA001000007, WA001000008, WA001000050, WA001000052, WA001000054, WA001000056, WA001000059
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***Estimated total future funding does not include second increment RHF funds for new projects, such as future RHF funds for the redevelopment of Yesler Terrace. SHA intends to continue with the same approach to second increment RHF funding outlined in this plan with the Yesler Terrace redevelopment, as well as other future projects. The estimated total future funding also does not include the potential impacts of sequestration.**

Second increment RHF funding will be used to fill gaps in financing as needed to develop affordable housing units. SHA will ensure that the requisite number of affordable housing units required under the “Proportionality Test” will be developed. SHA will develop new units in accordance with the requirements found in SHA’s MTW Agreement and will meet the obligation and disbursement deadlines.

SHA confirms that its amended FY 2012 MTW Annual Plan was approved by HUD on May 4, 2012. SHA is in compliance with the obligation and expenditure deadlines on all of its Capital Fund Grants and is current on its LOCCS reporting.

SHA has obtained a firm commitment of additional funds other than public housing funds to meet the leveraging requirement. In total, SHA has leveraged more than \$100 million in funding from city, state, and foundation funders, as well as permanent debt. These leveraged funds substantially exceed the standard of one third of SHA’s RHF second increment funds, or \$3,336,050. In fact, for every \$1 spent from the MTW Block Grant, SHA has leveraged \$5.99 in other funds.

Leveraged Funds, 2001-2012								
	NewHolly II	NewHolly III	Rainier Vista I	Rainier Vista II	Rainier Vista III	High Point I	High Point II	Total
Permanent Mortgage	\$2,440,000	\$7,980,000	\$5,275,000	\$2,100,000	\$2,700,000	\$10,600,000	\$16,500,000	\$47,595,000
City of Seattle	\$1,700,000	\$2,066,671						\$3,766,671
State Housing Trust Funds	\$2,000,000	\$2,000,000				\$2,000,000	\$2,000,000	\$8,000,000
Federal Home Loan Bank	\$300,000	\$820,000						\$1,120,000
Tax Credit Equity	\$6,369,307	\$16,863,640	\$12,368,888	\$3,422,215	\$4,572,452	\$27,181,493	\$27,181,888	\$97,959,883
Seattle Public Utilities						\$742,500	\$300,000	\$1,042,500
Sound Families							\$400,000	\$400,000
Healthy Homes						\$185,000	\$140,000	\$325,000
Total	\$12,809,307	\$29,730,311	\$17,643,888	\$5,522,215	\$7,272,452	\$40,708,993	\$46,521,888	\$160,209,054