

# Seattle Housing Authority 2012 Proposed Budget



**Ready to Rent** is a free course offered by the Seattle Housing Authority that helps people become successful tenants. During the multi-week course, participants learn about safety, being a good neighbor, fair housing, credit challenges, and many other issues that might otherwise keep them out of housing.



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**SEATTLE HOUSING AUTHORITY**

**2012 PROPOSED BUDGET**

Presented to  
SEATTLE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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By  
Tom Tierney, Executive Director

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September 14, 2011

SHA Board of Commissioners  
**2012 Proposed Budget**

Dear Commissioners:

Today, I present to you the Seattle Housing Authority's 2012 Proposed Budget. The Total Expense Budget proposed for 2012 equals **\$185.5 million**, with the Operating Budget (including service grants) at **\$71.1 million**, the Housing Assistance Payments at **\$81.5 million**, and the Capital Budget at **\$32.9 million**.

The proposed budget for 2012 was prepared during what has become a dramatic shift in the federal debate for the support for low-income housing. We have seen increasing pressure at the congressional level to decrease domestic spending. The early signs of this have been manifested in our 2011 revenues in which two of our three major federal sources have been reduced, resulting in over a \$2 million shortfall in 2011, and the third source has yet to be finalized for 2011.

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

The constraints of our funding require that we reduce **52** regular full-time positions across the agency. These reductions will require that we lay-off an estimated **34** current staff; the remaining **18** regular positions being eliminated are vacant. In addition to regular full-time positions that are proposed to be eliminated, **7** regular full-time positions are proposed for a reduction of hours, ranging from 25 to 50 percent time; most of these positions are filled. A full discussion of position changes and reductions is included in the introductory section of this 2012 Budget Book.

We are also proposing that most of the position reductions become effective November 10, 2011, thirty days following the Commission's final decisions on the Budget. The need to accelerate the implementation of the proposed reductions results from the budget deficit projected for 2011, stemming from the 2011 federal cuts to our MTW funding.

Reducing nearly 10 percent of our positions is a significant blow to our organization. Each of the individuals being laid-off or whose work hours are being reduced has contributed to our success in managing, developing, and maintaining low-income housing for our residents and participants. These

staff represent decades of dedicated service to our mission and our residents and participants. These cuts reflect part of the human toll of the federal disinvestment in low income housing. We will provide these employees with outplacement services and counseling support, but we recognize that losing a job during this tough market is extremely hard. Each person who will be laid-off will have all the moral support and job references we can provide.

### ***New Realities for the Future***

With the recent debate and agreements on the debt ceiling, we believe we are facing a long term downward trend in our major federal revenues over at least the next five years, and that these revenues (which make up about 75 percent of our funding) are likely to be flat after that. In this respect, we face a different funding reality than our colleagues in city and state government, whose revenues will increase once the economy truly does rebound. Rather than putting in place temporary fiscal measures to get us through short term revenue challenges, we must look to more permanent solutions and new ways of operating in order to address this challenge.

In planning for 2012, three facts define the scope of the budget and operating challenges we face:

❖ **We expect long-term reductions in federal funding for low income housing.**

The Congress and the President may disagree on the specifics, but are in accord that the national priority is to reduce the federal budget deficit. To date, the emphasis has been on reducing discretionary domestic spending, which includes low-income housing programs.

❖ **State and local government support for our residents will continue to be constrained.**

State, county, and city budget reductions brought on by the recession have been significant and are still continuing. These partners provide critical support in income assistance, health care, and social services to many residents and voucher participants. As these sources are lost or reduced, the challenges we face grow, especially for our most vulnerable residents.

❖ **The national and state economic outlook has weakened.**

To quote the State Economic and Revenue Forecast Council: “Our guarded optimism about...the prospects of the national economic outlook has weakened significantly...The state, along with the nation, is now facing additional shocks and uncertainty from the deteriorating European debt crisis, Congressional wrangling over the debt ceiling, and the S&P downgrade of U.S. debt. The resulting decline in consumer confidence is likely to slow growth in Washington in the second half of this year and has increased the risk of another recession in the state’s economy.”

As we adjust to the new funding environment, we will look to change how we do business in significant ways. We will be forced to operate in a more austere manner. We will continue our commitment to the directions in our 2011-2015 Strategic Plan, but we will have to move forward more slowly. Our long term goal remains -- to serve at least the same number of households we currently serve. This will require significant adjustments and tradeoffs. We will rely on the talents and creativity of staff to design new ways of doing business.

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We will look to incorporate significant efficiencies over the long term:

- We will focus on the basics in order to provide safe and decent housing.
- We will capture efficiencies through effective use of technology.
- We will make every effort to maintain essential services, but residents will most likely experience changes in how we operate.
- We will ask our residents to help us in efforts to contain cost and increase efficiencies.
- We will adjust standards for operations, maintenance, landscape and other areas.
- We will rethink and re-engineer our business models and will re-examine our policies.
- We must inevitably choose to do less in some areas.
- We will look for new avenues to affect our costs for expense items over which we have little control, such as employee benefits and utility costs.
- We will work with staff across the agency, both non-represented and our union partners to gain efficiencies and contain costs.

We have begun this process in the decisions we've recommended in this budget and our plans for work in 2012 include a clear focus on the above objectives. For example:

- We will implement a new model in housing operations and a new cost standard to gain efficiencies in our vacate process.
- We will modify our landscaping program in some communities to differentiate off-peak and peak-time service levels; we will reduce off-peak, while maintaining peak service.
- We will implement common standards to differentiate critical from convenient requests at the property level on requests for repair and maintenance work.
- We will complete Rainier Vista Northeast to finish Seattle Housing's commitment for on-site replacement of extremely low income housing.
- We will integrate our Public Housing and Voucher applications functions, employing a user friendly web-based system.
- We will continue to sell vacant land in High Point and Rainier Vista to complete our development requirements and repay loans.
- We will serve at least the same number of households in our voucher programs as in June 2011 by added special purpose vouchers, but the waitlist will remain closed through 2012.
- We will move to a new building in 2012, bringing our housing portfolios and voucher programs together to provide more efficient and better access to residents, participants, and applicants and new opportunities for future efficiencies.

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- We will use our new banking services contract to replace manual processes with electronic ones to reduce our costs and provide electronic services to our renters, landlords, and vendors.
- We will implement a new property management software system that will provide a number of opportunities for improved operating efficiencies and management reports.
- We will continue to explore refinancing opportunities for our housing properties to lower debt service costs and provide capital repair funding.
- We will continue work to complete master planning and entitlements for redevelopment of Yesler Terrace. We will capitalize on available capital grant resources and private partnerships to initiate Phase 1 of this 10 to 20 year redevelopment effort.

We recognize that the cuts occurring this year are only the first step toward adjusting to lower long-term federal support. The optimism we bring to these efforts is grounded in our confidence that the staff and Board of Seattle Housing share a common dedication to our mission; share the skill, knowledge, and willingness to re-engineer ourselves; and, share a commitment to succeed together.

### **Conclusion**

When we adopted the 2011-2015 Strategic Plan, we recognized that we were being bold and could well face significant headwinds. The introduction to our Plan set the stage for the future we are now experiencing with this advice:

*“We have chosen to be bold in defining the future we seek. Yet we know that our ability to achieve these aspirations will depend on the economic environment and our financial capacity. In the coming years the federal government will strive to reduce its budget deficit and our federal support is therefore likely to remain flat or even decline....this will put enormous pressure on our budget...Seattle Housing Authority must respond to these challenges with courage and optimism. We must build new partnerships and manage our real estate assets wisely to provide a sound foundation for our financial strategies. The constraints of the next five years will require us to make hard decisions, but we will continue to focus on expanding housing for Seattle’s low income residents, and will remain ready to act as opportunities arise...”*

We are not backing away from our mission or the guidance of our Strategic Plan; we intend to meet the challenges we anticipated. We intend to maintain our commitment to a high standard of customer service. Our Strategic Directions and Management Strategies remind us to think big and keep our goals as commitments we will continue to strive to advance and achieve.

We aspire to cultivate a work place where employees can be as effective as possible in an environment that supports their productivity and expertise and encourage their creativity. Thus, we will continue to provide optimal customer service by making the most of the resources we have and by building on the resourcefulness, experience, and talent of our staff.

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Thank you for your hard work in support of our mission. The materials that follow in this 2012 Proposed Budget detail the changes we have made in our programs, services, and staffing in order to balance the budget and reflect our key commitments to advancing the Strategic Plan in 2012.

Sincerely,



Thomas M. Tierney  
Executive Director

cc: Cabinet Members

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# Seattle Housing Authority CY 2012 Proposed Budget

## Introduction

The CY 2012 Proposed Budget covers all of Seattle Housing Authority's operating and capital budget sources and uses, including federal and local housing programs and enterprise activities for Calendar Year 2012. The CY 2012 Proposed Budget has been prepared under the provisions and authorizations contained in the Authority's contractual agreement with the U.S. Department of Housing and Urban Development (HUD) and the Moving To new Ways (MTW) Program.<sup>1</sup> The MTW contract with HUD was amended in December 2008 and extended through 2018. The MTW program provides two critical sources of flexibility:

- ✓ MTW provides a process for waiver of many federal regulations and thus enables the agency to undertake experiments and innovations that would not otherwise be available; and,
- ✓ It allows the Housing Authority to treat federal resources under Sections 8 and 9 of the 1937 Housing Act – the public housing capital and operating grants and housing choice vouchers – as a single fund -- the MTW Block Grant -- with flexibility for use of the funds across federal and local programs serving low income people.

The Housing Authority must ensure we use both of these tools to maximum strategic advantage in a time expected to bring declining resources and services for low income housing and support services to extremely low income people.

This budget has been prepared in an environment of rising pressure from Congress to decrease discretionary domestic spending. Funding for public housing clearly falls squarely into this category. At the same time, Congress has been unwilling to increase taxes to create more revenues. Our agency is very much at the mercy of the political forces we find ourselves facing, and this makes it very difficult for us to continue to serve our residents with the excellence we are so proud of. Nonetheless, the Housing Authority presses on with its commitment to the strategies and directions of our Strategic Plan for 2011-2015, and remains dedicated to do all we can to continue to serve at least as many low income households we do now.

The Housing Authority seeks to achieve these aims at a time when we and our residents and participants face the challenges of an economy with very high unemployment, historic lows in consumer confidence, and growth at a snail's pace, and the challenge of declining federal, state, and local government funding support to housing and services to extremely low income people. The federal government's vociferous

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

commitment to significantly reduce the federal deficit has already cause disproportionate cuts in discretionary domestic programs, from housing to human services, to education, to the environment. To balance the 2012 Proposed Budget, we had to reduce approximately \$10 million in expenses below our projected costs of across all programs for continuing existing services at current levels. The 2012 Proposed Budget totals expenses of **\$185.5 million**, a reduction of **7.9 percent below** the 2011 Budget and **13.0 percent below** the cost of maintaining existing services. The prognosis for SHA HUD funding is for a long term downward trend in our major federal revenues that we do not expect will rebound, even when the economy improves. We must look to new ways of operating in order to achieve our commitments.

As we adjust to this new funding environment we will look to change how we do business in significant ways. We will be forced to operate in a more austere manner. We will continue our commitment to the established directions in our 2011-2015 Strategic Plan, but we will have to move forward more slowly. Our long term goal remains -- to serve at least the same number of households we are currently serving. This will require significant adjustments and tradeoffs.

We have incorporated in the 2012 Proposed Budget and will continue to look for significant efficiencies over the long term:

- We will focus on the basics that we need to attend to in order to provide safe and decent housing to those we serve.
- We will attempt to capture efficiencies through effective use of technology.
- We will make every effort to maintain essential services, but residents will most likely experience changes in how we operate.
- We will ask our residents to help us in efforts to contain cost and increase efficiencies.
- We will adjust standards for operations, maintenance, landscape and other areas.
- We will rethink and re-engineer our business models and re-examine our policies. We must inevitably choose to do less in some areas.
- We expect to continue experiencing escalating costs for expenses over which we have little or no control, such as employee benefits and utility costs. Here we will look for new ways to control costs, increase cost participation, or adjust services.
- We will work with staff across the agency, both non-represented and our union partners to gain efficiencies and contain costs.

SHA is not backing away from our mission and we intend to maintain our commitment to a high standard of customer service. We aspire to support a work culture where employees can be as effective as possible in an environment that supports both their productivity and their expertise. Thus, we will continue to provide optimal customer service by making the most of the resources we have and by building on the resourcefulness, talent and creativity of SHA staff.

Despite the steep reductions taken for 2012 and the challenges ahead, we will continue in 2012 to advance the strategies and directions of the Strategic Plan. Our work plans for 2012 responding to the adopted Plan are highlighted in a latter section of this Introduction.

## What is Seattle Housing Authority?

The Seattle Housing Authority is a municipal corporation, created under Washington state law that provides **affordable housing to more than 28,500 low-income people** in neighborhoods throughout Seattle. Over 10,000 residents are elderly or disabled and 9,450 are children. The Housing Authority serves over 16,000 households, 86 percent of which have incomes below 30 percent of the Area Median Income with the remainder between 30-80 percent of the median. The average income for SHA households is \$13,183.

**SHA owns, manages, or supports** over 17,000 housing units in several programs. Approximately 5,400 public housing units are subsidized by HUD, serving families and individuals with very low-incomes. Nearly 1,000 housing units serve seniors and people with disabilities as part of the Seattle Senior Housing Program. In addition, SHA provides about 910 other locally-funded units of work force and affordable rental housing, and 770 tax credit units serving residents with income between 40-60 percent of area median income in HOPE VI communities. SHA issues over 9,000 Housing Choice Vouchers for rental assistance in privately-owned units and contracts for 760 Section 8 Mod Rehab units.

The HUD-subsidized **Housing Choice Voucher program** provides housing assistance for more than 16,300 individuals in Seattle and makes it possible for many residents with low incomes to choose where they want to live.

SHA's housing programs and residents benefit enormously from **partnerships** with other organizations – the City, State agencies, non-profit housing developers and social and health service providers, other housing authorities, and educational institutions and foundations -- to deliver housing assistance and a host of services to low income people; to advocate for the interests of low-income housing and social services; and, to maximize our collective effectiveness in supporting opportunity for recovery, stability, and self-sufficiency for extremely low income people. In these times of scarce resources, SHA's continued success in collaborating with other service providers and public and private housing developers will be crucial to our ability to serve the needs of residents and participants and to meet our objectives for continued development of new low income and affordable housing.

**Our most vital asset is the SHA staff** of over 535 employees who are dedicated to SHA's mission and proud to contribute to the success of our housing programs and the well-being of tenants and participants. There is a collective positive spirit among staff that, as part of SHA, they can make a difference for a brighter future for low-income residents, voucher participants and the community:

- ✓ Through developing, operating, and maintaining low-income housing;
- ✓ Through providing and promoting services that support family financial stability and self-sufficiency;
- ✓ Through engaging the broader community in an effort to combine resources and expertise to better serve the needs of low income people;
- ✓ Through new ideas to work smarter and more efficiently; and,
- ✓ Through hard work that is valued for its professionalism, competence, compassion, personal commitment, integrity, and pride.

Thank you, SHA Staff, and keep up the good work!

## Remaining Committed to Our Strategic Plan 2011-2012

The Housing Authority called the 2011-2015 Strategic Plan ***Bold Plans in the Face of Uncertainty*** when the Board adopted it nearly a year ago. The thoughts recorded in the introduction to the Plan have proven both prescient and inspiring:

*“We have chosen to be bold in defining the future we seek. Yet we know that our ability to achieve these aspirations will depend on the economic environment and our financial capacity. In the coming years the federal government will strive to reduce its budget deficit and our federal support is therefore likely to remain flat or even decline....this will put enormous pressure on our budget...Seattle Housing Authority must respond to these challenges with courage and optimism. We must build new partnerships and manage our real estate assets wisely to provide a sound foundation for our financial strategies. The constraints of the next five years will require us to make hard decisions, but we will continue to focus on expanding housing for Seattle’s low income residents, and will remain ready to act as opportunities arise...”*

We now face the challenges anticipated and that will mean slowing – but not abandoning – the priorities and commitments of the 2011-2015 Strategic Plan. Underpinning the Strategic Plan are SHA’s Mission and Values statements:

### **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.*

The 2012 Proposed Budget has been guided significantly by the five strategic directions and three management strategies of the Plan, as presented in the pages that follow.

## Responding in 2012 to Strategic Directions

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

- *Maintain and improve existing housing stock for the long-term:*
  - ✓ Complete the building envelope rehabilitation and window replacement in two Seattle Senior Housing Program (SSHP) Buildings – Blakeley Manor and Bitter Lake Manor.
  - ✓ Implement Low Income Public housing subsidy in the Seattle Senior Housing Program. Prepare for the long term redevelopment and rehabilitation of the portfolio using additional block grant funding.
  - ✓ Plan for and begin work on elevator rehabilitation/replacement in senior housing buildings.
  - ✓ Select a replacement system for steam heat at Jefferson Terrace, secure a contractor, and begin replacement work.

- ✓ Assess candidate properties for a second round of disposition and repositioning of the scattered site portfolio.
- Refine and extend the Preventive Maintenance program to each property to extend the life of assets and preserve valuable warranties. *Complete redevelopments at High Point, Rainier Vista, New Holly and Lake City:*
  - ✓ Complete construction and lease-up of the rental housing at Rainier Vista Northeast, thereby completing Rainier Vista rental housing plans.
  - ✓ Continue the sale of lots to private firms to develop for-sale homes and/or mixed use developments at Rainier Vista, High Point, New Holly, and Lake City.
- *Move forward with Yesler Terrace planning and redevelopment:*
  - ✓ Master planning – complete entitlement process; develop the preliminary plat; enter into partnership with one or more major private development partners; seek private utility entities to carry-out the district energy and water re-use programs.
  - ✓ Begin to rehabilitate the steam plant into a community facility and learning center.
  - ✓ Focus on the 12<sup>th</sup> and Yesler site to begin redevelopment, either under a successful \$23 million Choice Neighborhoods grant or under a reduced scope to complete schematic design and seek funding for one affordable housing building on the 12<sup>th</sup> and Yesler site.
  - ✓ Plan for and seek partners to enhance education, training, and job opportunities for current and future residents of Yesler Terrace.
- *Work with partners on opportunities to develop new low-income and work force housing*
  - ✓ Explore options for Holly Court replacement housing.
  - ✓ Provide up to 70 project-based vouchers to nonprofits undertaking development of new low income housing units with Housing Levy funds.

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

- *Pursue opportunities for new Housing Choice Vouchers:*
  - ✓ Add over 830 new vouchers awarded in late 2011 through early 2012: 100 Family Unification Program, 37 additional Veteran Assistance (VASH) and up to 697 Tenant Protection vouchers - to expand housing opportunities for qualified low income participants.
- *Expand access and choice across Seattle neighborhoods for voucher participants:*
  - ✓ Increase the number of “Ready to Rent” classes teaching rental preparedness, rental search tips, and tenant rights and responsibilities.
  - ✓ Recruit and retain landlords, especially in neighborhoods with positive amenities but few or no landlord participants.
  - ✓ Continue to research mobility efforts nationally and implement the most promising ideas to effectively enhance housing and neighborhood choice for voucher participants.

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

- *Improve access to educational opportunity for youth from pre-school through college:*
  - ✓ Build on progress to date to create a pathway of support and opportunity from elementary (Bailey Gatzert) to middle (Washington) to high school (Garfield) to college for Yesler Terrace youth.
  - ✓ Help resident and participant families to access programs and resources funded through the City of Seattle's Family and Education levy resources and the Seattle School District.
  - ✓ Make direct outreach to residents and participants with children in middle and high school about opportunity to enroll in the College Bound Scholarship Program, the HARRG Scholarship opportunity, and like programs.
  - ✓ Continue to work with partners to support SHA housed youth to be successful academically through youth tutoring, computer labs, and access to educational information and support.
- *Increase financial security and optimal self-sufficiency for all housing residents and participants:*
  - ✓ Expand contacts in the work development community to inform voucher participants of job fairs, job training opportunities, and career development services.
  - ✓ Continue to develop partnerships with public and non-profit agencies providing financial benefits and services, including Social Security, DSHS, and organizations offering credit counseling and financial literacy classes.
  - ✓ Work toward developing a new financial matching program to support savings opportunities to residents working toward moving from subsidized housing.
- *Develop a single economic opportunity program for adult housing participants and residents:*
  - ✓ The reorganization of Community Services is being implemented in 2011 and is aimed at providing more efficient and dynamic services to residents and program participants.
  - ✓ Take advantage of the co-location of SHA program staff across departments in 2012 to further identify efficient ways to improve the reach and streamline services supporting self-sufficiency for voucher participants.
  - ✓ Increase access by tenants to economic opportunity programs by locating all direct service staff in SHA communities.

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

- *Identify and implement programs to create a continuum of care for residents aging in place:*
  - ✓ Complete and adopt policies and procedures based on "best practices" for supporting independent living for seniors in low income housing.
- *Engage partners who can bring additional subsidy to develop new senior housing:*
  - ✓ Continue to pursue a development partnership to make an application for HUD 202 elderly housing.
  - ✓ Start the two year redevelopment and rehabilitation of Leschi House with tax credit equity and bond financing. This project will rehab a senior building with 34 units and add a new wing with 35 units.

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

- *Help neighbors in and around Seattle Housing communities work together to promote safe and vibrant communities:*
  - ✓ Reorganize Community Police Teams to provide more efficient and flexible service on a geographic rather than a property basis and work with communities and the Seattle Police Department to make this change successful.
  - ✓ Maintain a consistent policy of swift response to address emerging community concerns before major issues or incidents arise.
  - ✓ Continue to work with the Parks Department and educational and community agencies to support constructive youth program activities during the summer months.
- *Manage properties to enhance and promote residents efforts toward healthy living:*
  - ✓ If the Board of Commissioners adopts a policy of tobacco free housing for SHA-owned residential buildings, implement the new policy throughout SHA facilities and support residents smoking cessation efforts.
  - ✓ Continue to promote and expand SHA's solid waste recycling programs begun in 2010, with education on the benefits and methods for recycling and diversion of organic materials from the waste stream.
  - ✓ Partner with Full Life Care to expand mental health case management services to residents at the Seattle Housing Authority high rise communities.

## **Management Strategies Necessary for Success**

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

- *Manage assets and operations to maximize value and longevity of real estate and housing and ensure operations are cost effective.*
  - ✓ Continue implementing changes to reduce vacate costs and turn-around time. Reinforce responsibility of property managers to define the scope of work on turn-overs and establish a standard reduction in per unit turn-over costs to achieve an average of \$3,000.
  - ✓ Achieve utility cost savings through better data collection on resident consumption and educating residents on conservation methods, and through maximizing utility programs to install efficiency and conservation equipment in units.
  - ✓ Reduce landscaping costs by modifying service schedules to better align with seasonal needs - reducing off-peak service, while maintaining peak season service at the LIPH high rises and SSHP buildings.
  - ✓ Consolidate office buildings to improve operational effectiveness and to lower estimated future operating costs over a 10-year planning period.
  - ✓ Complete review of property management organizational structure and recommend changes to improve both efficiency and effective service.
  - ✓ Evaluate the reorganization of the Compliance function within housing Operations and recommend any changes to ensure a cost efficient and compliance effective program.

- ✓ Continue to maximize the efficiency, seamlessness, and consistency of program requirements and benefits:
  - In 2011 start a community process to create consistency between LIPH and HCV rent policies by eliminating negative rent and establishing minimum rent in the HCV program, consistent with the policy in LIPH since 2001.
  - In LIPH, adopt the modification implemented in HCV to exclude income from assets valued under \$50,000 from rent calculation.
- ✓ Evaluate and begin implementing electronic banking services through the Authority's new banking services provider to reduce costs and enhance security and service:
  - Implement remote deposits for SHA transactions;
  - Assess and define a program and schedule for moving to electronic rent payments for tenants;
  - Establish a stored value card program for electronic payments to HCV landlords not on direct deposit;
  - Increase use of e-payables for vendor payments.
- ✓ Complete procedures and training for delegating procurement of consultant service contracting of less than \$100,000 to department personnel.
- ✓ Evaluate cost comparisons of self-insurance of unemployment expenses versus participation in the State program.
- *Strengthen the Authority's financial position and ability to respond to economic conditions:*
  - ✓ Make the 2012 payment of \$8.45 million against Seattle Housing Authority's Infrastructure Note from for-sale proceeds at High Point and Rainier Vista.
  - ✓ Continue to pay-down short-term financing obligations on three lines of credit – Operating LOC, Real Estate LOC, and Taxable LOC.
  - ✓ Maintain the Authority's Operating Cash Reserve at a minimum of one month of operating plus average debt service expenditures, or approximately \$13-14 million in 2012.
  - ✓ Ensure that all properties carrying debt meet stipulated debt requirements and contributions to reserves.
  - ✓ Refinance bond-financed properties to help make needed capital repairs, and/or build capital reserves, and improve cash-flow by reducing bond payments.
  - ✓ Continue the process of maintaining and improving agency information technology. The capital plan includes additional server storage capacity, upgrading obsolete equipment, and upgrading to more recent versions of vendor software to maintain services. In addition, the Information Technology department is continuing the project to upgrade to more efficient property management software that will be used agency-wide.

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

- Undertake an analysis of SHA's fleet inventory and operations with the move to the new building with the aim of reducing our fleet.
- With the move to the new building, use the opportunity to implement new agency-wide efficiencies and green practices, including reducing the maximum number of printers to the

industry standard; implementing programs to recycle and maximize diversion of waste from the waste stream.

- Conduct detailed evaluations of the effectiveness of green measures at Lake City Court and Denny Terrace in conserving resources.

### **3. Promote a healthy, engaged and productive workforce.**

- Continue implementing the agency-wide training and career development activities developed in 2010.
  - ✓ Continue efforts to implement employee career development training and succession planning.
  - ✓ Use SHA University to more effectively offer training classes to employees. SHA University is an online training application system that will reduce time and costs for course scheduling, registration and data input.
  - ✓ Utilize Housing TeleVideo Network (HTVN) webinars for employee development. HTVN is offered by the Housing Authority Insurance Group (HAIG) and provides the housing industry with online classes in public and affordable housing.
  - ✓ Develop safety and wellness programs that will reduce work-related injuries and illnesses by increasing awareness via training programs and communication media.
  - ✓ Carry out updated On-boarding and New Employee Orientation Training Processes that reflect unique job responsibilities and requirements.

In spite of the challenges that continued economic uncertainty and declining resources pose, SHA is committed to a positive and bold strategic plan. We are aware that we will face constraints or obstacles that may slow our progress, but we have charted a direction to which we will hold and laid a foundation so we are prepared to take advantage of opportunities that arise.

## Proposed Budget Summary

The following summary presents Seattle Housing Authority's (SHA) Proposed operating and capital budgets for Calendar Year (CY) 2012 in comparison to the Proposed Budget for CY2011 for all housing programs and business activities. It also describes changes in staffing levels from the CY 2011 budget to CY 2012.

### CY 2012 Proposed Budget

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

The adopted CY 2012 combined operating and capital budget totals \$185.5 million and is 7.9 percent less than the prior year budget. Operating expenses, including Housing Assistance Payments and operating grants, increased by 3.6 percent, while capital declined by 39.3 percent.

The 0.9 percent decrease in **Operating Expenses** is the composite result of decreases in programs and services and areas of cost increases. On the decrease side, there is a net of 55.5 fewer full time equivalent positions (regular positions, temporary positions) agency-wide proposed in 2012 than in 2011; and, there were significant reductions in discretionary operating expenses. Factors adding to costs in 2012 include increases for employee wages and benefits; budgets set aside for early retirements and for unemployment compensation for staff lay-offs; an initial year of increased office rent due to the consolidation of the Porch Light and Central office buildings; a continuation of climbing administrative fees we must pay other housing authorities for voucher holders who port-out to other communities; and increased costs for utilities and IT software.

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

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

**Grant Funding** for community and supportive service activities shows a \$124,000 increase from 2011. Community and supportive funds from the Lake City Court HOPE VI funds will be used for a full year in 2012. Additionally, a new round of ROSS grant funding increased overall grant spending. SHA applied for Family Self Sufficiency Funding for two coordinators that were cut in 2010. If awarded, this would restore these two positions and increase the service level in the FSS program. The increase in grant funding will be minimally offset due to the Smoking Cessation and Work Force Development grants coming to an end. Sound Families grant spending will decrease as funding is shifted to external reserves, maintaining service levels according to the original plan.

**Capital & Non-Routine Expenses** decreased considerably from 2011 to 2012. The decrease in capital activities results from completion of or substantial progress during 2011 on redevelopment work at Rainier Vista and Lake City Court. Major rehabilitation work on building systems and common areas at Denny Terrace was completed in 2011, as was the Respite Care Program facilities at Jefferson Terrace. In addition, the ongoing public housing capital grant decreases by 13 percent.

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

### Staffing Levels

**Full-time equivalent** (FTE<sup>1</sup>) positions decrease by a net of 55.5 FTEs in 2012, to a proposed total of **536.1 FTEs**. The net decrease of 55.5 FTEs results from the addition of 8.6 positions and the elimination 51.3 regular FTE positions and the reduction of 12.8 temporary positions proposed for 2012. Of the regular positions, 17 were vacant and 34.3 were occupied. This significant reduction of nearly 10 percent of SHA's work force was accomplished by departments adjusting work procedures to create new efficiencies, re-distributing workload, changing service standards or the way work is performed, and reducing service levels not intrinsic to SHA's mission and strategic plan. This is a huge blow to our organization, and we will be profoundly changed by it. We will miss the good work and dedication of those employees who will be laid-off.

Program Element	Budget FTE's CY 2011	Proposed FTE's CY 2012	Change % 2012	Reductions as % of FTEs
Housing Operations	407.7	370.8	(36.9)	9.10%
Housing Choice Voucher	61.4	55.4	(6)	9.80%
Other Departments <sup>2</sup>	122.5	109.9	(12.6)	10.30%
<b>Total</b>	<b>591.6</b>	<b>536.1</b>	<b>(55.5)</b>	<b>9.40%</b>

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

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

All of the added 8.6 FTEs are in Housing Operations and most will work at new properties supported by new revenue or are grant-funded. Below are summaries of the position changes in 2012. The regular employee position reductions are described in more detail in the FTE appendix along with the impact of reduction.

- The Rainier Vista and Lake City Court HOPE VI properties and Impact Property Management will have five existing staff members who started mid-year 2011 increase to full time in 2012. (2.5 FTE in 2012). An Accounting Technician, two maintenance staff and two property management assistants are among the staff that will increase from half time to full time to support the expanded workload associated with the new properties. A Property Management Trainee position and a Maintenance Technician position, both vacant, were eliminated.
- The Housing Operations Central support group added a Utility Specialist position to process HOPE VI utility billings and monitor consumption and the hardware and software needed to track consumption and billings. The position will respond to a variety of utility customer account billing inquiries, resolve disputes and perform clerical and administrative duties. The position will be funded by revenue generated from the HOPE VI utility service fee.
- Community Services reduced its staff by 3.5 FTEs due to reorganization efforts and another position was eliminated due to agency wide reductions. This loss will be partially offset with the addition of a temporary grant funded Economic Opportunities Specialist (0.8 FTE), and a half time partially grant funded Community Builder (.5 FTE) that are supported by the Lake City Court HOPE VI community development grant, and a temporary grant-funded Education Engagement Specialist (0.25).
- Impact Property Services, Hazardous Materials, and Construction will see extensive reductions in staff, due to a combination of workload reductions, changes in the frequency of services, changes in how work is done or service standards, and to the consolidation of SHA administrative and program space into leased space. IPS will have a net reduction of 22.7 FTEs in janitorial, landscaping, and building maintenance staff. About a third of these reductions are associated with the effort to reduce the costs for vacate turns. Construction Operations will be reduced by 9.0 FTEs. This is due to a combination of the reduction of the ongoing LIPH capital block grant by 13 percent and the mix of projects funded for 2012.
- The Housing Choice Voucher Department will be reduced by 6 FTE. The department has experienced a modest reduction in workload as the volume of vouchers issued has decreased and MTW efficiencies have been implemented. Process improvements and office consolidation will help absorb the remaining reductions.
- Asset Management will reduce staff by two positions. The Applications Specialist is a project position that is ending; an Assistant Construction Project Manager is being reduced due to reduced workload.
- Development is reducing 3.0 FTEs. Two of the positions are currently vacant, an Administrative Assistant and a Communications Specialist. One development Project Coordinator position is abrogated due to the completion of several large projects.

- The Information Technology department is eliminating two positions. With the partial relocation of storage space to the new central office and increased use of imaged documents, the records management function will be absorbed by other IT staff. One computer operator position is also eliminated, the need for which is partly the result of office co-location.
- Human Resources reduced its staff by one position. The elimination of this position is the result of a significant decrease in recruitment and hiring efforts, which is expected to continue.
- The Finance and Administration Department reduced 3.1 FTE positions by reducing working hours for six employees and eliminating one project position. The department will be affected by some workload reductions in other departments, modify some business practices, and will implement more electronic bank processing to achieve greater efficiency and absorb the reductions.
- In addition to the reductions listed above, Housing Operations reduced 3.0 FTE vacant positions at LIPH, SSHP and Housing Operations Central Administrative support office. The reductions are: elimination of 1.5 vacant FTE at LIPH, 1.00 vacant FTE at SSHP, and reduction of full time FTE to part time at the Central Administrative Office.

## Operating and Capital Budget Comparisons – 2011 vs. 2012

<b>Program Expenditures</b>	<b>2011 Budget</b>	<b>2012 Proposed Budget</b>	<b>Percent Change</b>
<b><u>Operating Funds</u></b>			
MTW General	\$108,394,000	\$109,056,000	0.6%
Local Housing	7,500,000	7,462,000	(0.5%)
Development	2,651,000	2,880,000	8.6%
Seattle Senior Housing Program	5,131,000	5,504,000	7.3%
Other Operating Funds	22,703,000	26,665,000	17.5%
<b>Total Operating Expense</b>	<b>\$146,379,000</b>	<b>\$151,567,000</b>	<b>3.5%</b>
<b><u>Service Grants</u></b>	<b>\$860,000</b>	<b>\$984,000</b>	<b>14.4%</b>
<b><u>Capital Projects</u></b>			
Redevelopments	26,320,000	9,755,000	(62.9%)
LIPH Capital	10,987,000	11,536,000	5.0%
Other Capital Projects	16,911,000	11,614,000	(31.3%)
<b>Total Capital &amp; Non-Routine</b>	<b>\$54,218,000</b>	<b>\$32,905,000</b>	<b>(39.3%)</b>
<b>TOTAL OPERATING AND CAPITAL</b>	<b>\$201,457,000</b>	<b>\$185,456,000</b>	<b>(7.9%)</b>

## Sources of Funds

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

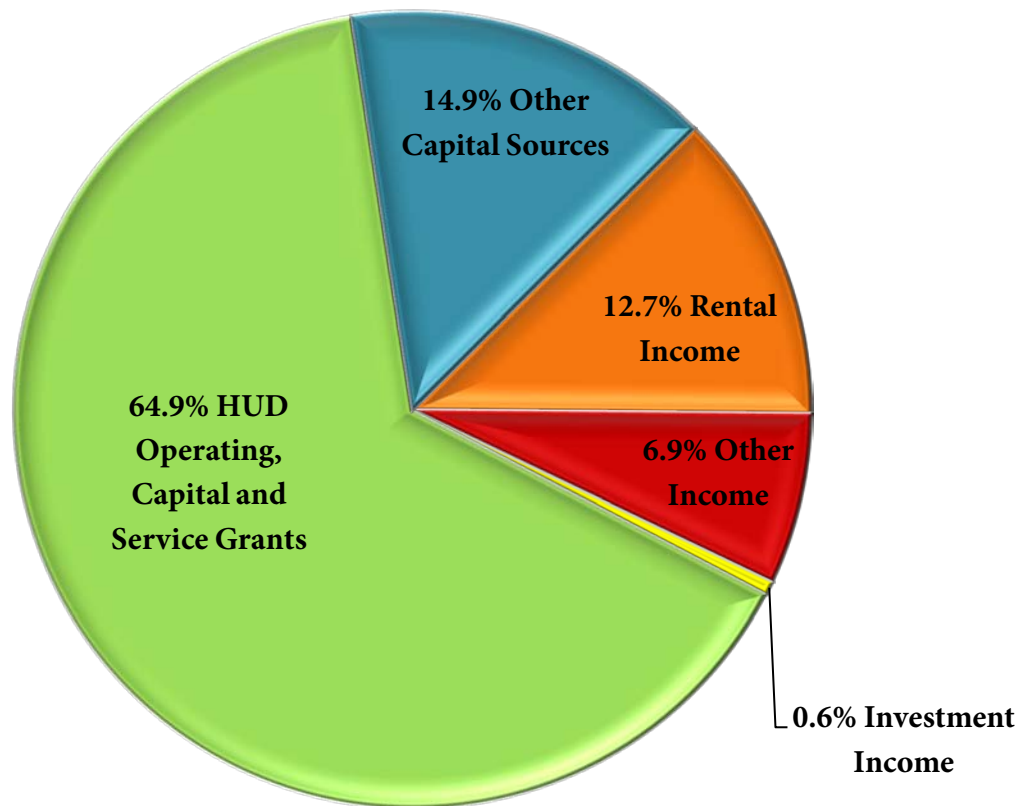
<b><u>Projected Sources</u></b>	<b><u>CY 2012</u></b>
Dwelling Rental Income	\$ 25,745,000
Investment Income	1,182,000
Other Income/Sources	14,086,000
MTW Block Grant and Non MTW	
Operating Subsidy	131,139,000
Service Grants	984,000
Other Capital	2,425,000
Redevelopment	9,755,000
New Capital Projects	18,237,000
<b>Grand Total</b>	<b>\$203,553,000</b>

The excess of sources in this table compared to expenditures in the first table above result from capital sources that will be available in CY 2012 for use in this and subsequent years -- bond financing of our redevelopment projects is the largest example.

The tables and charts on the pages that follow provide a breakdown of SHA operating and capital sources. The largest portion of combined operating and capital sources -- 65 percent -- comes from HUD. The next largest share is 15 percent in other federal and local capital sources associated with major capital or redevelopment activities. Dwelling rental income contributes about 13 percent of total revenues. Along with investment earnings, other income such as developer fees and Impact Property Services enterprise revenues comprise the remaining revenues for CY 2012.

### 2012 Operating and Capital Sources \$203.6 million

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



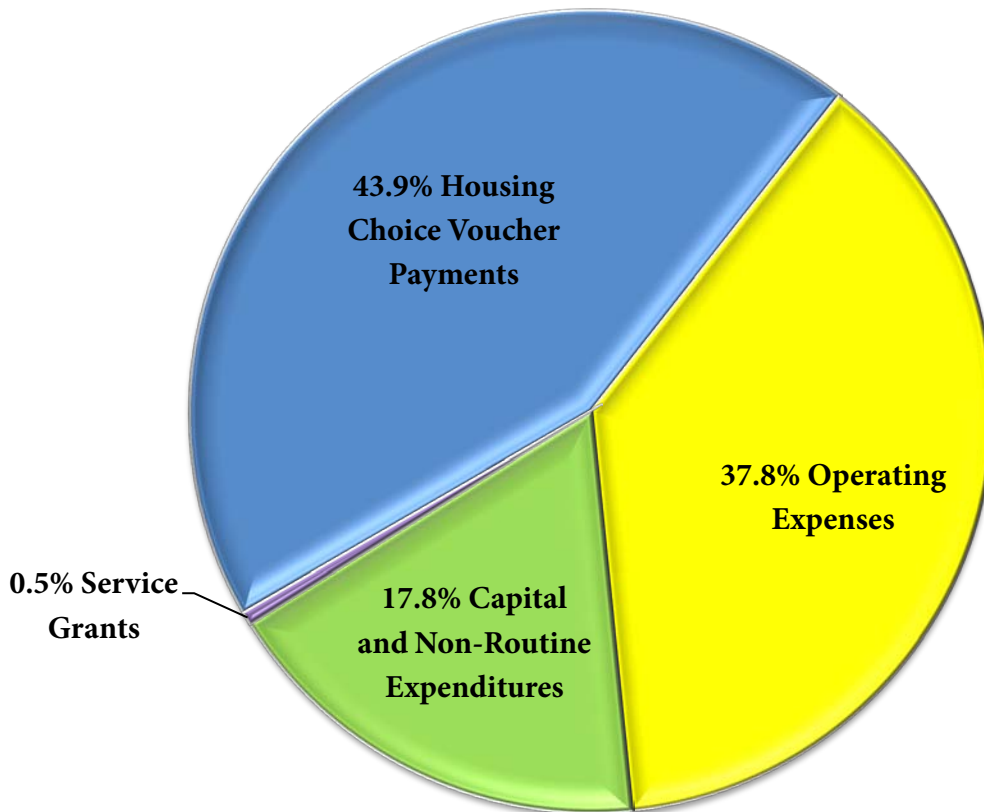
## Uses of Funds

The chart below provides a breakdown of SHA uses of funds. As illustrated, Housing Choice Voucher and other Section 8 program payments have a budget of \$81.5 million or 44 percent and represent the largest portion. Capital projects total \$32.9 million at 18 percent. LIPH, SSHP, Local Housing and other operating programs make up the remaining 38 percent in CY 2012.

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### 2012 Operating and Capital Program Expenses \$185.5 million

- Housing Choice Voucher Payments
- Operating Expenses
- Capital and Non-Routine Expenditures
- Service Grants



## How the Budget is Prepared

Development of the budget begins each year in the spring with the preparation of financial forecasts of revenues and expenses based on projections of federal funding actions, forecasts about the economy, and estimates of cost changes for major expense items. Early forecasts of revenues for 2012 showed ominous signs of significant federal reductions and flat rental revenues, while costs continued to escalate at a projected composite rate of 3.4 percent.

At its annual March Budget Retreat, the Executive Director and Cabinet were confronted with addressing a projected deficit for 2012 of about \$13 million – the gap between estimated revenues and the cost of continuing existing service levels and programs in 2012. SHA's Executive Cabinet reaffirmed the agency's commitment to the Strategic Plan, while recognizing that progress would slow; called for a continual update to the forecast of federal revenues, as the number of unknowns declined; and, acknowledged that significant budget reductions would be required of SHA's departments. With this guidance, the Budget Office began preparing instructions to Departments for preparation of their 2012 budget submittals and continued to monitor the volatile federal budget and deficit reduction decisions.

With the release of the President's proposed FY 2012 federal budget in mid-March and following Congress' decisions in early April on the 2011 federal budget, SHA's Budget Office revised the forecast for federal revenues to show an estimated deficit of \$10.3 million. This year SHA Departments were asked to prepare budget proposals with spending targets that were more than 8.0 percent below the cost for maintaining current service levels and programs. And, the Budget Office provided targets for HAP spending and the capital that also anticipated substantial cuts. At the same time, Departments were asked to be creative in addressing Strategic Plan priorities.

In providing the Budget targets and instructions, the Executive and Cabinet were aware that we could not make up \$10 million without significant staff reductions and we shared this conclusion as budget preparations got underway with staff and leadership of the unions. Staff throughout the agency provided ideas for reducing costs, increasing efficiency, and finding new revenues and many of these ideas have been incorporated in the 2012 Proposed Budgets.

The Budget Office continued to follow developments at the federal level, but the news was not positive. While we had hoped revised forecasts of federal revenues would mitigate at least some of the reductions we asked Departments to propose, we found instead that we would face both 2011 and 2012 deficits, \$2 million and \$10 million, respectively. With few exceptions, the 2012 Proposed Budget recommends all the reductions proposed by Departments in order to balance the budget. Further, we have recommended that the staffing reductions be effective November 11, 2011, in order to help us close the budget gap in 2011.

The Moving To new Ways (MTW) Proposed Annual Plan for 2012 and the Summary of the 2012 Proposed Budget were published August 31, 2011, distributed to stake holders, and posted on [seattlehousing.org](http://seattlehousing.org). For public review and comment. With this 2012 Proposed Budget book, the Executive is presenting the recommended budget to the Board of Commissioners for their review and action. A public hearing will be held on September 15, 2011 and written comments will be accepted through September 30, 2011. The Budget will be presented to the Commissioners and the 2012 Budget

Resolution will have its first reading at the September 19, 2011 Commission meeting. Approval and adoption of the CY 2012 Budget, along with the 2012 MTW Annual Plan, will occur at a special public meeting on October 10, 2011.

## **Economic Forecast and Federal Funding**

### **Recovery from the “Great Recession” Sputters**

There is increasing pessimism and growing uncertainty among economists and policy-makers about the future of the recovery, and there is increasing probability that the U.S. and global economy could return to recession. Here are authoritative voices on the state of the economy:

*“Events have turned us increasingly pessimistic about the outlook for the future...Global growth is slowing sharply...revisions to the U.S. real Gross Domestic Product (GDP) show a much deeper recession than previously estimated and a U.S. economy close to stall speed in the first half of this year. The probability that this fragile economy gives way to another recession has increased...”*

Washington State Economic & Revenue Forecast Council, September 2, 2011

*“During the past month, several developments have caused economists to lower their projections...The U.S. Bureau of Economic Analysis reported that the recession was significantly deeper than originally believed. At the same time...real GDP advanced at a 0.8 percent annual rate in the first half of 2011, far below expectations. There was also the spectacle of Congress playing games with the debt ceiling which led to the first downgrade ever in U.S. credit. Add in financial problems in Europe and a ten percent drop in the stock market and there appears to be a pot full of trouble for the national and regional economies.”*

Conway Pedersen Economics – *The Puget Sound Economic Forecaster,*  
August 28, 2011

*“Although economic output began to expand again two years ago, the pace of the recovery has been slow, and the economy remains in a severe slump. Recent turmoil in the financial markets in the United States and overseas threatens to prolong the slump...CBO expects the pace of growth to be restrained for several more years...In addition, federal fiscal policy will provide decreasing support for the economy and thereby restrain economic growth over the next few years.”*

Congressional Budget Office – *The Budget and Economic Outlook: An Update*  
August 2011

While most economists believe we will continue, if at a snail's pace, with the recovery, most data seem to belie their optimism:

- ✓ A year ago the unemployment rate in Washington State was 9.1 percent and today the unemployment rate is 9.1 percent.
- ✓ This has been by far the slowest recovery in employment compared to the last three recessions.
- ✓ It is 40 months from when the recession started and Washington is still 141,000 jobs below the employment level at the start of the recession.
- ✓ In the 1981-82 recession from the peak to the trough of the recession Washington employment loss was 3.3 percent of the labor force; in this recession it was 5.4 percent of a much larger labor force.
- ✓ Consumer spending growth is flat and consumer confidence is headed back down.
- ✓ This is Washington's worst downturn in non-residential construction in 30 years.
- ✓ Home prices that began to recover in the 4<sup>th</sup> quarter of 2009, have seen steady declines in 2011. Home prices in Seattle were down 6.4 percent in June 2011 compared to June 2010.
- ✓ While Washington ranks 23<sup>rd</sup> among states for seriously delinquent foreclosures, more foreclosures can be expected, adding to the downward pressure on prices.

While the news on the U.S. and local economy seems dismal, there are a few bright spots in Washington.

- ✓ Multi-family building permits are improving and rental vacancy rates are declining.
- ✓ Boeing has over seven years of commercial orders on the books.
- ✓ Software publishing employment is growing.
- ✓ Washington export growth is strong and will help the state outperform in the recovery.

So, the economy remains a big challenge for SHA and our residents and participants. But perhaps an even larger and longer-term challenge looms – the retrenchment of the federal government from support of programs serving the poor.

### *The Feds Turn Away from the Economy to Tackle the Deficit*

Over the course of the recession, beginning in late 2007, we have built our budgets to meet revenue projections and have acknowledged the impacts of the recession on both our financial and budget conditions and on the well-being of our residents. From 2009 through 2010, housing authorities benefited from strong financial commitments by the federal government to fully fund HUD's low-income housing programs and from an infusion of capital from stimulus funding. In late 2010, with the recession technically over and despite the acknowledged infancy and weakness of the recovery, the federal conversation turned to concern over the level of the federal deficit.

As we have worked to produce a 2012 operating and capital budget for our agency over the past six months, we have witnessed increasing pressure from Congress to decrease discretionary domestic spending. Funding for public housing clearly falls into this category. We are also hampered in our planning efforts by the fact that revenues coming to us from HUD for 2011 are still not fully defined and prospective revenues for 2012 are only our informed estimates.

With the Congressional elections in the fall of 2010, the political landscape shifted dramatically. The 2011 federal budget deliberations featured a strident and urgent call from the House of Representatives to slash federal discretionary spending as a “down payment” on deficit reduction. Following two months of acrimonious debate, a 2011 federal budget was adopted (in April 2011) that cut discretionary budgets by \$40 billion from 2010 appropriations levels. While we don’t yet know all of our 2011 federal allocations, we project a \$2.1 billion deficit we will need to close in 2011.

With the debt ceiling debates that followed in Congress, the call for cutting the deficit dramatically, as a condition of raising the debt ceiling, became the strident voice of many in Congress. Concerns that the economy is anemic with more than 14 million people unemployed and unemployment rates for some groups topping 20 or 30 percent fell on deaf ears. The focus in Washington D.C. shifted from the economy and jobs to a singular fixation on cutting the deficit, and doing so only through reduced spending. Despite pleas for a balanced approach and shared sacrifice, we have yet to see a willingness on the part of Congress to raise revenues through tax increases as a means to reduce the deficit.

With the recent agreements on the debt ceiling, we believe we are very likely to see continuing decreases in our HUD revenues over at least the next five years, and that these revenues (which make up about 75 percent of our operating funds) are likely to be flat after that. In this respect, we face a different funding reality than our colleagues in city and state government, whose revenues will increase once the economy truly does rebound. Rather than putting in place temporary fiscal measures to get us through short term revenue challenges, we are facing a long term downward trend in our major federal revenues. We must look to more permanent solutions and new ways of operating in order to address this challenge. The 2012 Proposed Budget begins this process.

## Navigating the Budget: What's in this Document

The budget is presented in the following sections:

**Introduction and Consolidated Budget:** This Overview section of the Budget Book presents a summary of strategic program plans for the 2012 Proposed Budget and summary comparisons of the 2011 Budget versus the 2012 Proposed Budget and staffing levels, and concludes in the next few pages with a table comparing proposed expenditures for CY 2012 with CY 2011 for operating and capital programs, followed by charts showing sources and uses of funds.

**Department Budgets:** This section displays adopted CY 2012 expenditures by SHA department, as well as changes in staffing levels from CY 2011 to CY 2012. Highlights of departmental 2012 work plans are presented for each Department. Departments and groups covered are Executive, Deputy Director for Development and Asset Management, Asset Management, Development, Finance, Housing Operations, Human Resources, Information Technology, and the Housing Choice Voucher Program. With the exception of the Ravenna School Apartments and the homeWorks Phases I, II and III limited partnerships, the Department budgets exclude all limited partnership revenues, operating expenses, capital expenses and unit count information. Preliminary expenditures of all limited partnerships combined for 2012 total \$22.2 million and are presented in the last section of the Budget book.

**Fund Summaries:** SHA's finances are organized on the basis of funds, each of which is considered a separate accounting entity; each fund has a separate set of self-balancing accounts comprised of its assets, liabilities, net assets, revenues and expenses. This section of the document describes 18 separate accounting funds and compares 2010 actual revenues and expenses with the 2011 adopted and 2012 proposed budgets for each one. Under MTW, SHA has created a "General Fund" – one of the 18 funds – by merging three of its major federal funding sources: public housing operating subsidy, public housing capital subsidy and most Housing Choice Voucher program funds into a single fund to be used for low-income housing purposes consistent with SHA's mission, Strategic Plan, and the MTW contract.

**Capital Improvement Program:** This section describes SHA's plans for redevelopment, rehabilitation, and asset preservation for its housing portfolios and other facilities. It is organized according to housing program: redevelopments at Leschi House, Yesler Steam Plant, and Yesler Terrace; Public Housing; Seattle Senior Housing Program; Local Housing/Special Portfolio Projects; and other capital and development activities.

**Grant Program:** SHA has a strong record of competing for HUD, other public agency, and foundation grants to support resident self-sufficiency. This section summarizes grants that are currently active, and budgets grant funding expected in CY 2012.

**Limited Partnerships:** SHA serves in several different legal capacities depending on the housing program, and the budget reflects this complexity. For most housing resources, SHA is the owner and manager of the properties. SHA also serves as the General Partner and Managing Agent for fifteen limited partnerships formed to invest in, own, and manage rental housing in mixed-income communities. The limited partnerships are formed to take advantage of IRS provisions allowing private parties to invest in affordable housing through the purchase of low income housing in exchange for tax benefits. For SHA

and other non-profit housing developers, the sale of federal low-income housing tax credits has become a principle source of funds for redevelopment of low-income housing communities and rehabilitation of existing low-income buildings. This final section of the Budget Book presents the preliminary 2012 budgets for each of the limited partnerships.

The partnerships have separate budgets that are approved by SHA as the General Partner and presented for final approval to the private investors who are the Limited Partners. The Limited Partnership section of this budget includes preliminary 2012 budgets for each of the current fifteen tax credit partnerships; for accounting purposes, these entities are treated as “Component Units”. In total, the 2012 Budgets for the limited partnerships are \$22.2 million.

### **Limited Partnerships in CY 2012**

Othello	Ravenna School Apartments
Desdemona	The Ritz Apartments
Escallonia	Aldercrest Apartments
High Point North	homeWorks I
High Point South	homeWorks II
South Shore Apartments	homeWorks III
Rainer Vista Phase III	Tamarack Place
Lake City Court	

# Department Budgets

The table below shows total operating expenditures for departments and housing assistance payments. The Proposed CY 2012 operating expenditures (excluding service grants) of **\$151.6 million** represent an overall increase of 3.5 percent over the 2011 budget. Direct operating expenses decline by 3.0 percent, while Housing Assistance Payments (HAP) increased by 8.0 percent. The increase in HAPs is due to new special purpose vouchers to be awarded in 2011 and 2012 and for the full year impact of the 2011 voucher payment standard increase. For 2012 SHA staff decreased from 591.6 FTEs to 536.1, a reduction of 55.5 FTEs. The tables below summarize changes in Departmental budgets and staffing levels.

## SHA DEPARTMENT BUDGETS COMPARISON OF 2010-2012 OPERATIONS

Departments and/or Divisions Expenditures	CY 2010 Actual (000)	CY 2011 Budget (000)	CY 2012 Propose d (000)	Percent Change 2011-12
Executive	\$ 2,191	\$ 2,395	\$2,266	(5%)
Development and Asset Mgmt				
Deputy – Development/AM	372	411	416	1%
Asset Management	1,610	1,770	1,592	(10%)
Development	1,329	1,497	1,361	(9%)
Finance and Administrative	12,838	13,074	12,789	(2%)
Housing Operations:				
LIPH No. So., Scattered Sites, homeWorks & LIPH Admin	21,441	22,470	21,334	(5%)
Yesler	2,822	3,181	2,974	(7%)
Seattle Senior Housing Program	4,613	4,901	4,917	0%
Special Portfolio	4,129	4,357	4,486	3%
Admissions	1,132	961	906	(6%)
IPM, Parks, COL, New Holly Phase I	2,266	3,455	3,306	(4%)
Community Services	3,556	3,712	3,343	(10%)
Housing Operations Admin	682	1,405	1,486	6%
Facilities	1,076	1,130	1,836	62%
Impact Property Services	16,052	16,019	15,043	(6%)
Human Resources	1,482	1,619	1,987	23%
Information Technology	3,130	3,376	3,202	(5%)
Rental Assistance & Advocacy	8,312	8,754	8,465	(3%)
<b>DIRECT OPERATING</b>	<b>89,032</b>	<b>94,486</b>	<b>91,708</b>	<b>(3%)</b>
<b>Plus Housing Assistance Payments</b>	<b>73,550</b>	<b>75,662</b>	<b>81,481</b>	<b>8%</b>
Less Internal Agency Fees	(23,023)	(23,724)	(21,622)	(9%)
<b>TOTAL OPERATIONS</b>	<b>\$139,559</b>	<b>\$146,424</b>	<b>\$151,567</b>	<b>3.5%</b>

The 2012 Proposed Budget recommends substantial reductions in SHA’s full-time equivalent positions. This section presents a summary table of changes by Department and a discussion of the rationale and service impacts for regular full-time positions eliminated or reduced.

### SHA DEPARTMENTS – CHANGE IN FULL-TIME EQUIVALENT POSITIONS 2011 TO 2012

Full-time Equivalent Positions	2011 Budget	2012 Adopted	Change 2011 to 2012
Executive	14.0	13.0	(1.0)
Asset Management	18.0	16.0	(2.0)
Development	17.0	14.0	(3.0)
Finance & Administration	42.0	38.9	(3.1)
Housing Operations	407.7	370.8	(36.9)
Human Resources	10.0	9.0	(1.0)
Information Technology	21.5	19.0	(2.5)
Housing Choice Vouchers	61.4	55.4	(6.0)
<b>TOTAL</b>	<b>591.6</b>	<b>536.1</b>	<b>(55.5)</b>

**Important Notes:**

The 2011 Adopted Budget in the 2011 Budget Book totaled 592.2 FTE. The .6 difference is due to a budgeting error which is corrected in the revised total of 591.6 FTE.

The FTE totals above include regular employees, temporary employees and project-related positions. The 55.5 total change from 2011 to 2012 is the net result of the reductions and adds shown below. The position increases are primarily due to new grant funding; and to the full-year operation of new properties added in 2011.

Changes 2011 to 2012	FTEs
Regular Employee Position reductions	(51.3)
Temporary/Project Position reductions	(12.8)
Total Reductions	(64.1)
Position Increases	8.6
<b>Net Change</b>	<b>(55.5)</b>

The following table lists the regular positions reduced along with the reason for the reduction and how service levels will be impacted.

**REGULAR EMPLOYEE POSITIONS PROPOSED FOR  
ELIMINATION OR REDUCED HOURS**

<b>Department</b>	<b>Position(s) Title(s)</b>	<b>FTE Reductions</b>	<b>Reduction Rationale and Projected Service Impacts</b>
Executive	Detainer/Grievance Coordinator		Reduction required to meet budget target. Legal section will redistribute work to address essential position duties.
Asset Management	Asst. Construction Project Manager	(1.0)	The position is eliminated due to insufficient capital construction workload in 2012.
Development	Development Project Coordinator Administrative Assistant	(1.0) (1.0)	Completion of major construction and development projects at Lake City, Rainier Vista, and Denny Terrace means less work and allows the reduction of two positions.
Development	Communications Specialist	(1.0)	Master planning completed. Yesler Terrace communication will be shared among SHA's Communications Director, Yesler Terrace staff, and planning consultants. Will reduce the level of communications and outreach for the project.
Finance	Budget Analyst Sr. Contract Administrator/Buyer 3 Sr. Contract Administrator/Buyer 3 Administrative Assistant Accountant Accounting Tech II	(0.4) (0.4) (0.25) (0.4) (0.25) (0.4)	To meet budget reduction target, department reduced working hours for six positions equivalent to 2.1 FTE. Considerations in making reductions included: effects on F&A of changes in workload elsewhere; capacity of functions to absorb reduction; opportunity to change business practice to create efficiencies; changes in work scope over time and trends. F&A plans to reduce workload by changing business processes. The new banking services contract will convert manual accounting processes to electronic. In addition, the department will simplify and delegate to other departments the authority for conducting consultant procurements, and will consider adopting a biennial budget process as a means of reducing total budget workload.
HCV	Communications Specialist	(1.0)	Reduction required to meet budget target. With the consolidation of offices, it is hoped that having staff in closer proximity will make it possible to realize efficiencies in this area. Communication efforts will also be reduced proportionally.
HCV	Customer Service Specialist II	(1.0)	Consolidation of the workforce into one location, should gain administrative efficiencies, resulting in the reduction of one position. Plans for cross training are underway to eliminate any duplication of services and provide a seamless transition.

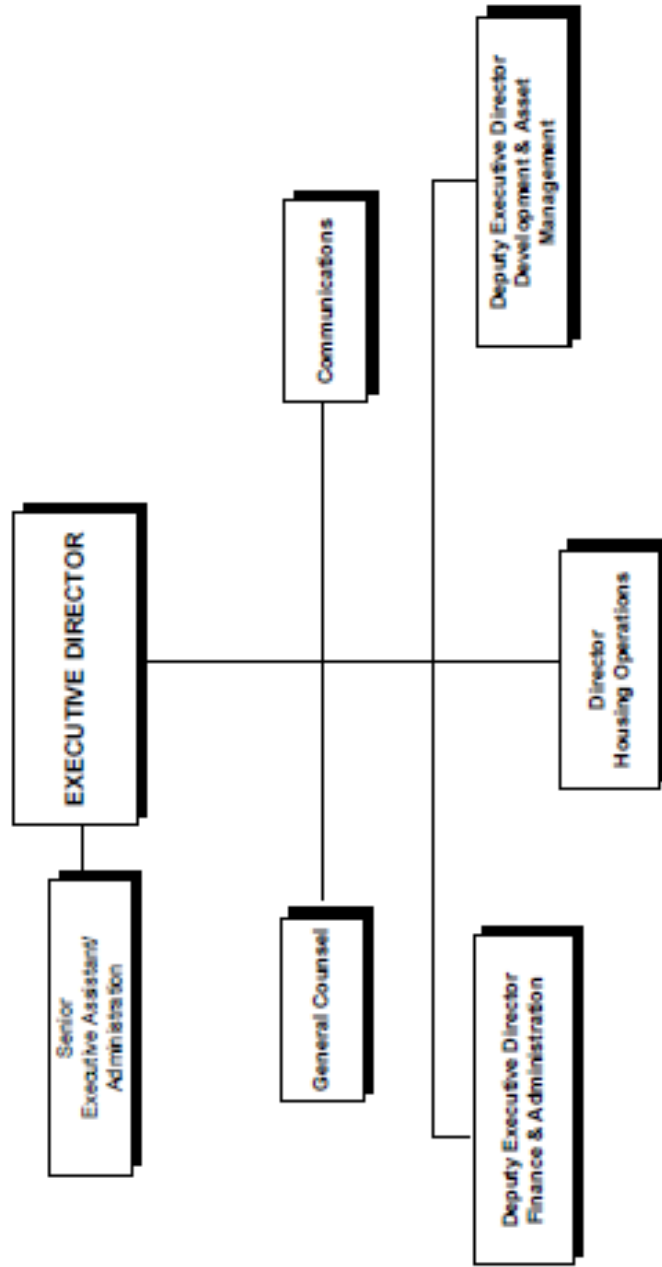
Department	Position(s) Title(s)	FTE Reductions	Reduction Rationale and Projected Service Impacts
HCV	HQS Inspector	(1.0)	Tablet computers and clustering inspections by census tract will reduce driving time and time spent on administrative tasks. Additionally, SHA is proposing a move to biennial inspections, reducing the volume of inspections each year. Also, the waiting list will remain closed in 2012 and we don't expect increases in inspections. All of these considerations led to a reduction of one inspector position.
HCV	Certification Specialist I	(1.0)	Workload for these positions is directly tied to volume of vouchers issued and processed. SHA has not issued any vouchers for the past several months and does not expect to issues new MTW HCV vouchers in 2012.
	Housing Specialist	(1.0)	
HCV	Occupancy Supervisor	(1.0)	Reduction required to meet budget target. The critical duties and workload have been redistributed to other supervisory team members.
Housing Ops	<b>Community Services</b>		The Community Services Division implemented its Strategic Plan in 2011, including a reorganization of staffing using a model of Economic Opportunity Specialists. The EO Specialists will provide a comprehensive approach to delivering services. The reorganization eliminated these positions and reclassified some positions to improve services and capture efficiencies in service delivery to our residents.
	Community Builder Manager	(1.0)	
	Planning & Resource Development Coordinator	(1.0)	
	Tenant Trust Account Specialist	(1.0)	
	Job Connection Admin Support Asst.	(1.0)	
	Job Connection Admin Support Asst.	(0.5)	
Housing Ops	<b>IPS -- Landscaping</b>		These positions are eliminated due to a change in business practice that replaces uniform year round landscaping with a seasonal approach, which decreases the workload. Landscaping services will be at full service levels during the peak summer and spring months and reduced during winter and fall. We do not expect a significant change in the curbside appeal of the properties.
	Landscapers	(3.0)	
	Landscaper	(1.0)	
Housing Ops	<b>IPS -- Janitorial</b>		These positions are eliminated as a result of the move to the new office building. Janitorial services will be included as part of the lease terms. There is no change in level of service.
	Janitors	(2.25)	
	Janitor	(1.0)	

Department	Position(s) Title(s)	FTE Reductions	Reduction Rationale and Projected Service Impacts
Housing Ops	<b>IPS – Maintenance &amp; Repair -- Vacate &amp; Work Order Reduction</b>		
	Maintenance Mechanic Floor Coverer Industrial Cleaner Painter Carpenter Industrial Cleaner Maintenance Mechanic	(3.0) (2.0) (2.0) (3.0) (1.0) (1.0) (1.0)	These positions are eliminated due to a combination of reduced workload, increased efficiencies in turning over units and reduced scope of work for vacated units. Property management is better managing and prioritizing work orders to control costs and reduce the days that a unit sits vacant. The personnel reduction may impact the wait time for non-emergency maintenance or repairs work orders.
Housing Ops	<b>LIPH Industrial Cleaner</b>		
	Industrial Cleaner	(1.4)	The Industrial Cleaner positions are eliminated due to reduced day-time janitorial work across the LIPH properties. These reductions are in the frequency of housekeeping services and are expected to have some but minimal impact on the level of service.
Housing Ops	<b>SSHP – Admissions</b>		
	Assistant Property Manager	(1.0)	As a result of Senior Housing receiving the public housing subsidy, the admissions work for Senior Housing will be provided by the Admissions staff for low-income public housing. This shift took effect earlier in the year.
Housing Ops	<b>LIPH</b>		
	Assistant Property Manager	(1.5)	The Assistant Property Manager positions are vacant positions in Scattered Sites and LIPH Admin. Work has been redistributed to the remaining four Assistant Property Managers with little impact on service levels.
Housing Ops	<b>HOPE VI</b>		
	Maintenance Tech I	(1.0)	The positions were eliminated because of reduced workload. There have been minimal vacancies at New Holly, which has resulted in less work related to vacates.
Housing Ops	<b>Central Office</b>		
	Housing Operations Tech	(0.5)	The Housing Operations Tech position is being reduced from full-time to part-time. The reduction will impact work on the emergency preparedness plan and agency-wide sustainability program.
Housing Ops	<b>Construction</b>		
	Carpenter	(1.0)	The positions are eliminated because of reduced funding for capital construction projects in 2012.
	Painters	(3.0)	

Department	Position(s) Title(s)	FTE Reductions	Reduction Rationale and Projected Service Impacts
Human Resources	HR Assistant III	(1.0)	Significant reductions in hiring have reduced recruitment and administration of hiring processes by HR, resulting in this position reduction. The hiring freeze is expected to continue and the recruitment and hiring work load will remain at very low levels for the foreseeable future. If there is any recruitment required, remaining staff will share the workload.
Information Technology	Computer Operator/Help Desk Tech	(1.0)	The nature of work is changing with less operations work such as running mainframe jobs and printing checks than previously. In addition, the agency has fewer printers so there is a reduced need for repairs and replacements. Some deliveries to property offices will be slower with this reduction
Information Technology	Records Management Coordinator	(1.0)	There is less need for paper records transport, particularly as records used most often are brought to the new consolidated central office. In addition, records are increasingly available as images. Some deliveries to central office will be slower than currently with this reduction.

# Executive

# EXECUTIVE DEPARTMENT



## Executive Budget

Executive Department Expenditures	2010 Actual	2011 Budget	2012 Proposed	% Change 2011-2012
Admin Salaries & Temp Help	1,722,285	1,804,845	1,768,612	(2%)
General and Administrative Expense	412,866	468,962	386,221	(18%)
Tenant Services	30	--	--	--
Maintenance & Contracts	55,497	120,800	111,000	(8%)
Utilities	--	--	--	--
<b>TOTAL OPERATING</b>	<b>2,190,678</b>	<b>2,394,607</b>	<b>2,265,832</b>	<b>(5%)</b>
Less Internal Agency Fees	(158,898)	(178,807)	(152,847)	(15%)
Capital, Grant and Partnership Salaries & Benefits	--	--	--	--
<b>TOTAL</b>	<b>2,031,780</b>	<b>2,215,800</b>	<b>2,112,985</b>	<b>(5%)</b>

	2011 Approved	2012 Proposed
Full-time Equivalent Positions		
Total FTEs	14	13

In CY 2012, the proposed operating budget for the Executive Department is \$2,266,000, representing a decrease of 5 percent from 2011. All sections – Executive Office, General Counsel; and Communications - took spending cuts in various administrative accounts, including training, travel, printing, and office supplies. In addition, each section of the Executive department reduced their professional and contract service budget. Department staffing will be reduced by one in the General Counsel section; the Department is budgeted at 13 full-time equivalent positions for 2012.

Included in the 2012 budget is a reduction in capacity in the Communications Division. A current Communications position budgeted in and supporting the Housing Choice Voucher Department, is being proposed for abrogation. This will require the other HCV staff and the Executive Department communications staff to absorb this work, to the extent feasible. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE changes.

## Department Purpose and Function

Under the guidance of the Board of Commissioners, the Executive Department provides overall leadership and direction for Seattle Housing Authority. The office of the Executive Director, including the Deputy Executive for Finance and Administration, oversees the operations of the Authority, provides support to the SHA Board of Commissioners; maintains SHA's intergovernmental, community, and business relations; and, provides state and national leadership on behalf of low income housing through advocacy organizations. The department also includes the General Counsel and legal staff that provide legal advice to the Executive and Departments; represent the Authority in legal proceedings; investigate fraud claims; and oversee hearing examiners/panels in administrative hearings related to enforcement of admissions, lease, and Housing Choice Voucher participant requirements. The Communications Office oversees SHA's public affairs, media relations, internal and external communications, and development of the agency's strategic plan.

## Work Plan Highlights

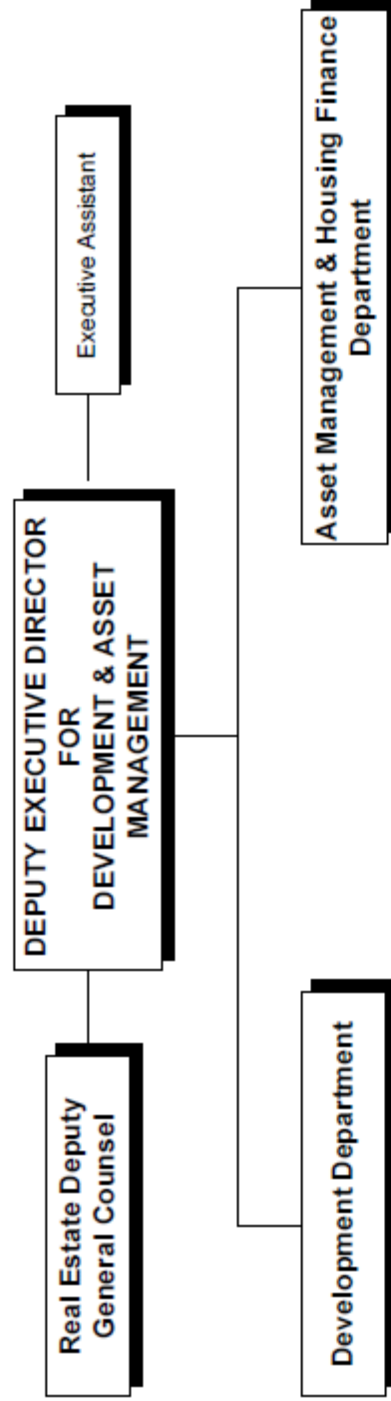
The Executive Department staff will continue to provide executive leadership to coordinate the work of the agency across departments; to advocate the interests of low income housing in local, regional, and national forums; to work closely with the Board of Commissioners so that our work represents shared priorities; and, to provide communications and legal advice and counsel to the Executive and to colleagues in other departments, as needed.

- For 2012, we expect a renewed effort to fully document our uses and the benefits of MTW authority to effectively meet the three MTW statutory objectives: 1) Serve more households; 2) Create operational efficiencies; and 3) Help low-income residents become economically self-sufficient.
- Serve as the staff's primary link to the Board of Commissioners, to ensure both that the Board has the information necessary for governance of the Authority and that staff pursue the Board's direction.
- Within the framework of the Board's policy guidance, provide overall direction and leadership to the agency to ensure accomplishment of mission and strategic goals to serve low-income people.
- Work with City elected and department officials to achieve City approval of entitlements for the redevelopment of Yesler Terrace, consistent with the Development Plan adopted by the Board of Commissioners.
- Provide guidance to staff on developing plans for the initial investments in Yesler Redevelopment through the federal grant to rehabilitate the Yesler Steam Plant as a community learning center and through the Choice Neighborhoods Grant financing to support the initial housing development in Yesler Terrace.
- Work with education partners to build a true pathway for youth living in Yesler to benefit from enhanced educational opportunity and support from elementary school (Bailey Gatzert), through middle school (Washington), through high school (Garfield), and to success in moving on to college.
- Work with Cabinet staff in securing initial development and capital partners to invest in and undertake development in phases of Yesler's redevelopment consistent with the adopted Redevelopment Plan and City entitlements.
- Actively encourage support among residents, neighbors, the community at large and elected officials for Yesler Terrace redevelopment; and, involve residents and all our partners in effective relocation plans over the course of Yesler redevelopment.
- Continue to implement communications programs and activities that assist with Yesler Terrace redevelopment, help residents understand and participate in housing policy and management issues, and provide appropriate public information to key stakeholders and the media;
- Provide the Board with expert testimony and with information on the experience of other housing authorities as the Board decides in the fall of 2011 whether to begin the transition of all SHA housing to non-tobacco smoking. Support implementation of the Board's decision in 2012.
- Continue to increase low-income and affordable housing by bringing on line 38 units of rental housing in Rainier Vista Northeast during 2012; accepting additional tenant protection vouchers when HUD requests; and, by applying for new vouchers whenever they become available.

- Support the Board’s review and actions on financial policies to come to the Board in 2012 pertaining to financial ratios and benchmarks, debt management, and development financing; report twice a year to the Board on the status of SHA’s Operating Reserves; and, provide monthly updates on changes in short-term debt.
- Oversee agency labor negotiations for contract renewals with OPEIU and the Trades when current contracts expire December 31, 2012.
- Ensure that the move of three different building staff to the new administrative and program consolidated SHA facility at 190 Queen Anne Avenue is completed economically and smoothly and that staff has full opportunity to participate in ensuring the move will enhance cross-department work and interactions and achieve efficiencies in operations.
- Provide leadership in the development and implementation of the Agency’s Section 3 Plan.
- Provide leadership and support on major legislative issues affecting the agency; lead agency efforts to analyze new HUD programs; federal budget action impacts; and, legislative or regulatory proposals affecting MTW authority.
- Continue leadership role with National Industry Groups, CLPHA and NAHRO. Represent the agency on the NAHRO national housing committee, and CLPHA and NAHRO subject specific work groups/committees (such as addressing changes to PHAS and MTW advocacy).
- Cultivate improved educational opportunities and supportive services for youth and families at SHA family communities, including such programs as the College Bound Scholarship program. Take an active advocacy role with local schools and colleges to meet the specific needs of low-income residents.
- Continue to build and enhance partnerships through active participation on the Committee to End Homelessness.
- Monitor implementation of the Strategic Plan and report on progress against performance indicators at least annually.

# **Deputy Director, Development & Asset Management**

# DEVELOPMENT and ASSET MANAGEMENT DEPARTMENTS



## Deputy Executive Director, Development and Asset Management

Department Expenditures	2010 Actual	2011 Budget	2012 Proposed	% Change 2011-2012
Admin Salaries & Temp Help	\$346,336	\$369,706	\$376,157	2%
General and Administrative Expense	25,186	31,505	39,814	26%
Maintenance & Contracts	0	10,000	0	(100%)
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$371,522</b>	<b>\$411,211</b>	<b>\$415,971</b>	<b>1%</b>
Less Internal Agency Fees	(13,253)	(20,380)	(29,679)	46%
Capital, Grant and Partnership Salaries & Benefits	--	--	--	
<b>TOTAL</b>	<b>\$358,269</b>	<b>\$390,831</b>	<b>\$386,292</b>	<b>(1%)</b>

Department Totals Full-time Equivalent positions	2011 Approved	2012 Proposed
Deputy Executive Director, Development & Asset Management	2	2

The Deputy Executive Director, Development & Asset Management Department's operating expenditures increase by 1 percent to \$415,971 in CY 2012. Department staffing will continue in 2012 at 2.0 FTEs.

### Department Purpose and Function

The Deputy Executive Director of Development & Asset Management oversees the work of the Development and Asset Management departments and provides supervision and guidance to the Director of Development and the Director of Housing Finance and Asset Management. The Deputy Executive Director provides strategic real estate guidance to the Executive Office, Cabinet, and the Board of Commissioners.

The Deputy Executive Director works to reduce risk and improve the financial stability of the Agency, while pursuing development activities. In this time of credit constraints in the housing development market, the Deputy Executive Director is a key advisor for developing approaches to reduce SHA's risk, budgetary and credit constraints. He is actively involved in all large, complex and politically sensitive real estate matters. He also oversees the Authority's master planning for SHA's administrative and maintenance facilities.

### Work Plan Highlights

The following are the major current and potential development activities that will be the primary focus of the Deputy Executive Director in 2012:

- *Yesler Terrace* – refine development plan and phasing, complete the entitlements process, develop an approach to financial partners, and set the stage for undertaking phase I development;
- *East of Boren* – develop plan for area, including Yesler Terrace, King County, and Urban League properties;
- *High Point Land Sales* – negotiate land sales to builders and developers;

- *Rainier Vista* – complete lease-up of at least 38 rental housing units; market and sell for-sale properties;
- *Mixed Use Development Sites* – market and sell mixed-use sites at High Point, NewHolly, and Rainier Vista. Undertake Brownfield environmental clean-up where needed and funded.
- *Lake City Court* – market for sale lots for 14-17 affordable for-sale town homes;
- *Fort Lawton* – negotiate with U.S. Army and City of Seattle, if the project moves forward;
- *SHA Administrative/Maintenance Facilities* - implement a Master Facilities Plan. Oversee the sale of the PorchLight Building and the Central Office move to 190 Queen Anne Avenue.

# Development

## Development Budget

Development Department Expenditures	2012 Actual	2011 Budget	2012 Proposed	%change 2011-2012
Admin Salaries & Temp Help	\$870,912	\$945,599	\$894,976	(5%)
General and Administrative Expense	141,861	110,890	110,862	0%
Tenant Services	--	--	--	
Maintenance & Contracts	312,211	392,650	307,000	(22%)
Utilities	3,917	48,000	48,000	0%
<b>TOTAL OPERATING</b>	<b>\$1,328,901</b>	<b>\$1,497,139</b>	<b>\$1,360,838</b>	<b>(9%)</b>
Less Internal Agency Fees	(96,135)	(95,884)	(82,117)	(14%)
Capital, Grant and Partnership Salaries & Benefits	748,680	677,147	487,319	(28%)
<b>TOTAL</b>	<b>\$1,981,446</b>	<b>\$2,078,402</b>	<b>\$1,766,040</b>	<b>(15%)</b>

Department Totals	2011 Approved	2012 Proposed
Full-time Equivalent positions		
Development Department	15	12

The Development Department's total operating expenditures decrease by 9 percent to \$1,361,000 in CY 2012 and when both operating and capital funding sources are considered, the reduction for Development is 15 percent. Projects funded by American Recovery and Reinvestment Act (ARRA) and HOPE VI are winding down as 2012 begins. The Lake City Court project will be completed in 2011 and the Rainier Vista Northeast site will have the rental housing portion completed in spring of 2012. The department is also proceeding with planning for the Yesler Terrace redevelopment supported by capital funding sources.

The Development Department had a net FTE decrease of 3.0 FTE from 2011 to 2012. Two vacant positions were eliminated, a Communications Liaison and a Development Administrative Assistant. One Development Program Manager position is also reduced. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE reductions. Non-labor expenses were reduced by 18 percent and included expenses for landscaping and grounds maintenance for properties in the for-sale program, and for professional services contracts, largely for grant writing activities. The 28 percent reduction in Capital, Grant and Partnership labor expenses results from the completion of Lake City Court with staff moving on to new projects at Leschi House and the Brownfield environmental clean-up.

## Department Purpose and Function

The Development Department reports to the Deputy Executive Director for Development and Asset Management. The Development Department is responsible for the completion of the for sale portion of the HOPE VI redevelopment projects at Lake City, High Point, and Rainier Vista and for planning and pre-development activities for Yesler Terrace. The department also oversees other planning and development projects to advance the Strategic Plan's goal to increase work force and affordable housing.

The Development Department serves the Seattle Housing Authority's Mission through developing safe, affordable housing in thriving communities. The Department also seeks to increase the number of

affordable housing units, both rental and home ownership, through a variety of programs and partnerships. In redeveloping SHA's major family communities, the Development Department has sought to replace 60+ year old low income housing with new vibrant mixed income communities that are connected with adjacent neighbors and provide a variety of rental and ownership housing choices, plus community facilities and other amenities.

An important responsibility of the Development staff is to successfully market properties to private developers for homeownership opportunities, including affordable ownership opportunities. The Development Department is also responsible for looking toward the future to identify new housing development opportunities to serve primarily people earning less than 80 percent of AMI. In this role, the Department evaluates opportunities for future developments with both public and private partners, looking especially for opportunities that have minimal financial risk to SHA and good promise for desirable affordable housing.

## **Work Plan Highlights**

In 2012, the Development Department will focus on the strategic goal of maintaining and expanding the supply of low-income housing stock through Yesler Terrace master planning and Phase I housing development; completion of the final phase of rental housing at Rainier Vista; undertaking the Leschi House rehabilitation and addition; and, Brownfield environmental clean-up at Rainier Valley sites. The team will market and sell land at High Point, Lake City and Southeast Seattle in order to meet financial goals for repayment of the lines of credit as well as successful completion of the for-sale components of the redevelopments. We will continue to pursue a development partnership for 202 housing, explore options for developing Holly Court replacement housing and to be involved in regional planning efforts, such as the Northgate Transit Oriented Development (TOD) project.

## **Major Project Activity in 2012**

- Rainier Vista NE rental housing finishing construction, with completion scheduled in spring 2012.
- Move forward with a development partnership for Section 202 housing. The most likely sites are a mixed-use property in southeast Seattle on Othello St. or a site on the 12th and Yesler properties.
- Continue to explore options for developing Holly Court replacement housing. Our capacity to move forward will depend on funding availability.
- As market conditions improve, we expect additional land sale activity at Rainier Vista, Southeast Seattle and High Point. The proceeds from these sales will be used to pay down loans and to complete the redevelopment vision at these sites. We will continue to explore development partnerships with both for profit and non-profit developers for these sites.
- The Yesler Terrace Redevelopment project will have two major elements in 2012. The master planning effort will focus on the entitlements process, phasing and financing plans, master plan design guidelines, the low-income housing program, sustainability, economic opportunity programs, developing partnerships and stakeholder support. A second focus will be design, funding, partnership, and possibly permitting activities related to an initial phase of the redevelopment. SHA has received a Choice Neighborhood grant for this phase and will be negotiating the scope of activities during the fall of 2011.

- Start the two year redevelopment and rehabilitation of Leschi House with tax credit equity and bond financing. This project will rehab a senior building with 34 units and add a new wing with 35 units.

### ***Pipeline Projects***

In addition to the major projects above, the Development department will continue to monitor and undertake potential new development activities that provide opportunity to increase affordable housing. SHA's focus is on projects in which we can leverage our commitments significantly through partnerships with the Federal, State and City governments, non-profits and the private sector. Pipeline projects – those in the very early feasibility or planning stages to define a project – are typically funded through the capital budget. Once a project reaches the stage where it is defined and ready to begin predevelopment activity, we have a small predevelopment revolving fund for more detailed planning and pre-schematic design work that is eligible for reimbursement once the project is funded. Known projects that could require active predevelopment planning in 2012 include:

- Advancing redevelopment of Holly Court and neighboring properties remain a priority, if the real estate market and affordable housing finance markets recover sufficiently;
- Douglas/Henderson Property Development – With the demolition of deteriorated buildings on these adjacent sites and with the rehabilitation of the South Shore Court apartments, SHA may find an appropriate partnership for redevelopment of these properties.
- Fort Lawton – Once the City and the Army conclude negotiations for transfer of surplus Fort Lawton properties to the City, SHA may be the master developer for a variety of housing types on this site.
- Northgate development – SHA expects to be a participant in a transit oriented development near Northgate, if this regional partnership comes to fruition.

### ***SHA Land Development***

SHA is currently holding property for sale or for future development by SHA at High Point, Rainier Vista, Lake City Village, Othello Station adjacent to Holly Court, and at Douglas/Henderson, adjacent to the South Shore apartments. In the 2012 for-sale budget, we have included funds for maintaining these sites. We will continue to actively market the High Point for-sale lots, as well as the mixed-use sites at Rainier Vista and Othello Station in 2012. The property at Lake City Court will begin to be marketed in 2012 if the real estate market looks promising.

# Housing Finance and Asset Management

## Housing Finance and Asset Management Budget

Housing Finance & Asset Management Department Expenditures	2010 Actuals	2011 Budget	2012 Proposed	% Change 2011-2012
Admin Salaries & Temp Help	\$837,718	\$937,948	\$951,008	1%
General and Administrative Expense	499,647	403,666	392,243	(3%)
Tenant Services	--	--	--	
Maintenance & Contracts	172,811	391,300	211,898	(46%)
Utilities	100,020	36,758	36,710	0%
<b>TOTAL OPERATING</b>	<b>\$1,610,196</b>	<b>\$1,769,672</b>	<b>\$1,591,859</b>	<b>(10%)</b>
Less Internal Agency Fees	(61,324)	(75,199)	(93,396)	24%
Capital, Grant and Partnership Salaries & Benefits	535,018	784,183	699,611	(11%)
<b>TOTAL</b>	<b>\$2,083,890</b>	<b>\$2,478,656</b>	<b>\$2,198,074</b>	<b>(11%)</b>

Department Totals	2011 Approved	2012 Proposed
Full-time Equivalent positions		
Asset Management	18	16

The Housing Finance and Asset Management Department's total expenditures are projected to decrease 11 percent in CY 2012 when both operating and capital fund support are included. This is due to staff reduction; lower obligations for rent guarantees on debt financed buildings, and reduced operating costs. Staffing is reduced by two positions, one project position working on the asset management database update and an Assistant Construction Project Manager. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE changes. The 2012 budget also includes consultant funds to perform exit analyses and assist with negotiations on potential exit of tax credit partnership; and to advise and assist in negotiating refinancing of existing properties.

## Department Purpose and Function

The Housing Finance and Asset Management department is focused on working with other departments to finance new housing, improve the agency's use of its real estate and other assets to achieve its mission, and to look for more efficient property management models and methods to ensure financial and social goals are met. This Department is responsible for the physical and fiscal health of SHA's real estate portfolio, including working with limited partner asset managers, making strategic recommendations regarding acquisition, sale, capital issues, cash flow, resident services and other factors affecting the real estate portfolio and SHA's residents.

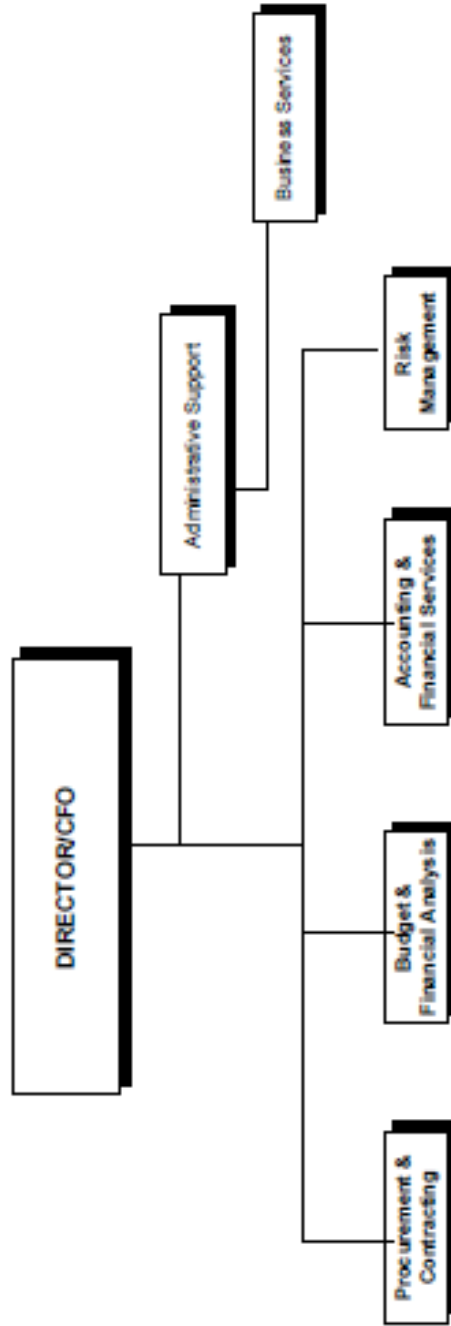
## Work Plan Highlights

- Continue to use the Asset Management Team the format for cross-departmental discussions of issues and decision-making regarding SHA assets. Discussions in 2012 are expected to include:
  - ✓ Consideration of rent policy changes;
  - ✓ Interim assessment of vacate changes and the effects of those changes;
  - ✓ Potential changes to SHA's property management staffing structure;
  - ✓ Implementation of bringing public housing operating and capital funding to the SSHP program;
  - ✓ Tracking of progress on Capital Budget performance; and,
  - ✓ Consideration of commercial property leases.
- Complete evaluation of options and present a proposal to the Financial Policy Oversight Committee for refinancing SHA's bond financed properties to help make needed capital repairs in the properties, and/or build a capital reserve for the properties and/or improve the cash flow from the properties by reducing the required bond payments. The Main Place II loan matures in 2012 and this will also be a proposal for refinancing in 2012.
- As more of our tax credit financed projects reach the end of the 10-year period for the tax credits to be used, establish a tracking system to determine exit strategies for each property. A mid-year report and recommendations will be provided to the Financial Policy Oversight Committee.
- Review opportunities and properties for a second phase of repositioning the Scattered Site portfolio. Working with Housing Operations, identify properties for disposition and a plan for replacement. Unlike the phase I disposition program, consider replacing the units with new construction units with adequate provisions for capital reserves.
- Work with others towards advancing SHA's strategic directions and management objectives through developing policies to address the aging in place of our residents; identify financing and refinancing opportunities to strengthen SHA's financial condition; develop a five-year capital plan and budget addressing the needs of our existing housing facilities; achieve agreement on and implement a new rent structure.
- Focus on complying with the Move to Work plan and ensure reporting requirements for that report and other reports are met during the transition to Yardi Voyager. Actively participate in the work group designing the conversion of SHA's property management software to Yardi Voyager.
- Review past policies (such as rent, energy and inspection) to evaluate what's working and incorporate new thinking and technology.
- Coordinate a comprehensive look at SHA's rent policies to better align and unify policies across programs; to achieve greater administrative efficiency; to make it easier for residents and participants to understand their rent calculations; and to better align self-sufficiency goals and rent policies.
- In conjunction with Housing Operations, continue to define a Preventative Maintenance program for each property and price the plan for incorporation in the 2012 operating and capital budget process.
- Continue to work towards standardizing commercial leases and maximizing the revenue received from this function.
- Keep the property databases (DLR and FAME) current with the physical needs of properties and continue the capital fund analyses that match the annual needs with anticipated uses of project reserves.

- Continue meeting Voluntary Compliance Agreement requirements to bring units to Uniform Federal Accessibility Standards (UFAS).
- In coordination with the Development Department, start the two year redevelopment and rehabilitation of Leschi House with tax credit equity and bond financing. This project will rehab a senior building with 34 units and add a new wing with 35 units.
- Provide project management support to the consolidation of SHA administrative offices at 190 Queen Anne Avenue.

# Finance & Administrative Services

# FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT



## Finance and Administrative Services Budget

Finance and Administrative Services Department Expenditures	2010 Actual	2011 Budget	2012 Proposed	% Change 2011-2012
Admin Salaries & Temp Help	3,703,498	3,943,057	3,847,496	(2%)
General & Administrative Expense	9,035,435	8,901,391	88,28,434	(1%)
Tenant Services	-	-	-	-
Maintenance & Contracts	97,667	229,122	113,174	(51%)
Utilities	1,085	-	-	-
<b>TOTAL OPERATING</b>	<b>12,837,686</b>	<b>13,073,570</b>	<b>12,789,104</b>	<b>(2%)</b>
Less Internal Agency Fees	(586,125)	(318,889)	(363,024)	14%
Capital, Grant and Partnership & Other; Salaries & Benefits	13,946	18,835	15,468	(18%)
<b>TOTAL</b>	<b>\$12,265,506</b>	<b>\$12,773,516</b>	<b>\$12,441,548</b>	<b>(3%)</b>

Full-time Equivalent Positions	2011 Approved	2012 Proposed
Total FTEs	42.0	38.9

In CY2012, the Finance and Administrative Services Department's operating budget will decrease by 2 percent. The overall department reduction is obscured by an increase in internal rent allocation associated with the central office consolidation described in more detail under the housing operations facilities section in the Housing Operations budget section. Though rental costs are higher due to an office move in 2012, the overall effect to the agency is believed to be fiscally and operationally positive over the life of the 11 year lease. This increase is offset by cuts in administrative expenses such as, lower banking fees and efficient banking practices, reduced training, travel, and operational costs. Outside contracts and professional services were also reduced. It was determined that Finance and Administration would be better able to continue to meet core obligations by reducing the hours of a number of positions instead of reducing full positions.

One filled temporary position completing its two year term was cut and six active staff members will experience reduced hours. More details regarding FTE reductions and impacts agency-wide are discussed in the "Department Budgets section at the beginning of this tab. In sum, focus will be placed on increasing efficiency through greater use of electronic processing methods, green administrative practices, and streamlining the delegation of tasks where possible.

## Department Purpose and Function

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

- **Financial Management:** Financial policies, accounting and reporting systems, banking relations, investments, overall debt management, and annual financial statements and compliance with HUD financial reporting requirements.

- **Financial Accountability:** Annual audit reviews by the State Auditor, SHA's independent auditor, and auditor(s) for the tax credit limited partnerships; Monitoring and corrective actions as required to ensure SHA conformance with bond and contractual financial performance obligations.
- **Budgeting:** Management of SHA's budget processes and preparation of recommended annual and multi-year operating and capital budgets; monitoring and reporting performance of actual revenues and expenditures and program accomplishments against approved budgets; proposing budget revisions and/or corrective actions to maintain the integrity of the annual budget.
- **Risk Management:** Placing SHA's insurance requirements; handling claims; and, recommending risk management and incident/accident reduction actions.
- **Procurement and Contracting:** Purchasing and contract administration for goods and services and construction contracts; administration of Section 3, Davis-Bacon, and social equity programs; and development and administration of SHA procurement policies.
- **Business Support Services:** Presently includes operation of the office reception desk; delivery of incoming and outgoing mail, recordkeeping for telecommunications billings, and travel policy administration for SHA as a whole. In 2012, when most SHA offices are co-located, the mail function will be consolidated into Housing Choice Vouchers administrative services.

The Department consists of five operating groups: Accounting and Treasury Management, Budgeting and Financial Analysis, Purchasing and Contract Administration, Risk Management, and Business Services.

## Work Plan Highlights

The department's work is supportive of virtually all of the strategies and directions of the Strategic Plan, but the element for which we have leading or prominent roles is Management Strategy #1: *Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.* Below are the three key objectives for advancing the strategy in 2012:

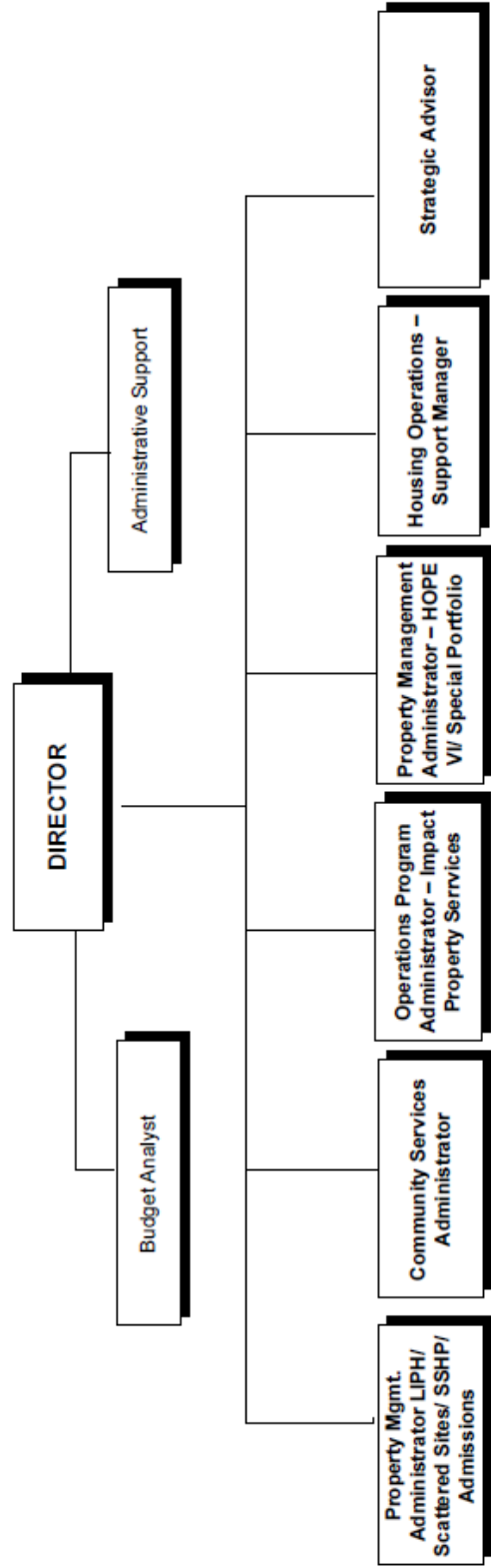
- **Enhance the efficiency and streamline the services of the Finance & Administration Department. Among the targets for positive change are:**
  - ✓ Implement remote deposit to make all bank deposits electronic and to reduce liabilities with manual transport and deposit of deposits. With Lockbox and our new Depository bank, evaluate an electronic direct deposit system for rent payments and conduct an internal and public process for determining the parameters for implementing electronic rent payment.
  - ✓ Evaluate use of e-payables under our new banking contract to increase the number of vendor payments that can be made electronically. Across all of SHA's check payments and wire transfers for bill payments, conduct an assessment to maximize use of Automated Clearing House as the most cost effective method for interparty payments.
  - ✓ Develop a stored value card system that could be used for Housing Choice Voucher (HCV) landlord payments and for secure and cost effective payments to residents when they have reimbursements coming.
  - ✓ Evaluate moving to a Biennial Budget schedule and, if feasible, develop a plan for implementing beginning for the 2013-2015 biennium.

- ✓ Complete procedures and training for delegation of purchasing authority for all Purchase Orders and procurement of consultant services less than \$10,000 to department personnel.
  - ✓ Develop policy changes and procedures for delegating procurement of consultant services of less than \$100,000 through the consultant roster to department staff.
  - ✓ Evaluate cost effectiveness of insurance deductible levels and determine whether any changes are warranted.
  - ✓ Continue a leadership role in planning for the conversion of the MLS and ancillary property management software to Yardi software and in defining all policies and procedures for interfaces between the new system and the E-1 general ledger system.
  - ✓ Fully implement all features of the newly acquired contract tracking system in Purchasing to greatly streamline Davis-Bacon certified payroll tracking and analysis and enable reporting on contracting goals for Section 3, apprenticeship, and Women and Minority Business Enterprises.
  - ✓ With the colocation of offices, consolidate SHA's mail delivery services in the Housing Choice Vouchers mail function by moving the Mail Assistant to HCV,
- **Identify and help evaluate opportunities for operations and policy changes to reduce operating costs and achieve efficiencies and/or to increase revenues.**
    - ✓ Assist Housing Operations in evaluating the effectiveness of changes made to responsibilities, standards, and cost expectation for turn-around of vacant housing units.
    - ✓ With Asset Management and Housing Operations, review proposals for changes to SHA's Property Management organization and structure of duties, with the intent to streamline and simplify.
    - ✓ Work with Housing Operations to establish a baseline against which to evaluate the reorganization and staffing of the compliance function.
    - ✓ With Human Resource staff evaluate the costs, benefits, and risks of SHA being self-insured for unemployment or joining the state system.
    - ✓ Conduct an in-depth review of Solid Waste costs and revenues and assess whether changes to the Solid Waste rates and rate structure are warranted for various customer classes.
    - ✓ Review the experience of other Moving To Work (MTW) agencies in converting properties from public housing to voucher funding and identify factors producing the most cost effective results. Work with Asset Management and Housing Operations to examine SHA's public housing portfolio and develop a proposal for converting PH communities to project based vouchers.
    - ✓ With Asset Management, evaluate the initial funding of the Seattle Senior Housing Program conversion to HUD funded communities; determine whether proforma assumptions were achieved and, if not, identify changes in assumptions regarding the planned capital program.
    - ✓ Participate with HCV in community review of proposals to eliminate negative rent and establish a minimum rent for HCV participants.
    - ✓ With the HCV program staff, look at options and initiate potential HCV Administrative Plan changes to help control/lower SHA's port out cost.

- ✓ Continue review initiated in 2011 of options for refinancing properties where doing so would allow lower debt service and/or provide capital or replacement reserve funding without increasing debt service. Work with Asset Management to implement refinancing plans.
- ✓ Continue work with other MTW agencies and HUD to define appropriate evaluation criteria for judging MTW agencies and to address MTW agency concerns about federal reporting systems and requirements.
- **Strengthen Seattle Housing Authority's financial position and creditworthiness.**
  - ✓ Make the 2012 payment of \$8.45M against Seattle Housing Authority's Infrastructure Note from for-sale proceeds at High Point and Rainier Vista.
  - ✓ Continue implementing plans to pay down the current combined balance of approximately \$16M on the Operating, Real Estate, and Taxable LOC's over the period 2011-2014 from disposition of properties, permanent financing of properties currently on an LOC, or pay downs from SHA reserves.
  - ✓ Negotiate extensions of current credit instruments or restructuring of SHA borrowings for SHA's three lines of credit – Operating, Real Estate, and Taxable.
  - ✓ Maintain Seattle Housing Authority's Operating Cash Reserve (Unassigned/Unrestricted Cash) equal to at least one month's total operating and average debt service expenditures.
  - ✓ Implement required actions to ensure that all properties, where applicable, are meeting debt service coverage ratios (DCRs); where there are chronic problems with meeting DCRs, work with Asset Management and Housing Operations to conduct a thorough review of the property and develop a corrective action plan.
  - ✓ Complete work with the Financial Policy Oversight Committee and the Board of Commissioners on adoption of financial policies, including those for Development Funding; Debt Management; and Financial Ratios.
  - ✓ Continue to improve F&A's ability to forecast cashflow needs and the agency's undesignated unrestricted cash position.
  - ✓ Continue preparing a Comprehensive Annual Financial Report (CAFR) that is confirmed by the independent auditor to be a reliable statement of SHA's financial condition and that is recognized as an excellent example of comprehensive financial reporting by the Government Finance Officers Association.
  - ✓ As part of an internal staff team, focus on long-term planning to define a financing model and phasing plan for developing Yesler Terrace over a period of ten to twenty years that minimizes financial risk to SHA.
  - ✓ Work with Asset Management to define long-term critical capital needs for each SHA portfolio, calling out urgently needed work. Develop an inventory of potential funding sources and tools to address long term capital needs and begin work to test most promising options.

# Housing Operations

# HOUSING OPERATIONS DEPARTMENT



## Housing Operations Budget

Housing Operations Expenditures	2010 Actual	2011 Budget	2012 Proposed	Percent Chg. 2011-2012
Admin Salaries & Temp Help General & Administrative Expense	\$11,077,680	\$11,837,854	\$12,185,168	3%
Tenant Services	8,547,940	9,166,773	10,052,883	10%
Maintenance & Contracts	1,635,239	1,787,174	1,791,448	0%
Utilities	28,107,307	29,011,545	25,903,167	(11%)
	8,400,855	9,787,392	9,697,577	(1%)
<b>TOTAL OPERATING</b>	<b>\$57,769,021</b>	<b>\$61,590,738</b>	<b>\$59,630,243</b>	<b>(3%)</b>
<b>Less Internal Agency Fees</b>	<b>(19,402,013)</b>	<b>(19,983,345)</b>	<b>(18,072,417)</b>	<b>(10%)</b>
Capital, Grant and Partnership Salaries & Benefits	<b>\$5,242,368</b>	<b>6,175,009</b>	<b>5,409,501</b>	<b>(12%)</b>
<b>TOTAL</b>	<b>\$43,609,376</b>	<b>\$47,782,402</b>	<b>\$46,967,327</b>	<b>(2%)</b>

Full-time Equivalent Positions	2011 Approved	2012 Proposed
Total FTEs	407.7	370.8

The CY 2012 Housing Operations Department proposed Operating Budget is reduced by 3 percent from the 2011 revised budget. In response to the agency-wide budget shortfall, the department took a comprehensive approach to review cost saving options which would enable the department to operate more economically to achieve its goals and objectives. The total reductions taken in 2012 budget is about \$2 million which is a result of the combination of several factors explained below.

The overall increase in administrative salaries and general administrative expenses is due to inflationary increases for employee wages and benefits. In addition, over \$270,000 of cost shifted from Campus of Learners (COL) maintenance, utilities, and contract costs to general and administrative costs in 2012. Instead of paying individual costs that are shared with others in the Campus condominium, account by account, a condominium fee structure was implemented to streamline administrative and accounting practices. Overall, costs at the Campus increased only slightly. Finally, the office consolidation described in the facilities section below is responsible for significant cost movement, as SHA enters into a long term rental agreement and sells the PorchLight and Wakefield facilities.

The proposed budget reduces about 11 percent from maintenance and contract expenses mainly as a result of new strategies to control vacate and general maintenance and repair expenses. The new vacate cost strategies designed to control and lower vacate expenses resulted from the re-engineering of the vacate process. The changes came from a year-long review of vacate processes and expenses by the interdepartmental "Vacate Team" and includes shifting the scope of vacate work decision-making and budget accountability to the property management staff. In addition, the new vacate strategy set average standard vacate cost of \$3,000 per unit at Low Income Public Housing and Seattle Senior Housing Program buildings but not at the more expensive Scattered Sites properties. This new approach along with the already downward trend of vacancy rates is anticipated to reduce vacates/turnover expenses by about \$850,000. The alignment of authority and budget accountability enabled Housing Operations to take an additional reduction of about \$180,000 from general maintenance and repair expenses.

The department also took steps to reduce landscaping expenses by decreasing off season work and maintaining current landscaping service schedules at the high rises and SSHP buildings during peak season. This change in the schedule of landscaping has resulted in a saving of over \$470,000. The department also reduced janitorial and window washing expenses by modifying the schedule for janitorial services and postponing window washing. Janitorial staffing is also planned to decrease in March 2011 the Authority's administrative and program space is consolidated in a new leased facility. Also, a favorable new contract for elevator services was negotiated and signed which adds to the cost saving effort of the department.

The overall **Housing Operations Staffing** level is reduced by a net 36.9 full-time equivalent (FTE) from 407.7 FTEs in 2011 to 370.8 FTEs in 2012. The decrease in FTEs results from addition of 8.6 FTEs and elimination of 45.5 FTEs. The FTEs eliminated include 16.0 vacant and 29.5 occupied positions. The staffing reduction is accomplished by the department's re-engineering of work procedures and service standards to create efficiencies and by reduction of service levels not intrinsic to the agency's mission and strategic plan. Please see the "Department Budgets" summary section at the beginning of this tab for a complete list of agency wide FTE changes.

## Department Purpose and Function

Housing Operations is responsible for managing and maintaining SHA's housing portfolio of over 8,100 units. In 2012, this diverse portfolio will be comprised of approximately: 5,440 units of Low-Income Public Housing; about 1000 Seattle Senior Housing units (to which public housing funding resources will be brought in 2012); about 910 units in Special Portfolio representing locally acquired units; and, about 770 tax credit units (excluding public housing tax credit units) in the mixed income communities of New Holly, Rainier Vista, High Point, and Lake City Court. The department's work is carried out through the following functions: Housing Administration, Facilities, Public Housing, Seattle Senior Housing Program, Special Portfolio, Impact Property Services, Community Services, Impact Property Management, and Admissions.

Housing Operations staff is essential to the successful implementation of the Seattle Housing Authority's (SHA) mission and Strategic Plan. Its staff is often the face of the agency through daily interactions with our residents and management of our properties. The goals and values of the agency are represented in the hard work of each SHA employee, many of whom work in Housing Operations.

In 2012, Housing Operations is committed to implementing a work plan, which supports and enhances SHA's mission to provide decent, safe and affordable housing to low income households. Housing Operations staff executes the overall mission by operating, managing, and maintaining SHA's housing portfolio units throughout Seattle. Its overarching goal for 2012 is to improve operations by tackling significant cost drivers, reviewing its organizational structure, and consolidating services. As part of these efforts, it will focus on interdepartmental initiatives underway to improve efficiency and workflow. The work plan highlights are provided in greater detail for each of the portfolios and department work groups in the sections that follow.

## Work Groups and Plans

### Department Administration – Housing Operations & Facilities Support

Housing Operations & Facilities Support	2010 Actual	2011 Budget	2012 Proposed	% Change 2011-2012
Housing Operations Central Administration	\$ 682,000	\$ 1,405,000	\$ 1,486,000	6%
Housing Operations Facilities	1,076,000	1,130,000	1,836,000	63%
<b>TOTAL OPERATING</b>	<b>\$ 1,758,000</b>	<b>\$ 2,535,000</b>	<b>\$ 3,322,000</b>	<b>31%</b>

Full-time Equivalent Positions	2011 Approved	2012 Proposed
Total FTEs	14.0	14.5

Housing Operations and Facilities experienced a 31 percent budget increase from the 2011 to 2012 proposed budget. The primary reason for the increase is the consolidation of the Central Office and PorchLight office facilities. In 2011, SHA initiated an office building consolidation to improve operational effectiveness and achieve a present value savings over a ten year horizon as a result of the sale of PorchLight and the Central Office Building and move to leased space. During 2011, SHA sold Wakefield, its central office building and listed PorchLight, its housing service site, for sale, then entered into an 11 year lease for office space at 190 Queen Anne. Next year, 2012 is a transition year for this consolidation with three months of occupancy in the existing buildings and nine months in the new space.

Overall agency costs for 2012 for office space are expected to be about \$334,000 greater than budgeted in 2011. There are two main reasons for this: SHA will be using about 5,000 square feet more space at the new building than is currently used in order to accommodate moving property management personnel and record storage currently located at the Operations Support Center; and, there are overlapping costs giving SHA access to the new space while still occupying the old space. Cost associated with the move for the Housing Operations department in 2012 also includes the rent payment for lease of the space, whereas bond debt service on the buildings we owned was budgeted in Finance and Administration. Therefore, Housing Operations total costs increased by more than \$714,000 due to a \$380,000 shift in cost from Finance and Administration to Housing Operations.

The cause for the increase in Housing Operations Central Administration budget is the addition of a full time utility specialist position which will administer HOPE VI utility billings related to water/sewer usage. The position will respond to a variety of utility customer account billing inquiries, resolve disputes and perform clerical and administrative duties. The position will be funded by revenue generated from the HOPE VI utility service billing fee. As part of cost saving effort, Housing Operations Director reduced a full time Housing Operations Technician position to part time, and reduced training and other office related expenses.

The Department Administration provides oversight and direction to the entire Department and includes coordinated infrastructure services for SHA properties, such as utility monitoring, resource conservation, emergency preparedness, contract administration, and administrative facility management. Priorities and initiatives include:

- ✓ Develop and implement policy and procedures to address emerging issues to assist property managers;
- ✓ Complete review of property management organizational structure and implement changes to improve both efficiency and effective service;
- ✓ Support the Board of Commission's policy review to expand tobacco free housing in SHA communities and if the Board adopts the policy, implement the new policy throughout SHA facilities and support resident smoking cessation efforts;
- ✓ Monitor and reduce vacate costs and turn around time for units in all portfolios;
- ✓ Play key role in the redevelopment of Yesler in the relocation of households; continue to manage and operate the Yesler Community at current levels of service and adapt plans when the decision and resources to redevelop are confirmed;
- ✓ Help lead and contribute to the implementation of Yardi Voyager, a new property management software. Housing Operations staff is participating on the various Yardi taskforces and workgroups in order to ensure that needs and concerns are addressed in the development, configuration, and implementation of Yardi Voyager;
- ✓ Play key role in the transition of SSHP to LIPH and make the transition as seamless as possible, while maintaining the separate and special identity of the SSHP portfolio.
- ✓ Review and adopt the response structure of SHA's Emergency Response and Recovery Plan to reflect consolidation of staff to the new facility.
- ✓ Implement new training protocols and clearly define the roles and responsibilities of SHA management, line staff and residents during an emergency or natural disaster.
- ✓ Work closely with property management and Impact Property Services (IPS) to review contracted services to ensure vendors are doing as much as possible to maintain our properties and provide the quality of service that meets the needs of the residents.
- ✓ Complete the reorganization of the Compliance function by merging the HOPE VI auditors with the auditors working at LIPH. By consolidating Compliance in the central office of Housing Operations, improvements can be realized in the focus and consistency of SHA's compliance and auditing function.
- ✓ Create a mission statement, organizational structure and strategic work plan for the newly centralized Compliance team; prioritize workload of the team for audit cases that are the highest priority and risk to the agency, such as new move-ins, self-employed residents and student residents. Develop training protocol and assist property management line staff regarding compliance issues, particularly tax credit commitments and meeting the guidelines outlined in the partnership agreements.
- ✓ Develop and implement a technology workflow solution for tracking the paperwork necessary to meet our compliance obligations.
- ✓ Streamline administrative processes by seeking agreements with regulatory partners and using our MTW authority to alleviate burdensome and unnecessary paperwork.

- ✓ Provide data analysis and support for water and sewer utility billings at the HOPE VI communities; develop new utility allowances; coordinate energy and resource conservation retrofits at newly acquired properties;
- ✓ Improve utility tracking, invoicing, and energy auditing processes to more accurately measure the usage at each community, identify high consumption properties, and improve energy performance. Resolve billing disputes more quickly and detect utility usage problems more effectively.
- ✓ Oversee the agency's administrative facilities and office buildings; provide expert assistance in organization and allocation of space.
- ✓ Help plan, budget, and implement the move of Central Office, PorchLight, and OSC property staff, furniture, and equipment to the new facility.
- ✓ Work with Asset Management to explore ideas to improve the financial performance of the Center Park Community Building. Ideas include leasing vacant office space and the large community room for public events to increase revenue.

### Low Income Public Housing

<b>LIPH High-rises, Scattered Sites, homeWorks, &amp; Yesler Expenditures</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
TOTAL OPERATING	\$24,263,000	\$25,651,000	\$24,307,000	(5%)

<b>Full-time Equivalent Positions</b>	<b>2011 Approved</b>	<b>2012 Proposed</b>
Total FTEs	82.74	81.24

The Low Income Public Housing (LIPH) program consists of approximately 5,440 units of low income housing owned, or maintained and managed, by SHA. The homeWorks tax credit partnerships, with 1,977 units, are included as part of the LIPH program. Of the 5,440 units, approximately 952 are HOPE VI tax credit properties serving low income public housing residents. The budgets for these units are accounted for in the Limited Partnerships and New Holly. The Low Income Public Housing serves low income residents and households typically pay 30 percent of their income for rent and utility.

The total reductions taken at Low Income Public Housing portfolios from various account categories total over \$1.3 million as compared to 2011 budget. The steps taken to achieve the saving include elimination of a full time and a part time assistant property manager position, reductions in maintenance and contract expenses, and elimination or reduction of other miscellaneous expenses that do not severely impact operations. The reduction taken in maintenance and contracts is mainly the result of re-engineering of the vacate process and alignment of authority and budget responsibility with property managers, as discussed in the Housing Operations section above. The vacate strategy is anticipated to reduce costs by over \$800,000 from LIPH properties. The other area of maintenance expenses that resulted in reductions is landscaping which will reduce the off peak season service schedule, but keep current levels of service during the peak season. This change in landscaping schedule is anticipated to achieve a savings of about \$400,000. LIPH will also change the schedule for janitorial service for high rise common areas and postpone window washing. In addition, LIPH has also taken about a 5 percent reduction in general

maintenance and repair expenses as a result of aligning authority and budget accountability which is expected to result in a savings of about \$170,000.

**Public Housing Work Plan Highlights for 2012 include:**

- ✓ Participate in interdepartmental and cross agency initiatives, such as the Yardi Work Group, Rent Policy Committee, and SSHP and LIPH merger;
- ✓ Engage and participate in policy workgroups to help revise and update policies;
- ✓ Assist in planning and implementing case management services, especially with respect to mental health services;
- ✓ Coordinate with Pest Control regarding the prevention and eradication of bedbugs and other pests in LIPH communities;
- ✓ Focus on reducing major cost drivers wherever practical, and examine alternatives and options to reduce expenses;
- ✓ Train property management staff to work with Compliance auditors in meeting all necessary compliance requirements, including the Tax Credit program.
- ✓ Implement the agency’s plans to expand the No Smoking policy to all LIPH buildings. Monitor and enforce the policy as part of lease enforcement activities;
- ✓ Continue to manage and operate Yesler Terrace at current levels of service, if and when, redevelopment begins;
- ✓ Continue to educate residents about the redevelopment process, as well as the potential impacts and opportunities.
- ✓ Work to minimize the negative impacts to residents caused by the loss of street parking related to Sound Transit’s First Hill streetcar project on Yesler Way and Broadway.
- ✓ Move maintenance supplies and equipment from the Yesler steam plant to a temporary location for the redevelopment of the steam plant which is anticipated to begin in 2011.
- ✓ Work collaboratively with contractors, residents and staff to mitigate construction related issues associated with the redevelopment of the Yesler steam plant.
- ✓ Work with the IPS construction group to identify and implement capital improvements.
- ✓ Evaluate the future direction of the portfolio and make recommendations to asset management regarding future disposition of portfolio holdings.

**Seattle Senior Housing Program (SSHP)**

<b>Seattle Senior Housing, includes Ravenna LP</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
Operating Expenditures	\$4,613,000	\$4,901,000	\$4,917,000	0%
<b>Full-time Equivalent Positions</b>		<b>2011 Approved</b>	<b>2012 Proposed</b>	
Total FTEs		28.4	27.9	

The Seattle Senior Housing Program (SSHP) along with the Ravenna Limited Partnership consists of over 990 units serving elderly and disabled persons. The units were acquired and developed using funding from a 1981 Seattle Senior Housing bond issue. The program serves households with a maximum income of 80 percent Area Median Income and the head of the household or spouse must be at least 62 years old or disabled. Residents pay affordable rent depending on their income. SHA is working to bring funding from public housing operating and capital grants to about 900 units of SSHP's properties.

The proposed budget (before allocated costs) is flat compared to the 2011 budget. The reductions taken from various budget line items are offset with the increases in other expense lines. In line with the vacate cost reduction and other cost saving initiatives, the SSHP portfolio reduced its maintenance and contract expense by about \$103,000. The portfolio also reduced one vacant full time employee position after the admissions function was assigned to the Admissions Office. This position used to perform admissions for SSHP properties. These decreases are offset mainly by inflationary increases in employee wages and benefits and increases in utility expenses.

### **SSHP Work Plan Highlights for 2012 include:**

- ✓ Participate actively in the interdepartmental initiative to reduce unit vacate costs and turnaround time.
- ✓ Manage operating and resident impacts of capital projects to rehabilitate Blakeley Manor, Bitter Lake Manor and Phinney Terrace with new windows and cladding on the outside of the building.
- ✓ Support the addition of LIPH funding to SSHP by implementing policies and procedures as required by HUD to receive public housing subsidies, while maintain the unique character and identity of SSHP.
- ✓ Continue to implement necessary capital repair and improvements including design and plan an elevator rehab at Fremont; replace roof, wood fence and paint interior common areas at Gideon; repair decks at Primeau; and repair a parking lot at Wildwood Glen.

### **Special Portfolio Housing Program (SP)**

<b>Special Portfolio</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
Operating Expenditures	\$4,129,000	\$4,357,000	\$4,486,000	3%

<b>Full-time Equivalent Positions</b>	<b>2011 Approved</b>	<b>2012 Proposed</b>
Total FTEs	17.2	17.2

The Special Portfolio group manages over 970 units at Local Housing Program facilities, Section 8 Project-based buildings and Limited Partnerships at Alder Crest and South Shore Court. The portfolio serves households with various income levels and income limits vary by property. Depending on the property, limits can be 30 percent, 50 percent, 80 percent, or 100 percent of area median income. Most of these units were acquired using debt financing and the properties need to generate sufficient income to cover debt payment, in addition to meeting all other operating and capital expenses.

Budgets for the Limited Partnerships belonging to this portfolio are included in the final section of the Budget Book. The 2012 Proposed Budget for Special Portfolio will increase by 3 percent over 2011, mainly because of inflationary adjustments. No staffing reductions were taken in this portfolio, as the focus remains on increasing occupancy on a consistent basis and on managing property operations to meet debt coverage requirements. Although reductions were not taken at Special Portfolio, a slight increase in total revenue due to improved occupancy rate is expected to help the portfolio's operation.

**Special Portfolio Work Plan Highlights for 2012 include:**

- ✓ Continue to review the needs of properties with asset management team in order to identify ways to decrease vacancies and expenses while increasing revenues.
- ✓ Evaluate current flow of maintenance and repair work orders and preventative maintenance needs. Develop a plan to incorporate these items into other property projects to be completed by on-site maintenance staff.
- ✓ Evaluate and develop a plan to reduce vacate turnaround times and costs. This plan would address the scope of work, as well as determine which staff will complete the work orders. We will look at ways to streamline work to be completed in the unit to reduce turnaround time while still maintaining marketability.
- ✓ Evaluating bond-funded properties for refinancing to increase property cash flow, reduce debt service requirements, and/or increase funds for capital repairs and replacement reserves.
- ✓ Conduct a comparative review of the performance of Special Portfolio properties managed by SHA versus by outside property management firms and identify lessons learned that could mutually benefit both models.
- ✓ Continue to address interior and exterior appeal of units by replacing items that may be outdated and beyond their useful life.
- ✓ If adopted by the Board, implement the No-Smoking policy throughout the portfolio.

**Admissions**

<b>Admissions Expenditures</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
TOTAL OPERATING	\$1,132,000	\$961,000	\$906,000	(6%)

<b>Full-time Equivalent Positions</b>	<b>2011 Approved</b>	<b>2012 Proposed</b>
Total FTEs	9.8	9.0

The Admissions office manages LIPH and SSHP waiting lists. It draws applicants from the waiting lists and reviews their qualifications as to eligibility and suitability for housing programs. The 2012 proposed budget for Admissions is 6 percent lower than the 2011 budget. The reduction resulted from control of office supply expenses and reduction in contract expenses.

## Admissions Work Plan Highlights for 2012 include

- ✓ Provide approved application files to the LIPH and SSHP portfolios to support the agency efforts to reduce vacancies and unit turnaround time.
- ✓ Provide all customer service functions related to housing applicant intake. This includes staffing the agency call center and customer service facilities, as well as counseling for housing applicants, and outreach to community stakeholders and partners.
- ✓ Develop and implement the customer service process at our new location, which will include integration of services with Section 8 and Impact Property Management, and the flow of business activity into various other departments and divisions at the Central Office.
- ✓ Implement the Yardi Voyager Admissions process across the entire agency. This will include the development of new business processes to replace existing software programs such as MLS, Tenant Selection and Assignment (TSAP), On-line Pre-application, and the IPM/HOPE VI Pre-application system.
- ✓ Implement separate studio wait lists into the Applicant Choice (MTW) program. We anticipate this will decrease the rejection of studio offers by directly targeting applicants who are willing to live in these units.

## Impact Property Services (IPS)

Impact Property Services Expenditures	2010 Actual	2011 Budget	2012 Proposed	% Change 2011-2012
TOTAL OPERATING	\$16,052,000	\$16,019,000	\$15,043,000	(6%)

Full-time Equivalent Positions	2011 Approved	2012 Proposed
Total FTEs	175.50	143.35

For CY 2012, the Impact Property Services' (IPS) operating budget will decrease by a net 6 percent to \$15.0 million. This incorporates a number of reductions in solid waste, landscaping, janitorial, vacate, and building maintenance. The FTE count above includes the HazMat and Capital Construction portions of IPS as well as the staff funded in the operating budget. In total, IPS experienced the largest position reductions in the agency reflecting the substantial decrease in capital funding and projects; changes in operations and service standards affecting IPS work for the housing portfolios; the colocation of administrative and program staff in a leased building where the facility services are provided by the building owner; and, historically low vacancy rates leading to less unit turnover workload.

IPS advances the Agency's mission by providing services that maintain SHA properties to high standards in an efficient manner to the numerous housing portfolio managers. IPS, comprised of nine business units, provides high-quality, bundled property maintenance, repair and renovation services to Seattle's affordable housing industry, both SHA-owned properties and non-SHA owned properties. IPS's lines of business include Maintenance and Repair; Construction; Hazardous Material; Landscape; Janitorial; Pest Control; Fleet Management; Solid Waste; and, IPS Administration.

IPS Staffing will be reduced by 32.15 FTEs, including 0.5 in HazMat and 9.0 in Construction Operations from the 145.0 FTE approved in the 2011 budget. In janitorial, the night crew will be eliminated due to the agency move to a new central office, where janitorial work will be included as part of the new monthly rent payment. There will also be reductions in Janitorial for the day staff serving highrise and SSHP buildings as some common area housekeeping tasks, such as window washing and carpet cleaning are performed less frequently. Landscape staffing is lower as a result of reducing the frequency of services during the non-peak season, while maintaining the peak period service levels at SHA high-rises and SSHP buildings. New goals established for the cost and turnaround time for unit turnover, “vacate” activity will require a lower level of staffing for staff in the building repair and maintenance section of IPS. The new vacate approach establishes an average standard vacate cost of \$3,000 per unit at the Low Income Public Housing and Seattle Senior Housing Program buildings and an average turnaround time of 20 days. The department has also made changes in screening and or filling of work order requests by property managers to achieve efficiencies in ongoing routine repairs.

### ***IPS Work Plan Highlights in 2012 include:***

- ✓ Continue participating in Yardi implementation in the project areas of work orders, inventory, vacate management, preventive maintenance, warranty tracking, building assets, chargeback billing, project management, production and billing data reporting. Participation will increase as the go-live date of October 2012 approaches.
- ✓ Participate in the interdepartmental vacate initiative to reduce vacate costs and turnaround time. Implement revised processes, new standards and cost benefit decision making that support the vacate goals.
- ✓ Work with other departments to further develop the Preventive Maintenance Program to include building specific plans, cost packages, construction standards and closeout guidelines. Develop data reports using the new Yardi system to support effective preventive maintenance and asset management.
- ✓ Continue to implement solid waste recycle program and develop the City’s organics program. Expand recycling program to more communities in order to reduce the amount of high cost garbage tonnage and increase the amount of clean green.
- ✓ Continue to develop and implement successful solid waste diversion and reduction strategies, including monitoring and evaluating the waste stream and educational programs and presentations.
- ✓ Increase the number of solid waste customers. When feasible, actively market and provide fee services to non-SHA affordable housing providers.
- ✓ Provide bed bug expertise and support property management’s communication and education plans with residents. Provide inspections and treatments for infestations. Continue to stay on the cutting edge of strategies, treatments and equipment for bed bug control.
- ✓ Network with other government agencies, public housing authorities, and the pest industry to further develop and implement advances in SHA’s bedbug control programs.
- ✓ Examine IPS’ future role in managing the fleet by completing a feasibility study and cost benefit analysis of partnering with a municipal jurisdiction for fleet services.

- ✓ Examine the possible options to increase fleet utilization efficiency and reduce the fleet size and to use more green vehicles.
- ✓ Revise carpool and vehicle assignments to reduce the number of vehicles at the new Central Office building.
- ✓ Continue IPS review and audit of each monthly Voyager fuel invoice. Initiate a Voyager card committee, composed of members of IPS and Finance, to ensure process compliance with outside audit expectations.
- ✓ Perform Uniform Federal Accessibility Standards (UFAS) modifications and capital improvements in scattered site buildings and provide responsive renovation services for fire jobs and other casualty incidents. Undertake capital project repairs and improvements throughout the housing portfolios consistent with the available budget.
- ✓ Provide hazardous materials consulting, management, abatement, disposal and regulatory permitting, reporting and compliance services for: mold, lead, asbestos, biohazards, air quality, and generated hazardous wastes.
- ✓ Support the Housing Choice Voucher program by providing Lead Based Paint (LBP) compliance expertise to Section 8 staff and LBP assessment and mitigation services to private owners to maintain safety and compliance.

### **Community Supportive Services**

<b>Community Supportive Services Expenditures</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
TOTAL OPERATING	\$3,556,000	\$3,712,000	\$3,343,000	(10%)

<b>Full-time Equivalent Positions</b>	<b>2011 Approved</b>	<b>2012 Proposed</b>
Total FTEs	28.7	25.8

Historically, funding for Community Supportive Services (CSS) has come from SHA funds and a variety of external sources, including federal, state and local grants, foundations, and other agencies. In addition to direct funding, CSS has augmented its services through agreements with many state and local agencies and non-profit organizations that provide services to qualified SHA residents and Housing Choice Voucher participants.

As a result of decreased funding but growing demand for services by residents during this economic downturn, SHA has assumed greater financial responsibility for directly funding the CSS budget. SHA funding for CSS has risen over the years to more than \$3.0 million from approximately \$2.2 million spent in 2008. However, this increased funding level cannot be maintained due to the cuts in overall funding from MTW funding sources. As a result, CSS is in the process of implementing its Strategic Plan to better manage its operations and create efficiencies in the way residents and participants are served, in order to adapt to a declining funding climate.

CSS implemented the first phase of its Strategic Plan by reorganizing its staffing structure. The reorganization is aimed at providing more efficient and dynamic services to residents and program participants. The new staffing model provides a more comprehensive approach that improves the quality and consistency of services. Ten positions were reclassified to the Economic Opportunities Specialist model, while three vacant positions were eliminated and one and a half occupied positions were reduced. These reductions should have minimal impact on our communities, and the new staffing model should improve the services to residents and program participants. Additionally, these reductions are somewhat counterbalanced by a 14 percent increase in grant spending as described in the final section of the budget book.

In 2012, SHA will use HOPE VI Service funds and MTW block grant funding to support the addition of a half time Community Builder at the new community of Lake City Court. In addition, a half-time grant funded Economic Opportunities Specialist will serve the property during the critical first years of the new community. Grant funded initiatives are discussed in more detail in the final section of the budget book.

Despite the difficult funding climate, the reorganization will better enable CSS staff to accomplish SHA's mission in five key areas: 1) Economic and Educational Opportunities; 2) Community Building; 3) Services Coordination and Contracting; 4) Fund Development; and, 5) Youth Education Programming. These key areas of focus will enrich the lives of SHA residents and program participants in achieving economic self-sufficiency and stronger communities.

### ***Work Plan Highlights for Community Supportive Services in 2012 include:***

- ✓ Continue developing a coordinated and effective system to assist residents with economic and educational opportunities by taking a holistic family approach to providing services.
- ✓ Through the Community Builder program, continue to support leadership development, resident and neighborhood councils and associations, and trainings for staff to increase cultural competency and better relationships with housing participants.
- ✓ Based upon feedback from youth, focus on youth services by better managing contracts, coordinating activities, and adjusting the types of services SHA provides.
- ✓ Help resident and participant families access programs and resources funded through the City of Seattle's Family and Education Levy and the Seattle School District.
- ✓ Continue to work with partners to support youth living in SHA communities to succeed academically through youth tutoring, computer labs, and access to educational information and support.
- ✓ Continue to work with partners to support youth to be successful academically. This work will be done through initiatives such as the College-Bound Scholarship Program.
- ✓ Assist residents to gain employment opportunities through case management, Section 3 services, and job placement programs.
- ✓ Based on the findings of the 2012 survey on best practice models for service delivery to seniors, Community Services will work with other SHA departments (i.e. Asset Management and Development) to improve current service delivery and housing models for seniors.
- ✓ Seek external funding opportunities to implement best practice models in new SHA operated housing.

- ✓ Partner with a local non-profit agency to expand mental health case management services to residents at SHA’s high-rise communities.

### **Impact Property Management – HOPE VI Communities and Parks**

<b>Impact Property Management – HOPE VI Administration, New Holly and Others Expenditures</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
<b>TOTAL OPERATING</b>	\$2,266,000	\$3,455,000	\$3,306,000	<b>(4%)</b>

<b>Full-time Equivalent Positions</b>	<b>2011 Approved</b>	<b>2012 Proposed</b>
Total FTEs	51.5	51.9

The above chart accounts for the expenses for Impact Property Management (IPM) administration for the HOPE VI sites, the Campus of Learners at New Holly, Parks maintenance for HOPE VI communities, and New Holly Phase I. Employees funded by the limited partnerships and working in the HOPE VI communities are included in the FTE numbers above but their expenses are carried on the partnership books. The Rainier Vista and Lake City Court HOPE VI properties and IPM, have five existing staff members who started mid-year 2011 who will increase to full time in 2012 (2.5 FTE in 2012). Please see the table at the end of the Budget book for Limited Partnership expenses.

The above chart accounts for the expenses for Impact Property Management (IPM) administration for the HOPE VI sites, the Campus of Learners at New Holly, Parks maintenance for HOPE VI communities, and New Holly Phase I. Employees funded by the limited partnerships and working in the HOPE VI communities are included in the FTE numbers above but their expenses are carried on the partnership books. The Rainier Vista and Lake City Court HOPE VI properties and IPM, have five existing staff members who started mid-year 2011 who will increase to full time in 2012 (2.5 FTE in 2012). Please see the table at the end of the Budget book for Limited Partnership expenses.

In 2010, actual spending is lower due to New Holly I’s conversion from a limited partnership to an SHA tax credit property during the third quarter of the year. In 2012, New Holly I is responsible for the reduction taken in the 2012 budget from the level established in 2011. Significant savings at Holly Park are due to reduced maintenance costs/staff resulting from more efficient vacate practices, reduced contracts, lower landscaping costs, and reallocated labor distributions. Overall costs at the Campus of Learners and Impact Property Management remained approximately the same from 2011 to 2012, excluding the addition of the costs associated with an Accounting Technician added mid-year 2011, but budgeted for the full year in 2012. Parks saw some increase due to the new land, trails and parks at Rainier Vista North East.

IPM manages HOPE VI housing units owned by several limited partnerships, for which SHA serves as the General Partner and Managing Agent – New Holly (Phases I, II, III), Rainier Vista, Lake City Village, and High Point. In 2012, IPM-HOPE VI will manage about 1,680 public housing and tax credit units in these communities, including SHA’s New Holly I Tax Credit property. IPM also oversees operation of the parks and common amenities in these communities. In addition, the Yesler Terrace public housing

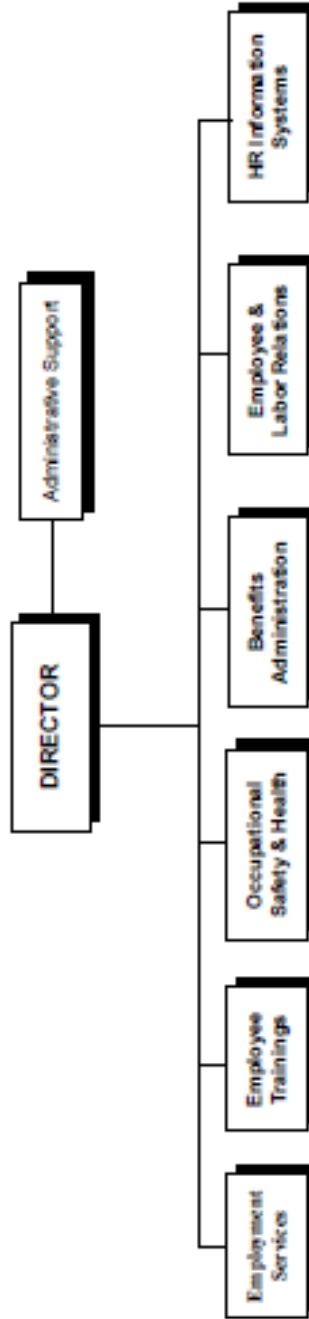
family community, New Holly Campus of Learners, and the Ritz Apartments are also managed by IPM. Budgets for the Limited Partnerships are included in the final section of the Budget Book and Yesler's budget appears in the budget numbers in the Low Income Public Housing section. In 2012, Lake City Court and Rainier Vista North East will be in full operation for the majority of the year. To accommodate for the new units coming on line, four partnership staff members and one IPM staff member that started half way through the year in 2011 will be increased to full time. These increases are partially off set by the reduction of two staff members at existing tax credit properties.

### ***IPM – HOPE VI Work Plan Highlights for 2012 include:***

- ✓ Support the development and growth of new communities, such as Tamarack, Rainier Vista Northeast, and Lake City Court. Staff will continue lease up of new units coming online in 2012.
- ✓ Develop and implement policies and procedures to address emerging issues to assist property managers in doing their jobs most effectively.
- ✓ Actively participate in developing design specifications and configurations and in defining business requirements of interface programs (e.g. the interface for the rent calculations) for the new property management system – Yardi Voyager.
- ✓ Actively participate in the property management and maintenance standards review project, such as vacate cost reduction and rent simplification;
- ✓ Continue to plan and execute the no tobacco smoking policies in the new buildings that have/will come on-line and, if approved by the Board of Commissioners, implement the No Smoking policy to all SHA properties.
- ✓ Actively participate in the development of relocation and phasing plans for Yesler Terrace's redevelopment.
- ✓ Continue to work with the Housing Operations Support Team on developing an efficient utility billing system.
- ✓ Sub-Meter the Snoqualmie and McBride buildings in order to bill residents for water usage as part of the ongoing effort to promote conservation.
- ✓ Complete development and implementation of the Urban Farm to grow organic foods for persons with low income at Rainier Vista.
- ✓ Find ways to increase revenue by collecting on delinquent accounts and charging homeowners for repairs done by IPS maintenance staff.
- ✓ Work with IPS Solid Waste and community partners to ensure a smooth transition to the organics program for the rental units at all HOPE VI sites.

# Human Resources

# HUMAN RESOURCES DEPARTMENT



## Human Resource Budget

Department Expenditures	2010 Actual	2011 Budget	2012 Proposed	% change 2011-2012
Admin Salaries & Temp Help	\$1,097,878	\$1,158,579	\$1,600,527	38%
General and Administrative Expense	268,256	324,011	294,506	(9%)
Tenant Services	--	--	--	
Maintenance & Contracts	115,791	136,539	92,039	(33%)
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$1,481,925</b>	<b>\$1,619,129</b>	<b>\$1,987,072</b>	<b>23%</b>
Less Internal Agency Fees	(\$99,400)	(\$136,213)	(\$118,717)	(13%)
Capital, Grant and Partnership Salaries & Benefits	--	--	--	
<b>TOTAL</b>	<b>\$1,382,525</b>	<b>\$1,482,916</b>	<b>\$1,868,355</b>	<b>26%</b>

Full-time Equivalent Positions	2011 Approved	2012 Proposed
Total FTEs	10.0	9.0

For CY 2012, the Human Resources (HR) Department's proposed operating budget shows an overall increase of 23 percent, from \$1.6 million to \$2.0 million. This increase is the result of a budget set aside for agency-wide unemployment compensation and early retirement. Without this set aside, HR's proposed budget would show a **decrease** of over 6 percent from its 2011 budget level. To achieve this reduction, HR cut its staffing level from 10.0 FTEs to 9.0. Please see the "Department Budgets" summary section at the beginning of this tab for a complete agency-wide review of FTEs. In addition, HR decreased its professional service budget because a compensation study performed in 2011 will not be needed for 2012. The budget to support agency training was also reduced in 2012. However, there will still be sufficient funds available for employee career and skill development. The commuting budget has a small escalation built into it for 2012 to reflect an increase in usage of ORCA transit passes and costs. Employee commuting participation is anticipated to increase in 2012 due to the new public transit friendly central office location.

## Department Purpose and Function

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

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

## Work Plan Highlights

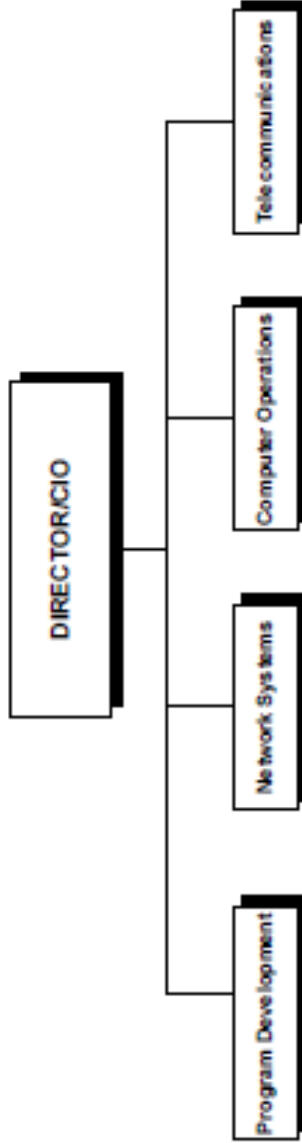
The HR Department’s CY 2012 work plan includes:

- Implement and support the SHA and HR Strategic Plans, which includes advancing the use of technology to increase efficiency and effectiveness in the department. Continue efforts to implement employee career development training and succession planning, as well as process improvement efforts. Participate in Enterprise One, Cybertrain, and Kronos for many core HR data actions and to test system functionality and develop new processes.
- Continue to monitor, review, and implement new federal, state and local laws that are relevant to the Agency’s employment practices. Provide on-going training for HR staff to ensure the Agency’s ability to comply with employment laws and regulations.
- Continue efforts to increase supervisory skills by offering training classes for supervisors and managers. Work with managers and directors to create career development and career paths for employees based on agreed upon goals. Continue training to meet the needs of staff, improve employees’ skills, and comply with federal, state and local employment laws and regulations. Continue utilization of SHA University to advertise in-house training and to implement training information for individual employees.
- Work with managers and directors to utilize Housing TeleVideo Network (HTVN) webinars for employee development. HTVN is offered by the Housing Authority Insurance Group (HAIG) and provides the housing industry with online classes in public and affordable housing.
- Work with our Employee Assistance Provider to coordinate training, referrals, and special interventions regarding incidents affecting SHA staff.
- Develop programs and processes that will continue to reduce the accident rate; thereby, reducing lost time and reducing Workers’ Compensation costs. Develop safety and wellness programs that will reduce work-related injuries and illnesses by increasing awareness via training programs and communication media.
- Continue to provide training (in-house or external trainers) on ladder safety, bloodborne pathogens, hazardous waste, and workplace violence prevention.
- Update the Agency’s Safety and Health Manual, as needed, to ensure compliance with federal and state regulations. Provide safety training and work with the Safety Committees to address the needs of our workforce.
- Continue to strengthen partnership relations with Labor to enhance communications, reduce grievances, and partner to implement SHA’s mission and goals.
- Continue to negotiate with OPEIU to have a revised compensation structure that is financially feasible.

- Conduct negotiations with OPEIU and the Trades for contract extensions beyond December 31, 2012, consistent with SHA's financial capacity and efforts to create efficiencies in operations and contain costs.
- Continue updating the Employment Section of SHA's Manual of Operations, to reflect latest employment laws and regulations to ensure compliance and prevent litigation. The team will be developing a systematic review process that will ensure all policies are reviewed for relevancy.
- Implement updated on-boarding and new employee orientation training processes that reflect unique job responsibilities and requirements.
- Coordinate agency meetings and campaigns, such as the All Staff Meeting, Holiday Brunch, Service Anniversary Luncheon, and Combined Charities Campaign.

# Information Technology

# INFORMATION TECHNOLOGY DEPARTMENT



## Information Technology Budget

Information Technology Department Expenditures	2010 Actual	2011 Budget	2012 Proposed	% Change 2011-2012
Admin Salaries & Temp Help	\$2,109,712	\$2,143,902	\$2,149,995	0%
General and Administrative Expense	782,231	962,642	852,574	(11%)
Maintenance & Contracts	238,326	269,500	199,500	(26%)
Utilities	--	--	--	
<b>TOTAL OPERATING</b>	<b>\$3,130,269</b>	<b>\$3,376,044</b>	<b>\$3,202,069</b>	<b>(5%)</b>
Less Internal Agency Fees	(2,919)	(8,770)	(2,315)	(74%)
Capital, Grant and Partnership Salaries & Benefits		93,832	--	(100%)
<b>TOTAL</b>	<b>\$3,127,350</b>	<b>\$3,461,106</b>	<b>\$3,199,754</b>	<b>(8%)</b>

Full-time Equivalent Positions	2011 Approved	2012 Proposed
Total FTEs	21.5	19.0

In CY 2012, the Information Technology (IT) operating budget will decrease by 5.0 percent to \$3.2 million. The 2012 IT FTE reductions include 0.5 FTE Section 3 employee working on document imaging, the records management position, and computer operator/help desk position. See the "Department Budgets" summary section at the beginning of this tab for a complete list of agency-wide FTE changes. The 2012 IT capital projects budget will be \$643,000, a substantial increase over 2011, reflecting a decision to add servers, add disc space, improve system security, and complete replacement of Neo's with Wyse's along with the move to a new building.

## Department Purpose and Function

The Information Technology Department supports the mission of SHA by providing efficient and creative technology solutions to business problems. It supports the application and operating system software in use at SHA and the computers, telephones and other ancillary equipment used by agency staff. It runs scheduled computer jobs to produce pay advices, invoices, vendor checks and other documents. The department also performs the records storage function for the agency. The department consists of two operating groups, Infrastructure or Network Systems and Applications Development.

Agency staff rely on information technology to perform their jobs effectively and efficiently; to meet legal and regulatory requirements; to provide financial and property management records; and to communicate with the public, applicants for housing, residents, landlords, vendors/contractors, and each other. Automated systems can reduce paper storage costs and reduce the need for manual data entry, asset tracking and other administrative work.

Working with the guidance of the Information Technology Steering Committee composed of senior business department representatives, Information Technology is dedicated to ensuring a stable, reliable and secure computer infrastructure and software to support SHA's computing needs; to maintaining, upgrading and supporting existing software systems; to cost effectively consolidating duplicative or redundant systems; to address the highest priority needs of the agency for new software development or

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

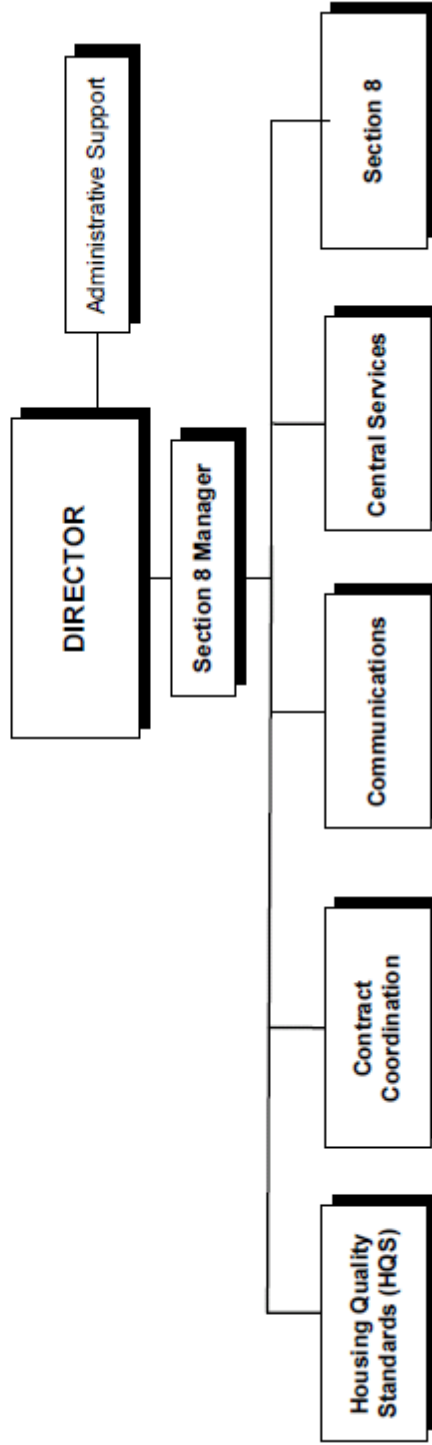
## Work Plan Highlights

Information Technology's 2012 budget request contains the following elements to help further SHA's strategic directions and management strategies and manage expenses:

- Replace SHA's MLS system with a **new property management system**. The new system, called Yardi Voyager, will reduce the number of software products used to manage properties within SHA's sphere of responsibility and track appropriate resident activities (move-ins, move-outs and transfers). The new system will be designed to produce reports required by regulators and to enhance management reports. This multi-year project is in progress in 2011, and the estimated go-live date for the system is October 1, 2012.
- The **primary infrastructure work** will be to relieve a serious shortage of disk storage space and to support the application project activity by installing necessary server computers. In addition, Information Technology department will be involved in the planning and completion of the agency move to new office space. During this process, some old computer-like systems will be replaced with new, more functional workstations.
- Continue to support and enhance the **Enterprise One financial management system** through overseeing and coordinating continual refresher training; troubleshooting and correcting technical system problems as they arise; and enhancing report functions of the system.
- Support implementation of **electronic banking services**, such as remote deposit, e-payables, stored value cards, and electronic rent collection, to increase the efficiency of banking services and reduce their cost.
- Maintain existing **application software, networks and computer infrastructure**, until some of the products are replaced by Voyager. The primary products are EnterpriseOne, MLS, Elite, Kronos, OnBase, eSite, Classic, Citrix and a set of Microsoft products. Over the past several years, IT has worked hard to bring each product up to a current version, which is necessary so that the products interact well with each other and to provide improvements made by the vendors to agency staff.
- Encourage SHA to **reduce the cost of printer support** (labor to update associated software, toner and replacement costs) and to **reduce the cost of PC support** (labor to troubleshoot problems) compared to PC-like workstations by charging back Information Technology expenses based on a weighted formula that charges departments more for each printer and each personal computer.

# Housing Choice Voucher Program

# HOUSING CHOICE VOUCHER PROGRAM



## Housing Choice Voucher Program Budget

<b>Department Expenditures</b>	<b>2010 Actual</b>	<b>2011 Budget</b>	<b>2012 Proposed</b>	<b>% Change 2011-2012</b>
Admin Salaries & Temp Help	\$4,230,534	\$4,588,208	\$4,353,497	(5%)
General & Administrative Expense	4,026,133	4,038,679	4,049,760	0%
Tenant Services	12,210	26,000	13,000	(50%)
Maintenance & Contracts	43,046	100,968	48,701	(52%)
Utilities	-	-	-	-
<b>TOTAL OPERATING</b>	<b>\$8,311,924</b>	<b>\$8,753,855</b>	<b>\$8,464,958</b>	<b>(3%)</b>
Less Internal Agency Fees	(2,602,513)	(2,759,908)	(2,706,381)	(2%)
Housing Assistance Payments	73,550,131	75,662,154	81,480,791	8%
<b>TOTAL</b>	<b>\$79,259,541</b>	<b>\$81,656,101</b>	<b>\$87,239,368</b>	<b>7%</b>

<b>Full-time Equivalent Positions</b>	<b>2011 Approved</b>	<b>2012 Proposed</b>
Total FTEs	61.4	55.4

For CY 2012, the **HCV Program’s operating expenses** will decrease 3 percent below CY 2011 to \$8,465,000. Personnel were reduced by six FTE positions. See the “Department Budgets” summary section at the beginning of this tab for a discussion of FTE reductions agency-wide.

The 2012 budget made significant non-labor operating budget cuts in order to minimize the loss of personnel. These non-labor cuts were offset by increased portability administrative expense. SHA anticipates portability cost will rise more rapidly in 2012 due to increased port outs associated with the award of more than 830 new vouchers. The department was able to meet its target budget by shrinking their fleet size and cost, reducing training, minimizing contracted services, eliminating six positions, five of which are occupied positions. To mitigate these losses the department has sought operational efficiencies such as implementing MTW activities which modernize administration, streamlined utility assistance standards, direct deposits for landlord payments, improved inspection practices, and green office initiatives. Finally, it is anticipated that the Housing Choice Voucher Wait List will remain closed in 2012 reducing both administrative and operational costs.

The budgeted increase in overall **Housing Assistance Payments** (HAP) from the 2011 budget to the 2012 budget results from a several factors:

- (1) *Increased special purpose vouchers have been authorized:* 100 Family Unification Program Vouchers, 37 Veterans Assistance Supportive Housing Vouchers, and approximately 430 Tenant Protection new voucher awards are anticipated in 2011, with an additional 267 Tenant Protection vouchers projected in 2012.
- (2) *Lower participant income leads to higher HAP payments:* Cuts to safety net programs have reduced the incomes of a large population of voucher holders driving up SHA’s rent contribution paid through HAPS.

- (3) *The 2011 increase in the Voucher Payment Standard will increase HAP costs throughout 2012:* The ongoing effects from the 2011 VPS increase are responsible for a substantial portion of the HAP increase in 2012.
- (4) *HAP costs will decrease by a planned drop in MTW voucher utilization in 2012:* Some of the anticipated increase in HAPS costs will be offset by a drop in voucher utilization as SHA continues to keep its wait list closed. In addition, up to 150 households in the Seattle Senior Housing Program that received HAPs in 2011 will be supported with public housing subsidy in 2012 and no longer require HCV subsidy. These vouchers will not be reissued in 2012. Despite an anticipated drop in utilization to an average of 97 percent, more households will be served by the HCV program than in years past due to the award of more than 830 new special purpose vouchers referred to above.

## Department Purpose and Function

The primary responsibility of SHA's Rental Assistance & Advocacy Department is to administer over \$81million annually in federal housing assistance payments serving households in the Housing Choice Voucher (HCV) and Mod-Rehab programs.

The Housing Choice Voucher program's role in supporting the mission of the Housing Authority is to provide a housing subsidy for up to 10,300 households, which, because of their extremely low incomes, would not find decent, safe, and affordable housing without it. The overwhelming majority of participants in the HCV project-based and tenant-based programs and the Mod-Rehab program have incomes below 30 percent of area median income. All pay an affordable rent: 30 percent of income for rent and utilities in the Mod-Rehab and project-based program; and a minimum of 30 percent of income in the tenant-based voucher program. In the tenant-based program participants may select units where they pay up to 40 percent of income for rent and utilities.

The Department is responsible for managing a voucher wait list and project and provider -based and Mod Rehab contracts; determining applicant eligibility and level of subsidy; issuing vouchers; recruiting and screening landlords to provide rental units available to voucher participants; inspecting rental units to ensure they meet housing quality standards; ensuring compliance with HUD and SHA program requirements for participants; re-establishing eligibility annually and during interim household changes; providing information and counseling to assist participants seeking a home in their choice of neighborhoods; recruiting landlords in low poverty neighborhoods; and leading advocacy efforts often in coalitions with others, on behalf of low-income housing and support programs with federal, state, and local governments.

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

The Department also assists SHA in meeting its replacement housing commitments by providing “hard units” through non-profit developers of housing affordable to extremely low income households comparable to the public housing units demolished by redevelopment; and the Department augments the financial viability of the Local Housing program by providing project-based subsidy in many of these units.

## Work Plan Highlights

The HCV department has developed a five year plan for its activities that aligns with SHA’s Strategic Plan and that will guide the 2012 work plan. The primary HCV goals in relation to the Plan are:

- ***Expand housing for low-income residents across Seattle by maintaining and expanding low-income housing stock.***
  - ✓ Expanded the city’s low income housing stock by committing up to 500 project-based vouchers to support projects developed with capital dollars through the 2009 City of Seattle Housing Levy. Vouchers are planned to be allocated throughout the duration of the 7-year Housing Levy at a rate of approximately 70 per year.
  - ✓ The department will apply for vouchers in Seattle buildings eligible for conversion to market rate properties, in order to preserve low-income housing in the city.
- ***Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers.***
  - ✓ The department will continue the work of the past three years to expand housing access and choice. In 2012, we plan to identify additional models for individualized housing search assistance, increase the number of ready to rent classes, incorporate additional counseling tactics into current practices, analyze participant moves across high and low poverty neighborhoods, and recruit landlords with housing in low poverty neighborhoods.
- ***Assist housing participants in gaining access to education and employment opportunities so they can improve their lives.***
  - ✓ Build upon 2011 success with Job Connections Clinics, and College Bound Scholars by expanding our contacts in 2012 to the work force development community. Participants will have information about job fairs, job training programs and career development services.
  - ✓ To support financial stability of participants, the HCV Community Liaison will continue to actively develop partnerships with public agencies providing financial benefits such as the Social Security Administration, DSHS, as well as organizations that offer credit counseling and financial literacy classes.
- ***Provide additional services and increase the stock of housing for low-income seniors.***
  - ✓ The department will continue to respond to HUD requests to administer vouchers when buildings are converted to market rate properties. In 2012 we anticipate 2 buildings converting to market rate, which would need vouchers issued.

- ***Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities.***
  - ✓ Continue advocacy efforts in order to play an important role in educating elected officials at city, state and federal levels. In 2012, continue to advocate for federally funded programs that create healthy SHA communities, such as the Choice Neighborhoods Initiative, ROSS grants and Drug Elimination grants.
  - ✓ In 2012, continue to promote positive activities for youth in communities where SHA has a significant presence. These again include hosting an event to sign-up participants for College Bound Scholarships; collaborating with Neighborhood House and SHA Community Builders to hold workshops on college financing and college applications; and participating on the Higher Education Project, an inter-agency community coalition providing youth and their families in SHA's public housing and Housing Choice Voucher programs with services to help them pursue higher education.
  - ✓ In 2011, our department developed Ready to Rent trainings using culturally appropriate materials for Somali, Vietnamese, and young adult communities. We conduct these trainings to assist the diverse population we serve, as they develop strategies for multicultural community identity, leadership and problem-solving skills. We plan to expand these trainings in 2012. We will continue to offer classes for people in an environment geared to their specific language and cultural needs where possible.

# Fund Summaries

## Introduction

SHA organizes its finances by eighteen different Funds, in addition to the organization by Departments reported in the previous section. Each Fund accounts for activities as defined in the Fund descriptions on each of the following pages. The relationship of the Funds to Department budgets is that a Department may have revenues or expenses accounted for in more than one fund. Each fund may have multiple departments some or all of whose revenues or expenses are accounted for in the Fund. The lists below are the titles of SHA's budgeted funds presented in the subsequent pages.

## CY 2012 Operating Budgets by Funds

Fund MTW	MTW General Fund
Fund 104	Seattle Senior Housing Program
Fund 122	Market Terrace
Fund 125	Community Services
Fund 127	Bayview Tower
Fund 137	Referendum 37
Fund 139	Special Purpose Vouchers
Fund 168	Section 8 Mod Rehab Program
Fund 190	Local Fund
Fund 193	Local Housing Program
Fund 194	For Sale Properties
Fund 195	Parks
Fund 198	Development
Fund 199	Wakefield – Operations and General including Campus of Learners
Fund 351	SHA Tax Credit Properties
Fund 400	Central Services Operating Center
Fund 450	Impact Property Services
Fund 470	Impact Property Management

## MTW General Fund

### MTW Fund

*Under SHA's Moving To new Ways (MTW) contract with HUD, the MTW General Fund (MTW Block Grant). This fund combines revenues from three sources of federal housing support: public housing operating subsidy, public housing capital grant and MTW Housing Choice Vouchers (MTW Block Grant). The fund also accounts for rental income, investment earnings, and other revenue sources for use in public housing operations, capital improvements, Housing Choice Voucher payments, or other activities consistent with the MTW contract and SHA's mission. The fund forecast consolidates these activities plus homeWorks limited partnerships. In 2010, SHA established a new MTW Fund for purposes of our Local Asset Management Plan and the Federal Data Schedule reporting requirements. The new fund will be used to record MTW revenue, transfers to other funds, and expenses of direct-shared activities and services. In 2012, the Seattle Senior Housing Program was incorporated into this fund.*

## CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual <sup>1</sup>	CY 2011 Budget <sup>2</sup>	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ 11,458,261	\$ 11,225,198	\$ 11,425,578
Investment Income	316,442	210,741	48,152
Other Income	1,588,704	1,750,053	1,774,670
MTW Block Grant	122,612,016	120,878,255	116,281,009
Seattle Senior Housing Program			8,559,973
<b>Total Revenues</b>	<b>\$ 135,975,423</b>	<b>\$134,064,247</b>	<b>\$138,089,382</b>
<b>EXPENSES</b>			
Admin. & General	\$22,332,043	\$ 21,147,414	\$ 20,989,322
Housing Assistance Payments	\$68,627,672	69,232,983	71,647,672
Utilities	5,443,063	6,331,914	6,428,340
Maintenance & Contracts	10,657,546	11,681,228	9,990,986
Seattle Senior Housing Program			5,504,035
<b>Total Expenses</b>	<b>\$107,060,324</b>	<b>\$ 108,393,539</b>	<b>\$ 114,560,355</b>
<b>Net Income (Loss)</b>	<b>\$28,915,099</b>	<b>\$ 25,670,708</b>	<b>\$ 23,529,027</b>
Capital and Non Routine	(13,176,224)	(11,428,000)	(12,179,000)
Transfers	(6,981,090)	(11,891,000)	(8,726,000)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 8,757,785</b>	<b>\$ 2,351,708</b>	<b>\$ 2,624,027</b>

<sup>1</sup> The CY 2010 capital amount represents the value of the projects budgeted over multiple years.

<sup>2</sup> The CY 2011 budget was revised to show community service activities as a transfer rather than part of the MTW Budget.

## Seattle Senior Housing Program

### Fund 104

*Seattle Senior Housing Program (Fund 104) was established to account for the activities of housing units acquired and developed for elderly and disabled persons. Originally funded by proceeds of a \$48.1 million senior housing bond issue in 1981, the Seattle Senior Housing Program (SSHP) accounts for the operations of 23 buildings, consisting of 994 housing units managed directly by SHA, and two other buildings, consisting of 67 housing units managed by not-for-profit housing partners. The figures below include Ravenna School Limited Partnership. In 2012, 900 units were moved into the MTW portfolio and became eligible for federal funding. The additional funding will be used to meet operating and capital program needs. The MTW funding will be part of SHA's single fund authority but will be initially dedicated to the future needs of the SSHP.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ 5,487,662	\$ 5,186,102	\$ 4,372,774
Investment Income	9,363	12,454	9,760
Other Income	283,031	188,897	215,439
Subsidy	-	-	3,962,000
<b>Total Revenues</b>	<b>\$ 5,780,056</b>	<b>\$ 5,387,453</b>	<b>\$8,559,973</b>
<b>EXPENSES</b>			
Admin. & General	\$ 2,613,387	\$ 2,685,361	\$ 3,022,155
Utilities	718,628	804,720	875,024
Maintenance & Contracts	1,617,060	1,641,353	1,606,857
<b>Total Expenses</b>	<b>\$ 4,949,075</b>	<b>\$ 5,131,434</b>	<b>\$ 5,504,035</b>
<b>Net Income (Loss)</b>	<b>\$ 830,981</b>	<b>\$ 256,019</b>	<b>\$ 3,055,938</b>
Budget Revision	0	<b>(31,902)</b>	0
Transfers	0	344,200	906,062
<b>Net Reserve Contribution (Loss)</b>	<b>\$ 830,981</b>	<b>\$ 568,317</b>	<b>\$ 3,962,000</b>

## Market Terrace

### Fund 122

*Market Terrace Apartments (Fund 122) is a 30-unit building located in Ballard. The building was acquired in 2002 using tax exempt bond funds and operates under a building-based Section 8 subsidy contract from HUD. The acquisition of this building is intended to preserve affordable housing for low-income people over the long term. A private management company manages this building for SHA.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ 97,486	\$ 106,102	\$ 76,597
Investment Income	410	693	223
Other Income	2,841	2,635	2,880
Subsidy	198,526	205,420	209,412
<b>Total Revenues</b>	<b>\$ 299,263</b>	<b>\$ 314,850</b>	<b>\$ 289,112</b>
<b>EXPENSES</b>			
Admin. & General	\$ 163,878	\$ 189,499	\$ 175,966
Utilities	18,701	18,756	20,544
Maintenance & Contracts	42,435	25,370	25,260
<b>Total Expenses</b>	<b>\$ 225,014</b>	<b>\$ 233,625</b>	<b>\$ 221,770</b>
<b>Net Income (Loss)</b>	<b>\$74,249</b>	<b>\$81,225</b>	<b>\$ 67,342</b>
Less Debt Principal	(38,612)	(46,112)	(41,829)
Transfers	-	-	-
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 35,637</b>	<b>\$ 35,113</b>	<b>\$ 25,513</b>

## Community Services Fund

### Fund 125

*The Community Services Fund (Fund 125) accounts for the revenue and expenses associated with the delivery of community and supportive services benefiting SHA residents and program participants.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	537	-	164
Other Income	36,093	-	-
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 36,630</b>	<b>\$ 0</b>	<b>\$ 164</b>
<b>EXPENSES</b>			
Admin. & General	\$ 3,440,096	\$ 3,630,299	\$ 3,305,735
Utilities	-	-	-
Maintenance & Contracts	98,070	24,500	47,000
<b>Total Expenses</b>	<b>\$ 3,538,166</b>	<b>\$ 3,654,799</b>	<b>\$ 3,352,735</b>
<b>Net Income (Loss)</b>	<b>(\$ 3,501,537)</b>	<b>(\$ 3,654,799)</b>	<b>( 3,352,571)</b>
Transfers	3,512,652	\$ 3,654,799	\$ 3,352,571
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 11,116</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Bayview Tower

### Fund 127

*Bay View Tower (Fund 127) was established to account for the operations of a 100-unit low-income apartment building located in the Denny Regrade neighborhood. Originally constructed with the assistance of a private mortgage insured by the U. S. Department of Housing and Urban Development (HUD), this project currently receives rent subsidies under HUD Project Based Section 8 Contract program.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ 229,204	\$ 260,640	\$ 300,912
Investment Income	610	484	206
Other Income	1,588	(1,085)	(2,949)
Subsidy	701,564	693,216	673,344
<b>Total Revenues</b>	<b>\$ 932,965</b>	<b>\$ 953,255</b>	<b>\$ 971,513</b>
<b>EXPENSES</b>			
Admin. & General	\$ 401,167	400,576	423,749
Utilities	95,548	108,663	112,895
Maintenance & Contracts	217,264	177,458	221,469
<b>Total Expenses</b>	<b>\$ 713,979</b>	<b>\$ 686,697</b>	<b>\$ 758,113</b>
<b>Net Income (Loss)</b>	<b>\$ 218,987</b>	<b>\$ 266,558</b>	<b>\$ 213,400</b>
Less Debt Principal	(51,016)	(54,660)	(54,660)
Transfers	(146,0100)	0	(\$120,000)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 21,971</b>	<b>\$ 211,898</b>	<b>\$ 38,740</b>

## Referendum 37

### Fund 137

*In 1979, voters of the State of Washington approved the Referendum 37 program, which provided \$25 million for the construction of community-based residential facilities for the physically and mentally disabled. Twelve units were constructed by the Seattle Housing Authority using funds awarded under this program. Three properties remain in this fund after the sale of three buildings in FY 2004. Two are leased and operated by not-for-profit agencies and one building is directly managed by SHA.*

### CY 2012 Operating Budget and Fund Forecast

	<b>CY 2010 Actual</b>	<b>CY 2011 Budget</b>	<b>CY 2012 Proposed</b>
<b>REVENUES</b>			
Rental Income	\$53,986	\$ 48,600	\$ 50,733
Investment Income	2,002	2,132	1,655
Other Income	1,228	940	1,094
Subsidy	-	-	-
Total Revenues	\$57,216	\$ 51,672	\$ 53,482
<b>EXPENSES</b>			
Admin. & General	\$14,881	\$ 14,107	\$ 18,668
Utilities	8,742	9,490	9,906
Maintenance & Contracts	5,950	11,965	9,603
Total Expenses	\$29,574	\$ 35,562	\$ 38,177
<b>Net Income (Loss)</b>	\$27,642	\$ 16,110	\$ 15,305

## Special Purpose Vouchers

### Fund 139

*Housing Choice Special Purpose Vouchers are awarded to Seattle Housing Authority in various increments and are not included under the Moving To new Ways agreement. For the CY 2012 budget year, Special Purpose Vouchers include those for the Family Unification Program, Veterans Affairs Supportive Housing, Tenant Protection, and the Mainstream Disability program.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	425	-	-
Other Income	145,516	327,106	591,067
Subsidy	971,648	2,297,516	5,518,116
<b>Total Revenues</b>	<b>\$ 1,117,589</b>	<b>\$ 2,624,622</b>	<b>\$ 6,109,183</b>
<b>EXPENSES</b>			
Admin. & General	\$ 142,888	\$ 296,132	\$ 523,596
Housing Assistance Payments	971,649	2,297,515	5,518,116
Utilities	-	-	-
Maintenance & Contracts	-	4,142	2,696
<b>Total Expenses</b>	<b>\$ 1,114,537</b>	<b>\$ 2,597,789</b>	<b>\$ 6,044,408</b>
<b>Net Income (Loss)</b>	<b>\$ 3,052</b>	<b>\$ 26,833</b>	<b>\$ 64,775</b>
Transfers	0	-	(\$ 64,775)
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 3,052</b>	<b>\$ 26,833</b>	<b>\$ 0</b>

## Section 8 Moderate Rehabilitation Program

### Fund 168

*The Section 8 Moderate Rehabilitation Program (Fund 168) was established to account for SHA's administration of rent subsidy contracts awarded to low-income housing projects whose rehabilitation was carried out with financial assistance from HUD's Moderate Rehabilitation Program. Under this program, HUD provides project-based Section 8 rent subsidies to assist property owners with operating expenses and debt service payments. SHA receives a fee for its administration of the rent subsidy contracts.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	1,480	302	805
Other Income	689,563	556,136	688,200
Subsidy	3,950,810	4,160,207	4,315,003
<b>Total Revenues</b>	<b>\$ 4,641,853</b>	<b>\$ 4,716,645</b>	<b>\$ 5,004,008</b>
<b>EXPENSES</b>			
Admin. & General	\$ 577,118	\$ 627,995	\$ 674,839
Housing Assistance Payments	3,950,810	4,131,656	4,315,003
Utilities	-	-	-
Maintenance & Contracts	12,000	15,000	15,000
<b>Total Expenses</b>	<b>\$ 4,539,928</b>	<b>\$ 4,774,651</b>	<b>\$ 5,004,842</b>
<b>Net Income (Loss)</b>	<b>\$101,925</b>	<b>(\$ 58,006)</b>	<b>(\$ 834)</b>
Transfers	(108,283)	58,006	834
<b>Net Cash Surplus (Deficit)</b>	<b>(\$ 6,358)</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Local Fund

### Fund 190

*The Local Fund (Fund 190) was established a number of years ago with proceeds from furniture rentals to Seattle Housing Authority residents. The Local Fund derives all of its income from investment earnings and contributions. This fund is used to support SHA programs and activities not supported by other government grants or subsidies.*

### CY 2012 Operating Budget and Fund Forecast

	<b>CY 2010 Actual</b>	<b>CY 2011 Budget</b>	<b>CY 2012 Proposed</b>
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	1,537	1,741	1,261
Other Income	-	-	-
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 1,537</b>	<b>\$ 1,741</b>	<b>\$ 1,261</b>
<b>EXPENSES</b>			
Admin. & General	\$ -	\$ 1,741	\$ 1,000
Utilities	-	-	-
Maintenance & Contracts	-	-	-
<b>Total Expenses</b>	<b>\$ 0</b>	<b>\$ 1,741</b>	<b>\$ 1,000</b>
<b>Net Income (Loss)</b>	<b>\$ 1,537</b>	<b>\$ 0</b>	<b>\$ 261</b>

## Local Housing Program

### Fund 193

*The Local Housing Fund (Fund 193) was established to account for the development and operations of low-income and mixed-income housing units acquired through the use of debt financing. This program accounts for about 25 communities with approximately 700 housing units. The transfer into the Local Housing Program Fund is from the MTW Block Grant to support capital replacement reserve requirements.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ 7,015,527	\$ 7,059,694	\$ 7,456,709
Investment Income	1,101,198	1,094,511	1,045,237
Other Income	433,674	215,026	217,519
Subsidy	123,435	192,451	180,536
<b>Total Revenues</b>	<b>\$ 8,673,834</b>	<b>\$ 8,561,682</b>	<b>\$ 8,900,001</b>
<b>EXPENSES</b>			
Admin. & General	\$ 5,276,615	\$ 5,256,305	\$ 5,194,488
Housing Assistance Payments	-	-	-
Utilities	876,236	924,324	971,192
Maintenance & Contracts	1,126,774	1,319,723	1,296,236
<b>Total Expenses</b>	<b>\$ 7,279,625</b>	<b>\$ 7,500,352</b>	<b>\$ 7,461,916</b>
<b>Net Income (Loss)</b>	<b>\$ 1,394,209</b>	<b>\$ 1,061,330</b>	<b>\$ 1,438,085</b>
Less Debt Principal	(1,305,090)	(1,363,962)	(1,373,100)
Transfers	80,200	478,377	192,000
<b>Net Contribution to Reserves (Uses)</b>	<b>\$ 169,319</b>	<b>\$ 175,475</b>	<b>\$ 256,985</b>

## For Sale Properties

### Fund 194

*The For Sale Properties Fund (Fund 194) was established to account for the administrative expenses associated with the sale of buildable lots at the mixed-income communities of New Holly, Rainier Vista, and High Point. The majority of net proceeds from such sales are transferred to support HOPE VI redevelopment activities and obligations. A portion of the proceeds are used to cover SHA administrative costs to support the for Sale program. The 2012 transfer for the For Sale development activity is from the MTW Block Grant*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	61,371	166,624	84,000
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 61,371</b>	<b>\$ 166,624</b>	<b>\$ 84,000</b>
<b>EXPENSES</b>			
Admin. & General	\$ 167,895	\$ 168,633	\$ 178,439
Utilities	58,144	48,000	48,000
Maintenance & Contracts	280,569	362,250	287,000
<b>Total Expenses</b>	<b>\$ 506,607</b>	<b>\$ 578,883</b>	<b>\$ 513,439</b>
<b>Net Income (Loss)</b>	<b>(\$ 445,236)</b>	<b>(\$ 412,259)</b>	<b>(\$ 429,439)</b>
Transfers	\$ 444,995	412,259	429,439
<b>Net Cash Surplus (Deficit)</b>	<b>(\$ 242)</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Parks

### Fund 195

*Parks (Fund 195) was established to account for the operations of several SHA owned parks and greenbelts located in the HOPE VI redevelopments. Originally constructed within the infrastructure development or separately funded budgets, these parks are currently supported by MTW subsidies. SHA would ultimately like to see the costs of maintaining these Parks integrated with the City of Seattle Parks budget.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	24	-	-
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 24</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>EXPENSES</b>			
Admin. & General	\$ 926	\$ -	\$ 23,656
Utilities	21,140	-	28,475
Maintenance & Contracts	251,225	259,582	229,034
<b>Total Expenses</b>	<b>\$ 273,291</b>	<b>\$ 259,582</b>	<b>\$ 281,165</b>
<b>Net Income (Loss)</b>	<b>(\$ 273,267)</b>	<b>(\$ 259,582)</b>	<b>(\$ 281,165)</b>
Transfers	306,348	259,582	281,165
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 33,081</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Development

### Fund 198

*The Development Fund (Fund 198) was established to account for the real estate development and replacement housing activities of the Development Department. This fund is supported primarily by income derived from developer fees and other revenue associated with SHA's development and neighborhood revitalization activities. The fund is expected to accumulate a deficit that is repaid over time as the developer fees are paid, pursuant to the partnership agreements. For the past two years SHA provided an MTW transfer to support costs in excess of expected developer fee revenues. For 2012, we propose to make transfer equal to the projected current year deficit. This transfer will be refined in the future to represent a core level of MTW Block Grant funding for SHA's development activities.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$590	\$ 0	\$ -
Investment Income	1,555,409	184,419	46,450
Other Income	2,293,941	688,106	1,380,041
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 3,849,940</b>	<b>\$ 872,525</b>	<b>\$ 1,426,491</b>
<b>EXPENSES</b>			
Admin. & General	\$ 3,362,368	\$ 2,468,547	\$ 2,728,262
Utilities	101,073	16,644	47,060
Maintenance & Contracts	147,283	166,118	104,988
<b>Total Expenses</b>	<b>\$ 3,610,724</b>	<b>\$ 2,651,309</b>	<b>\$ 2,880,310</b>
<b>Net Income (Loss)</b>	<b>\$ 239,216</b>	<b>(\$ 1,778,784)</b>	<b>(\$ 1,453,819)</b>
Less Debt Principal	(4,665)	(4,584)	(241,601)
Transfers	0	1,785,368	1,695,420
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 234,551</b>	<b>\$ 2,000</b>	<b>\$ 0</b>

## Wakefield

### Fund 199

*The Wakefield Fund (Fund 199) was established to account for operations of the Wakefield Central Office Building, the PorchLight office building, the Operations Support Center, the South Operations Facility, and other non-residential operating or commercial facilities. Building operations and debt service are funded by rents charged to other SHA funds for the space attributable to their program. For presentation purposes, New Holly Campus of Learners facility is included in this fund. The Campus of Learners is a multi-purpose building owned by SHA and leased to building users. This fund also includes Wakefield General, a business unit which accounts for a portion of fee revenue generated from the issuance of tax-exempt conduit bonds. In 2012, SHA will move to a new central administrative office building located at 190 Queen Anne. The Wakefield and PorchLight buildings were sold in 2011 but will continue to operate through the first three months of 2012.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	83,502	79,191	120
Other Income	3,430,238	3,426,586	3,712,671
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 3,513,740</b>	<b>\$ 3,505,777</b>	<b>\$ 3,712,791</b>
<b>EXPENSES</b>			
Admin. & General	\$ 1,439,784	\$ 1,410,047	\$ 2,381,549
Utilities	367,175	406,993	242,873
Maintenance & Contracts	1,031,561	1,216,432	610,045
<b>Total Expenses</b>	<b>\$ 2,838,520</b>	<b>\$ 3,033,472</b>	<b>\$ 3,234,467</b>
<b>Net Income (Loss)</b>	<b>\$ 675,220</b>	<b>\$ 472,305</b>	<b>\$ 478,324</b>
Less Debt Principal	(0)	(290,260)	(131,893)
Transfer	(0)	216,489	(\$ 201,507)
<b>Net Cash Surplus (Deficit)</b>	<b>\$0</b>	<b>\$ 398,534</b>	<b>\$ 144,924</b>

## SHA Tax Credit Properties

### Fund 351

*SHA Tax Credit Properties (Fund 351) is a new fund in 2011 established to account for operations of New Holly Phase I which converted from a limited partnership to an SHA Tax Credit Property in 2010. The property includes a total of 305 residential units which were developed using HOPE VI redevelopment funds. This fund is supported primarily by its rental revenue, plus subsidy for 177 LIPH units is provided by MTW as needed. As tax credit properties owned by limited partnerships reach the end of their compliance periods SHA and Limited Partners agree to dissolve the limited partnerships and convert the properties to SHA controlled ownership, the properties will be added to this fund, unless a different success or ownership structure is determined.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ 706,581	\$ 2,035,227	\$ 2,061,996
Investment Income	1,102	33,568	27,481
Other Income	853	29,745	27,052
Subsidy	117,902	-	-
<b>Total Revenues</b>	<b>\$ 826,438</b>	<b>\$ 2,098,540</b>	<b>\$2,116,529</b>
<b>EXPENSES</b>			
Admin. & General	339,435	\$ 1,201,737	\$ 984,554
Utilities	108,157	310,120	294,299
Maintenance & Contracts	249,748	532,372	568,209
<b>Total Expenses</b>	<b>697,340</b>	<b>\$ 2,044,229</b>	<b>\$ 1,847,062</b>
<b>Net Income (Loss)</b>	<b>\$ 129,097</b>	<b>\$ 54,311</b>	<b>\$ 269,467</b>
Transfer In		458,417	-
Less Debt Principal	-	<b>(135,000)</b>	<b>(135,000)</b>
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 129,097</b>	<b>\$ 377,728</b>	<b>\$ 134,467</b>

## Central Services Operating Center (CSOC)

### Fund 400

*In FY 2007, to follow HUD guidelines for Low Income Public Housing, SHA changed the method of accounting for indirect service costs. Previously, SHA allocated overhead expenses to programs and activities. This generally accepted method of accounting for overhead was replaced by a fee-based system. For CY2009, a fee based system was developed to cover central service activities. Housing and non-housing programs are charged a fee for CSOC services, such as executive administration, human resource, central procurement, accounting, and legal. The fee complies with generally accepted accounting principles and HUD's requirements for a Local Asset Management Plan. The Local Asset Management Plan includes a detailed description of SHA's CSOC fee and is included in the 2012 MTW Plan.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	12,004,693	11,935,916	11,521,464
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 12,004,693</b>	<b>\$ 11,935,916</b>	<b>\$ 11,521,464</b>
<b>EXPENSES</b>			
Admin. & General	\$ 11,428,408	\$ 11,571,817	\$ 11,261,989
Utilities	352	-	367
Maintenance & Contracts	542,006	571,159	409,014
<b>Total Expenses</b>	<b>\$ 11,970,767</b>	<b>\$ 12,142,976</b>	<b>\$ 11,671,370</b>
<b>Net Income (Loss)</b>	<b>\$ 33,926</b>	<b>(\$ 207,060)</b>	<b>(\$ 149,906)</b>
Transfers	467,592	207,060	149,906
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 501,519</b>	<b>\$ 0</b>	<b>\$ 0</b>

## Impact Property Services

### Fund 450

*Impact Property Services (Fund 450) was established to account for solid waste, janitorial, landscaping, fleet management, building maintenance, pest control and hazardous materials abatement services for SHA and other low-income housing providers and private Section 8 landlords. The amount transferred out in 2012 represents funding to the Central Service Operating Cost Center.*

### CY 2012 Operating Budget and Fund Forecast

	CY 2010 Actual	CY 2011 Budget	CY 2012 Proposed
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	11,638	2,590	2,814
Other Income	16,495,956	16,349,944	15,491,059
Subsidy	-	-	-
<b>Total Revenues</b>	<b>\$ 16,507,593</b>	<b>\$ 16,352,534</b>	<b>\$ 15,493,873</b>
<b>EXPENSES</b>			
Admin. & General	\$ 2,314,353	\$ 2,510,591	\$ 2,720,667
Utilities	758,371	861,400	703,372
Maintenance & Contracts	12,932,276	12,595,512	11,563,021
<b>Total Expenses</b>	<b>\$ 16,005,000</b>	<b>\$ 15,967,503</b>	<b>\$ 14,987,060</b>
<b>Net Income (Loss)</b>	<b>\$ 502,593</b>	<b>\$ 385,031</b>	<b>\$ 506,813</b>
Transfers	-	<b>(207,060)</b>	<b>(149,906)</b>
<b>Net Cash Surplus (Deficit)</b>	<b>\$ 502,593</b>	<b>\$ 177,971</b>	<b>\$ 356,907</b>

## Impact Property Management

### Fund 470

*Impact Property Management (Fund 470) accounts for direct expenses associated with the Impact Property Management (IPM) group. The IPM group manages a number of the low-income residential properties owned by SHA, non-profit partners and limited partnerships.*

### CY 2012 Operating Budget and Fund Forecast

	<b>CY 2010 Actual</b>	<b>CY 2011 Budget</b>	<b>CY 2012 Proposed</b>
<b>REVENUES</b>			
Rental Income	\$ -	\$ -	\$ -
Investment Income	-	-	-
Other Income	-	-	-
Subsidy	-	-	-
Total Revenues	\$ 0	\$ 0	\$ 0
<b>EXPENSES</b>			
Admin. & General	\$ 331,760	\$ 333,589	\$ 330,552
Utilities	(29,225)	-	-
Maintenance & Contracts	0	-	-
Total Expenses	\$ 303,891	\$ 333,589	\$ 330,552
<b>Net Income (Loss)</b>	<b>(\$ 303,891)</b>	<b>(\$ 333,589)</b>	<b>(\$ 330,552)</b>
Transfers	0	333,589	330,552
<b>Net Cash Surplus (Deficit)</b>	<b>(\$0)</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

## Capital Improvement Program Summary

The Capital Improvement Program describes SHA's CY 2012 plans in the following areas:

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

Since 1996, SHA has received a number of federal HOPE VI grants for the demolition and redevelopment of five communities. SHA was awarded a HOPE VI grant for Lake City Village in early 2010. Phase I of Rainier Vista opened in 2005; the proposed budget includes funds to complete Rainier Vista Northeast rental housing in 2012.

SHA's other HOPE VI projects were Westwood Heights (Roxbury), completed in 2004, New Holly, completed in 2005 and High Point, completed in 2010 (except for Phase II market rate housing).

For CY 2012, SHA budgeted modernization and renovation projects. Public Housing capital spending for 2012, including capital planning, is \$9.6 million, a decrease of about \$1.4 million from the CY 2011 budget; the decrease is due to a reduction in federal funding. New Public Housing grant funds of \$1.0 million are expected to be brought into the Seattle Senior Housing Program in 2012. The initial year of their ten-year capital plan to address major rehabilitation of building envelopes and elevators has a budget total of \$1.9 million. Approximately \$1,424,000 is budgeted for the Special Portfolio/Local Housing Program. Low Income Housing Tax Credit partnerships will spend \$1.345 million of their reserves for maintenance and non-routine activities. Miscellaneous capital expenditures and management improvement through technology projects are budgeted for \$825,000.

The tables below describe the projected sources and expenditures for CY 2011 and CY 2012. Sources reflect a 16.4 percent decrease in capital funding compared to 2011, and 2012 projected capital expenditures are 38.8 percent below 2011. The decreases are mainly the result of less American Recovery and Reinvestment Act (ARRA) funding and HOPE VI redevelopment effort.

<b>Summary of SHA Capital Sources</b>	<b>CY 2011</b>	<b>CY 2012</b>
Public Housing (MTW portion)	\$ 12,950,000	\$ 11,267,000
Seattle Senior Housing (MTW portion)	636,000	1,010,000
Seattle Senior Housing Operating Subsidy	--	2,952,000
Special Portfolio/Local Housing Reserves	475,000	831,000
Short and Long Term Financing	--	12,650,000
Tax Credit Equity to Leschi Project	--	2,300,000
Use of Prior Year Resources – ARRA	10,375,000	--
Use of Prior Year Resources – Mixed Finances	21,545,000	9,755,000
HOPE VI Grant Funds	3,100,000	--
homeWorks Reserves	754,000	577,000
Limited Partnership Reserves	414,000	768,000
Facilities and Impact Property Services Reserves	320,000	161,000
Prior Year Capital Pipeline funding for Brownfield consultant	--	80,000
City, State and Federal Grants	<u>4,060,000</u>	<u>3,295,000</u>
<b>TOTAL SOURCES</b>	<b>\$ 54,629,000</b>	<b>\$ 45,646,000</b>

The following table compares 2011 vs. 2012 projected capital expenditures:

<b>Summary of SHA Capital Expenditures</b>	<b>CY 2011</b>	<b>CY 2012</b>
Mixed Finance HOPE VI Redevelopments	\$ 26,320,000	\$ 4,910,000
Public Housing (MTW portion)	10,977,000	9,554,000
Public Housing (Non-MTW portion)	8,710,000	1,225,000
Seattle Senior Housing Program (MTW portion)	4,922,000	1,982,000
Seattle Senior Housing Program (Non-MTW portion)	--	11,640,000
Special Portfolio/Local Housing	605,000	1,424,000
Agency-wide allowance	707,000	--
LIPH Tax Credit Partnerships	1,168,000	1,345,000
Management Improvement through Technology	--	643,000
Miscellaneous Capital	<u>358,000</u>	<u>182,000</u>
<b>TOTAL CAPITAL</b>	<b>\$ 53,767,000</b>	<b>\$ 32,905,000</b>

## HOPE VI Redevelopment

This section gives an overview of SHA's community redevelopment under the federal HOPE VI program. CY 2012 expenditures for SHA's HOPE VI redevelopment are estimated to be \$5 million.

The HOPE VI program has provided seed money for the complete rebuilding of five communities. Upon completion of these redevelopments:

All original units on site will have been demolished.

All streets and infrastructure will be redesigned and rebuilt.

All new rental housing affordable to households with incomes from zero to 80 percent of area median income will have been built.

All low-income units will have been replaced either on-site or elsewhere in Seattle by SHA or in partnership with a wide variety of non-profit partners.

New community facilities will be available to reconnect these formerly isolated pockets of poverty to their surrounding neighborhoods.

New for sale housing, at a wide range of prices, will bring homeowners into the communities.

## Rainier Vista

In 1999, SHA was awarded \$35 million in HOPE VI grants to redevelop Rainier Vista, a 481-unit World War II era garden community in Southeast Seattle. The grant funds have leveraged over \$92 million in other federal and non-federal resources.

<b>Rainier Vista Sources</b>	<b>Phase I Budget</b>	<b>Phase II Budget</b>	<b>Total</b>
HOPE VI Revitalization Grant	\$ 20,645,000	\$ 9,450,000	\$ 30,095,000
Bonds	22,500,000	25,195,000	47,695,000
Tax Credit Equity	12,387,000	9,512,000	21,899,000
Land Sales Proceeds	14,260,000	--	14,260,000
Scattered Sites Proceeds	--	7,265,000	7,265,000
Economic Stimulus funds (ARRA)	--	20,380,000	20,380,000
SHA Note	--	10,400,000	10,400,000
MTW Block Grant	--	2,600,000	2,600,000
Other	<u>11,113,000</u>	<u>927,000</u>	<u>12,040,000</u>
Subtotal	\$ 80,905,000	\$ 85,729,000	\$ 166,634,000
HOPE VI Revitalization Grant (Community and Supportive Services and Relocation)	<u>4,905,000</u>	<u>--</u>	<u>4,905,000</u>
<b>TOTAL</b>	<b>\$ 85,810,000</b>	<b>\$ 85,729,000</b>	<b>\$ 171,539,000</b>
<b>TOTAL PROGRAMMED SOURCES</b>	<b>\$ 85,810,000</b>	<b>\$ 65,549,000</b>	<b>\$ 151,359,000</b>
<b>Less Short Term Financing</b>		<b>\$ 20,180,000</b>	

The project uses for Phase II are budgeted as follows:

<b>Rainier Vista Phase II Uses</b>	<b>Infrastructure</b>	<b>Housing</b>	<b>Total</b>
Infrastructure	\$ 21,509,000	\$ --	\$ 21,509,000
Housing construction	--	29,820,000	29,820,000
Design and permits	3,170,000	4,770,000	7,940,000
Financing costs	<u>--</u>	<u>6,280,000</u>	<u>6,280,000</u>
<b>TOTAL USES</b>	<b>\$ 24,679,000</b>	<b>\$ 40,870,000</b>	<b>\$ 65,549,000</b>
<b>2012 Expenditures</b>			<b>\$ 4,910,000</b>

Tamarack Place, a mixed-use building with 83 rental-housing units, was completed in 2011. The commercial spaces at Tamarack Place are expected to be leased in early 2012. Construction was done to Seattle City Light Built Smart and Washington's Evergreen construction standards.

Rainier Vista Northeast will have 118 rental housing units with park and trail amenities. It will be completed in 2012 and all units are expected to be leased by mid-2012. Construction was done to Evergreen Development Standards for energy efficiencies and healthy living environments. For-sale properties at the Northeast site will be marketed to affordable homebuilders.

## Other Development Projects

### Yesler Terrace – Steam Plant Redevelopment

Seattle Housing Authority received a HUD award of \$3.1 million as "seed" funding toward development of early childhood education and adult training facilities for public housing residents. According to a HUD official, "As President Obama has said, if America is to win the future, we need to out-educate the rest of the world. This funding helps public housing agencies that want to provide these services but lack the resources."

The educational facility will serve to strengthen the community. The grant will allow the Steam Plant to be preserved as Yesler Terrace's only uniquely modernist building. It will serve to remind us of the neighborhood's history and it will become a permanent home for important self-sufficiency services in the community. The new center will house Neighborhood House's Head Start program, Catholic Community Service's Youth Tutoring program, an Express Credit Union for affordable financial services, a job training center and Seattle Housing's employment opportunity services. The location is ideal. It is centrally located near transit, has big rooms with high ceilings, and western exposure with large windows to create light-filled spaces. Once completed, Head Start and Youth Tutoring will be able to re-locate from their current Yesler Terrace spaces. Construction is expected to begin in summer of 2012 and take about a year.

The grant was awarded under HUD's Capital Fund Education and Training Community Facilities (CFCF) Program. This program provides capital funding to Public Housing Agencies for the construction, rehabilitation, or purchase of facilities to provide early childhood education, adult education, and job-training programs for public housing residents based on an identified need. SHA will match the project with \$1.9 million.

<b>Steam Plant at Yesler Terrace</b>	<b>Total</b>
CFCF Grant	\$ 3,109,000
SHA Matching funds	1,875,000
<b>TOTAL</b>	<b>\$ 4,984,000</b>

The project uses are budgeted as follows:

<b>Steam Plant at Yesler Terrace</b>	<b>Total</b>
Abatement and demolition	\$ 1,012,000
Construction	3,150,000
Design, Engineering and permitting	822,000
<b>TOTAL</b>	<b>\$ 4,984,000</b>
<b>2012 Expenditures</b>	<b>\$ 1,145,000</b>

## Leschi House

SHA is planning a rehabilitation and addition for Leschi House with tax credit equity and mixed financing. Part of the building will be rehabilitated with a complete replacement of the exterior stucco wall system including new windows. Other improvements to the existing building include limited upgrades to the site and building common areas and the refinishing of unit interiors including replacement of cabinet fronts and counters, appliances and select plumbing fixtures. The addition will include 35 one-bedroom units including a minimum of five fully accessible units. The overall development costs are approximately \$17.5 million of which \$10.9 million is construction related. The financing is expected to close in July 2012 with construction starting soon after. It should be about 30 percent complete by the end of 2012 with the remainder being completed by fall 2013.

<b>Leschi House Sources</b>	<b>Total</b>
Short and long term financing	\$ 12,000,000
Federal Home Loan Bank funds	600,000
City of Seattle, Office of Housing various	2,695,000
Tax Credit Equity	2,300,000
<b>TOTAL</b>	<b>\$ 17,595,000</b>

The project uses are budgeted as follows:

<b>Leschi House Uses</b>	<b>Total</b>
Site acquisition	\$ 2,750,000
Construction	10,865,000
Design, Engineering and permitting	1,504,000
Financing costs	2,476,000
<b>TOTAL</b>	<b>\$ 17,595,000</b>
<b>2012 Expenditures</b>	<b>\$ 7,940,000</b>

## Public Housing and Overall Asset Preservation Funding

Funding for capital needs in public housing communities comes from SHA's annual Capital Grant from HUD and from bonds supported by future grants. The 2012 Capital Grant was allocated to the groups and in the amounts shown below. Project descriptions are in the chart at the end of this section.

<b>CAPITAL PROJECTS</b>		
<b>Summary of Capital Projects by Housing Type and Fund Source</b>	<b>CY 2011 Budget</b>	<b>CY 2012 Budget</b>
<b><i>MTW Funded Capital Budget for Public Housing</i></b>		
High-Rises	\$ 250,000	\$ 543,000
Scattered Sites	790,000	767,000
Jefferson Terrace	845,000	1,000,000
Yesler Terrace	98,000	55,000
Minor Repair, Replacement and Rehabilitation	194,000	243,000
Predevelopment – Yesler Terrace planning	3,000,000	1,425,000
Program Administration	1,493,000	1,391,000
Debt Service for homeWorks projects	3,012,000	3,004,000
Indirect Services Fee	<u>1,295,000</u>	<u>1,126,000</u>
<b>MTW Funded Capital Budget TOTAL</b>	<b>\$ 10,977,000</b>	<b>\$ 9,554,000</b>

***Non-MTW Funded Capital Budget for Public Housing***

Steam Plant redevelopment at Yesler Terrace	--	\$ 1,145,000
Brownfield clean-up for three communities	--	\$80,000
Denny Terrace major rehabilitation	\$ 8,000,000	--
Westwood Heights	10,000	--
Jefferson Terrace respite care facility	<u>700,000</u>	<u>--</u>

**Non-MTW Funded Capital Budget for Public Housing**

<b>TOTAL</b>	<b>\$ 8,710,000</b>	<b>\$ 1,225,000</b>
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***Capital Projects for Senior Housing Properties***

Fremont	--	\$ 300,000
Daybreak	--	35,000
Gideon-Mathews Gardens	--	177,000
Phinney Terrace	--	992,000
Primeau Place	--	75,000
Wildwood Glen	--	28,000
Minor Repair, Replacement and Rehabilitation	--	274,000
Indirect Service Fee	<u>--</u>	<u>101,000</u>

**Capital Projects for Senior Housing Properties**

<b>TOTAL</b>	<b>\$ 4,922,000</b>	<b>\$ 1,982,000</b>
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***Capital Projects for Other Housing Properties***

Special Portfolio	\$ 605,000	\$ 862,000
Limited Partnership Capital Projects	1,168,000	1,345,000
Agency-wide allowances	707,000	--
Non-residential Facilities Projects	<u>358,000</u>	<u>182,000</u>

**MTW & Non-MTW Funded Capital Projects for Other Housing Properties TOTAL**

	<b>\$ 2,838,000</b>	<b>\$ 2,389,000</b>
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<b>TOTAL ASSET PRESERVATION PROJECTS</b>	<b>\$ 27,446,000</b>	<b>\$ 15,150,000</b>
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Similar to the last few years, the 2012 Capital budget includes allowances for Minor Repair, Replacement, and Rehabilitation (MRRR) Projects for each SHA housing portfolio. The MRRR allowances are funded on a two-tier basis. Area Administrators and senior portfolio managers have the resources to address small repairs, replacement of furnishings, fixtures or equipment not funded elsewhere, and/or small-unforeseen urgent or emergency projects. The Asset Management Team will work with portfolio managers and Finance to define eligible projects.

## Seattle Senior Housing Program

We have proposed to HUD to bring Public Housing Operating and Capital grants into the Seattle Senior Housing Program. This infusion of funds will, in particular, allow the SSHP portfolio to address the ten-year capital plan to rehabilitate the exterior envelopes of SSHP buildings experiencing significant water intrusion and rehabilitate or replace elevators. In the past, SHA combined MTW capital grant funds and SSHP capital replacement reserves with City grant funds to expand work to address building envelope and window replacement priorities. We projected that substantial additional resources will be required to fully address these problems. The CY 2012 HUD-funded capital improvement budget targets one additional building for exterior rehabilitation, one for elevator rehabilitation, and numerous buildings for normal age-related repairs and replacements. The individual buildings for 2012 are in the chart at the end of the Capital Section. The CY 2012 budget also provides a minor repair, replacement and rehabilitation allowance for small repair and replacement needs at various buildings.

<b>Summary of SSHP Capital Projects</b>	<b>CY 2011 Budget</b>	<b>CY 2012 Budget</b>
Water Intrusion Repairs and study	\$ 4,820,000	--
Exterior Improvements	21,000	\$ 1,262,000
Interior Improvements	--	45,000
Elevator rehabilitation	23,000	450,000
Fire Hose replacement	13,000	--
Minor repair, replacement and rehabilitation	<u>45,000</u>	<u>124,000</u>
<b>TOTAL<sup>1</sup></b>	<b>\$ 4,922,000</b>	<b>\$ 1,881,000</b>

Capital fund allocations from HUD for Senior Housing units will remain with this portfolio, no Senior Housing capital grant dollars will be diverted to other housing programs. We will continue to work with the SSHP Rent Policy Advisory Committee this year and in 2012 to transition to some revised policies and procedures from the Public housing Program, while maintaining the distinctive features of the SSHP program and identity.

## Special Portfolio

SHA owns housing acquired with a variety of financing plans and two Section 8 New Construction buildings. Capital improvements budgeted for these buildings total \$1,424,000. Individual project descriptions are in the chart at the end of the section. The CY 2012 capital work focuses on exterior improvements to siding, doors, parking lots, dumpster areas, decks, fences, windows, and signage improvements. Interior improvements in the CY2012 capital budget include conversion from smoke detectors to combination CO and smoke detectors, modification to accessible units, repairs to shower pans, boilers, mail room, carpet replacements, installation of blinds, halls and stairwells painted, heaters added to bedrooms, vents connected to outside, and water tank replacement.

## Low Income Housing Tax Credit Limited Partnerships

SHA is a general partner in fifteen tax credit limited partnerships. Some of the partnerships have leveraged HOPE VI funding while others have leveraged grant funding. The limited partnerships have a capital repair, replacement and rehabilitation budget of \$1.3 million funded from replacement reserves required under the partnership agreements. Individual project descriptions are in the chart at the end of this section.

## Management Improvement through Technology

SHA will implement new property management software; implement changes to software that will interface with the new Voyager (Yardi) software; and, convert current operations to the new single property management software support. Funds for the replacement of out of date technology infrastructure and additional computer hardware storage space are also included. Additionally, funds are included for replacing obsolete PCs and thin clients and for updating the agency firewall to protect system security and accommodate newer internet technology. A small portion of this expenditure will be funded from prior year sources.

<sup>1</sup> Total Seattle Senior Housing projects is \$1,881,000 add to that the indirect services fee of \$101,000 and total capital expenditures equals \$1,982,000.

## **Miscellaneous and Non-Routine**

Miscellaneous and non-routine capital expenditures of \$182,000 will support repair of a lobby floor and exterior painting. Vehicle and equipment repair and replacement is budgeted for \$161,000 out of the above total.

## **New Acquisition, Development, and Planning Replacement Housing**

As part of our redevelopment efforts, SHA has committed to replacing all demolished public housing units in the redeveloped communities on a one-for-one basis, either on-site or off-site. Off-site replacement at Holly Park was completed in CY 2008. SHA will look at existing SHA-owned properties or partnership opportunities with non-profits to meet our High Point and Rainier Vista replacement-housing goals. SHA plans to complete the Rainier Vista replacement-housing goal by acquiring or designating the final 66 units in 2012. SHA will distribute fifty High Point replacement vouchers in 2012 through a competitive process.

## **Scattered Site Reconfiguration Program**

SHA completed reconfiguring the Scattered Site public housing portfolio by replacing up to 200 of the scattered site units with ones that are more cost-effective to manage and are in better locations to serve residents' needs. Sale proceeds will be used to replace Scattered Site housing, as appropriate opportunities arise. Replacement housing will be included in the Rainier Vista redevelopment project and the remaining Rainier Vista units will be ready for residents in 2012. In 2012, Asset Management will lead a process to evaluate further opportunities for repositioning the portfolio to increase its cost effectiveness.

## **Housing Acquisitions/Development**

SHA plans to continue to maintain and improve its current stock of housing. New property development in 2012 is planned only for the Leschi project wing addition.

## **Predevelopment Working Capital – Pipeline Projects**

SHA has properties throughout the Seattle area and is discussing future housing development with potential partners. We have not budgeted new funds for feasibility studies or exploratory development planning in 2011. SHA created a revolving fund for reimbursable predevelopment activities in 2010 that may be used in 2012 in anticipation of mixed finance funding for initial work at Yesler Terrace. The funds will be used for planning work on projects that are ready for predevelopment, where permanent financing will repay the predevelopment cost and for cash flow to bridge receipt of payment of planning funds for projects.

## Future Capital Financing

SHA, along with housing authorities throughout the country, faces significant challenges to meet growing capital needs. Our challenges are finding adequate capital resources:

- To preserve and prolong the life of our existing housing stock;
- To address emergent conditions such as water intrusions;
- To add new and replacement units;
- To respond to funding challenges of major redevelopment activities;
- To identify resources for a development reserve fund to serve as a hedge against the volatility of development projects and their funding;
- To assemble viable mixed financings that pencil out for development and rehabilitation projects and their subsequent operations.

The economic uncertainty that includes the polarized chambers of Congress, the collapse of credit markets, and the national and local decline of the housing market has created new and added pressures. We will need to pay close attention to the changing realities of the credit markets, the evolving condition of the local housing market and our own overall financial capacity as we address financing to complete existing projects and think about future financing structures. We may also want to reassess some of our development approaches when balancing the costs and risks of development.

## 2012 Capital Program Activities -- Individual Project Descriptions

### MTW Grant-funded Activities

Community	Planned activities	Budget
<b>Low Income Public Housing Projects</b>		
Jefferson Terrace	Replace the steam heating system and decommission trash chute.	\$ 1,030,000
LIPH - Scattered Sites	Provide an allowance for moss removal, appliance replacement, sidewalk repairs, and hazardous materials abatement. For specific buildings: investigate water intrusion, continue UFAS unit modernization per agreement, repair chimneys, install 24/7 fans, repair soffits, repair decks, repair siding, paint exterior, replace certain roofs, repair common area lighting, upgrade fans, fixtures and thermostats, and repair gate.	766,578
LIPH - High rises North	Provide an allowance for minor repair, replacement and rehabilitation, allow for abatement of floors in vacant units. For specific buildings: repair padding at playgrounds and decommission trash chute.	44,000
LIPH - High rises South	Provide an allowance for minor repair, replacement and rehabilitation, allow for abatement of floors in vacant units. For specific buildings: add entry ACAM, decommission trash chutes, repair stairwell, resurface roof deck, repair elevator pit, and replace carpet.	468,700
Yesler Terrace	Replace heaters, abate or replace subfloor in three units, repair sidewalk and parking lot, trim trees and remove debris.	55,000
Portfolio wide	Allowance for minor repair, replacement and rehabilitation	243,000
<b>Low Income Public Housing Subtotal</b>		<b>\$ 2,607,278</b>
<b>Special Portfolio Projects</b>		
Norman Street	Replace fencing.	\$ 31,000
<b>Special Portfolio Subtotal</b>		<b>\$ 31,000</b>
<b>Planning and Predevelopment Projects</b>		
Yesler Terrace	Yesler Terrace Redevelopment Planning including preliminary plat, financial analysis, DPD coordination, transaction and communications and legal services.	\$ 1,425,000
<b>Planning and Predevelopment Subtotal</b>		<b>\$ 1,425,000</b>
<b>Non-residential Facilities Projects</b>		
Center Park	Repair lobby flooring.	\$ 4,000
MLK	Paint exterior building.	16,700
<b>Non-residential Facilities Subtotal</b>		<b>\$ 20,700</b>



## Other Facilities Capital Needs

Various	Vehicle repair and replacement.	\$ 161,000
<b>Other Facilities Capital Needs subtotal</b>		<b>\$ 161,000</b>
<b>Special Portfolio Projects</b>		
Alder Crest Apartments	Install exterior lights, re-work sanitary sewer, and install CO and smoke detector combinations sensors.	\$ 38,900
Bay View Tower	Modify accessible units, replace shower pans, replace boiler, replace kitchen ballast, grade dumpster landing, replace intercom, repair mailboxes and mail room, repair damage from graffiti, replace certain exterior furniture.	289,690
Beacon Housing ACRS	Install pigeon spikes on and around the rooftop, install CO and smoke detector combination sensors.	1,560
Delridge Triplexes	Repair siding and trim and seal decks.	5,000
Lake City Commons	Replace interior hallway carpet, paint hallways, and install vertical blinds in community room.	28,850
Lam Bow Apartments	Sand and stain all unit entry doors.	4,500
Longfellow Creek Apartments	Repair entrance and exit gates, repair parking lot A, replace stairwell carpet, restripe parking lot, paint interior halls and stairwells, repair sunken parking lot area.	75,310
Main Street Apartments	Fence dumpster area.	3,500
Main Street Place	Replace common area carpet on second floor.	2,592
Market Terrace	Replace hall carpets, install heaters in bedrooms, and connect third floor vents to outside.	38,480
Mary Avenue Townhomes	Replace carpet in units with vinyl.	6,240
Montridge Arms	Repair decks, replace twelve hot water tanks, and investigate other deferred maintenance items.	41,804
Ravenna Springs	Replace siding and windows, replace wood fence, replace windows, repair or replace siding and paint. Repair driveway and sidewalk, wash vinyl siding and paint trim.	109,806
Telemark Apts.	Replace canopy.	1,175
Wedgewood Heights East	Replace interior hallway carpeting, replace flooring for balconies.	47,000
Wisteria Court	Repair cracked and depressed garage entrance; install CO and smoke detector combination sensors.	21,630
Yesler Court	Paint interior halls and stairwells.	9,980
Special Portfolio	Allowance for Minor repair, replacement and rehabilitation	105,400
<b>Special Portfolio Subtotal</b>		<b>\$ 831,417</b>

**CY 2012 Limited Partnership Capital Projects**

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

**CY 2012 Redevelopment/Rehabilitation Capital Project Expenditures**

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

## Grant Program Descriptions

In CY 2012, grant expenditures for community services and technical assistance activities are budgeted at \$984,000 as detailed below.

Service Grant	Total Award	CY 2012 Budgeted Receipts	Grant Award Period
<b>ROSS Service Coordinators Program Grant 2010</b>	\$708,759	\$243,283	6/24/2011 to 6/23/2014
<p>Seattle Housing Authority received the Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators grant of \$708,759 from the US Department of Housing and Urban Development. This grant will help fund services to help low-income residents achieve their self-sufficiency goals. This grant is part of \$31 million awarded nationally to some 110 public housing authorities, resident associations and nonprofit organizations under HUD's Resident Opportunities and Self Sufficiency (ROSS) Service Coordinators Program. The funding will support three full-time staff positions at the Seattle Housing Authority. These case workers will assist public housing residents, particularly at NewHolly and Yesler Terrace. Staff will work with residents to set goals pertaining to employment, education, savings accounts, budgeting or homeownership and then help them connect to the resources they need to achieve their goals. The grant will fund staffing for three years.</p>			

Service Grant	Total Award	CY 2012 Budgeted Receipts	Grant Award Period
<b>Housing Choice Voucher Family Self- Sufficiency (FSS) Coordinator</b>	\$345,000	\$345,000	1/1/12 to 12/31/12
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists participants in their efforts to become self-sufficient. FSS staff will provide one-on-one support, referral and follow-up with community resources; link participants with employment and training opportunities offered by local service providers, and, develop partnerships to facilitate participant success. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home or for other approved self-sufficiency uses.</p>			

Service Grant	Total Award	CY 2012 Budgeted Receipts	Grant Award Period
<b>Public Housing Family Self-Sufficiency</b>	\$69,000	\$69,000	6/15/11 to 6/14/12
<p>The Family Self-Sufficiency (FSS) Coordinator Grant supports salary and benefit costs to operate the FSS program, which assists participants in their efforts to become self-sufficient. FSS staff provide one-on-one support, referral and follow-up with community resources; link participants with employment and training opportunities offered by local service providers, and, develop partnerships to facilitate participant success. FSS participants may earn an escrow credit, based on increases in their earned income and rent. The escrow funds are deposited into an account which may be used to continue their education, small business start-up, provide a down payment to buy a home or for other approved self-sufficiency uses.</p>			

Service Grant	Total Services Award	CY 2012 Budgeted Services Receipts	Grant Award Period
<b>Sound Families Initiative</b>	\$400,000	\$19,840	2/1/07 – 12/31/17

This grant award from the Gates Foundation under the Sound Families Initiative included \$400,000 of capital funding for 20 new public housing units at High Point, and \$400,000 for case management services for 30 formerly homeless families living in units at Wisteria Court (10 units) or High Point (20 units). The funding dedicated to services is used to support a ten year contract with Family Services which has two full-time case managers working with the 30 families.)

Service Grant	Total Award	CY 2012 Budgeted Receipts	Grant Award Period
<b>Robert Wood Johnson Foundation</b>	\$206,957	\$56,909	11/30/09-11/30/12

The King County Housing Authority (lead agency) in partnership with the Seattle Housing Authority (SHA) and Seattle King County Public Health was awarded a Healthy Kids Healthy Communities grant from the Robert Wood Johnson Foundation to reduce childhood obesity through supporting healthy eating and active living for children. The SHA targeted communities are High Point and New Holly. SHA is using its portion of the grant award to cover the costs of a part-time Public Health Coordinator.

An Extension will be requested for the Robert Wood Johnson Foundation grant.

Service Grant	Total Award	CY 2012 Budgeted Receipts	Grant Award Period
<b>Lake City Village HOPE VI Grant</b>	\$524,086	\$235,799	12/9/2009-6/9/2013

This funding will be used at Lake City Village to support employment services provided by the Job Connection program and a contract with Children's Home Society in order to operate the onsite computer lab. Additional uses include community building activities, supportive services activities, and various other functions at the Lake City Village redevelopment.

Service Grant	Total Award	CY 2012 Budgeted Receipts	Grant Award Period
<b>Communities Putting Prevention to Work-Smoking Cessation</b>	\$168,668	\$13,835	7/21/2010-3/19/2012

Seattle Housing Authority (SHA) will complete this scope of work supported by a Communities Putting Prevention to Work (CPPW) Tobacco Prevention grant from Seattle – King County Public Health. The funding will be used to reduce adult tobacco use, reduce teen tobacco initiation, reduce secondhand smoke exposure and reduce health inequities related to tobacco use. SHA is committed to smoke-free living environments and this grant supports this aim and assists residents in smoking cessation.

## Seattle Housing Authority Grant Program CY 2012

Name	Date	Amount	CY 2010	CY 2011	CY 2012	Remaining
ROSS Service Coordinators Grant	2011	\$708,759	-	\$236,253	\$243,283	\$229,223
HCV Family Self-Sufficiency Coordinator Grant	2012	345,000	-	-	345,000	-
Public Housing Family Self-Sufficiency Grant	2011	69,000	-	-	69,000	-
Sound Families Initiative	2007	400,000	57,900	60,000	19,840	79,360
Robert Wood Johnson Foundation	2009	206,957	52,012	56,525	56,909	17,420
Lake City Village HOPE VI Grant	2009	524,086	15,000	171,552	235,799	101,735
Communities Putting Prevention to Work- Smoking Cessation	2010	168,668		154,833	13,835	
<b>TOTAL</b>		<b>\$2,422,470</b>	<b>\$124,912</b>	<b>\$679,163</b>	<b>\$983,666</b>	<b>\$326,003</b>

Note: Grants supporting Family Self-Sufficiency program are estimated amounts; grant awards have not yet been announced for 2012. An extension will be requested for the Robert Wood Johnson Foundation grant.

## Limited Partnership Operations

SHA has fifteen tax credit partnerships that are component units, as defined by GAAP. “Component units” are legally separate organizations, but for which the governing officials of the primary government (SHA) are financially accountable. In 2012, Rainer Vista Northeast will be complete.

SHA is the General Partner, Developer, and Managing Agent for each of the tax credit limited partnerships; while each partnership has a common structure, the specific provisions of each partnership are represented in several documents unique to each partnership. An auditor agreeable to the limited partners audits each component unit annually.

When applicable, intercompany allocated costs will be incorporated into the final recommended budgets that will be sent to the various limited partners in October. In approving the 2012 SHA Budget resolution, the Board of Commissioners will approve the draft LP Budgets and recognize that final budget approval rests with the limited partners. Below are the 2012 draft budgets that will be finalized in October 2011 and submitted to the General Partner (SHA) and the limited partners for approval.

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

Name	Ravenna		Desdemona		High Pt North	Rainier Vista	
	School LP	Othello LP	LP	Escallonia LP	LP	Phase III LP	Ritz Apts LP
<i>First year of operations</i>	1998	2001	2002	2002	2003	2011	2004
# of units	39	96	219	184	344	117	30
Rental Income	166,014	436,000	1,002,940	773,346	1,419,600	287,387	178,421
Operating Subsidy	67,178	209,624	566,827	284,492	534,609	197,014	-
HCV Subsidy	-	230,724	314,133	397,872	860,000	91,250	-
Other Income	24,351	3,840	19,150	9,571	54,697	11,000	860
Other SHA Funds	-	-	35,641	-	-	67,923	-
<b>TOTAL REVENUE</b>	<b>257,543</b>	<b>880,188</b>	<b>1,938,691</b>	<b>1,465,281</b>	<b>2,868,906</b>	<b>654,574</b>	<b>179,281</b>
<b>Administrative Expenses</b>							
Salaries	35,486	73,600	145,156	148,297	195,053	94,866	10,332
Other Admin Costs	54,807	130,868	249,052	218,064	418,370	122,403	29,480
Utilities	55,547	114,300	194,218	194,890	176,960	56,996	18,009
Tenant Services	-	1,276	2,830	977	3,000	2,957	-
<b>Maintenance &amp; Repair</b>							
Salaries	-	88,211	157,355	97,779	183,138	54,163	-
Supplies	-	52,851	55,810	86,854	120,500	6,900	1,150
Contracts	75,514	45,426	122,159	95,037	258,212	38,148	10,200
<b>General Administrative Exp</b>							
Property Insurance	5,612	32,706	58,916	63,141	117,648	58,571	9,364
Benefits, other	17,531	78,405	157,947	107,279	174,767	67,119	4,476
<b>Financial Expenses</b>	<b>1,346</b>	<b>160,295</b>	<b>543,734</b>	<b>280,345</b>	<b>712,764</b>	<b>5,515</b>	<b>57,792</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>245,843</b>	<b>777,938</b>	<b>1,687,177</b>	<b>1,292,663</b>	<b>2,360,412</b>	<b>507,638</b>	<b>140,803</b>
<b>NET INCOME (LOSS)</b>	<b>11,700</b>	<b>102,250</b>	<b>251,514</b>	<b>172,618</b>	<b>508,494</b>	<b>146,936</b>	<b>38,478</b>

<b>Aldercrest Apts LP 2005 36</b>	<b>homeWorks Phase I 2007 704</b>	<b>homeWorks Phase II 2008 691</b>	<b>HighPoint South LP 2008 256</b>	<b>homeWorks Phase III 2009 586</b>	<b>South Shore LP 2009 44</b>	<b>Lake City Village LP 2011 86</b>	<b>Tamarack Place 2010 83</b>	<b>TOTAL 2012 LP BUDGET 3515</b>
249,218	1,775,352	1,737,848	856,204	1,469,532	339,855	374,773	176,039	11,242,529
-	2,128,292	2,210,737	184,784	1,943,458	-	245,219	220,315	8,792,549
-	-	-	1,799,468	-	-	-	270,240	3,963,687
900	195,808	200,083	35,807	144,662	3,875	7,500	11,077	723,181
-	-	-	-	-	-	-	-	103,564
250,118	4,099,452	4,148,668	2,876,263	3,557,652	343,730	627,492	677,671	24,825,510
-	-	-	-	-	-	-	-	-
25,489	516,454	525,821	177,559	462,585	26,852	68,457	99,141	2,605,148
31,719	706,544	690,477	322,853	604,220	56,233	124,430	92,439	3,851,959
33,259	747,884	751,374	129,202	628,243	37,593	45,648	51,253	3,235,376
22,950	4,535	9,820	68,000	5,953	-	1,250	451	123,999
-	-	-	-	-	-	-	-	-
21,854	-	-	176,250	-	16,433	74,586	44,683	914,452
-	-	-	81,145	-	2,036	21,884	16,389	445,519
37,574	1,279,377	1,335,978	188,274	1,147,868	44,144	43,800	36,359	4,758,070
-	-	-	-	-	-	-	-	-
11,708	199,385	194,288	96,058	165,966	13,719	71,539	-	1,098,621
23,668	239,899	252,992	161,990	221,688	20,444	70,376	64,940	1,663,521
2,070	148,673	144,828	1,053,247	121,082	95,835	11,325	198,203	3,537,054
210,291	3,842,751	3,905,578	2,454,578	3,357,605	313,289	533,295	603,858	22,233,720
39,827	256,701	243,090	421,685	200,047	30,441	94,197	73,813	2,591,791

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Our Ready to Rent graduates complete 12 hours of training from Seattle Housing Authority instructors on the skills required to be a successful renter.

Graduates complete training on the following topics:



**Ready to Rent** is a free course offered by the Seattle Housing Authority that helps people become successful tenants. During the multi-week course, participants learn about safety, being a good neighbor, fair housing, credit challenges, and many other issues that might otherwise keep them out of housing.

- ✔ How a landlord sees you
- ✔ Setting goals
- ✔ Credit and criminal history challenges
- ✔ Income, budgeting and saving
- ✔ Choosing a neighborhood and home
- ✔ Applications, references, screening
- ✔ Leases, deposits and fees
- ✔ Fair housing
- ✔ Personal and home safety
- ✔ Care and upkeep of your home
- ✔ Good neighboring
- ✔ Communication skills
- ✔ Ending a lease
- ✔ Small claims court
- ✔ Lease compliance notices
- ✔ Evictions