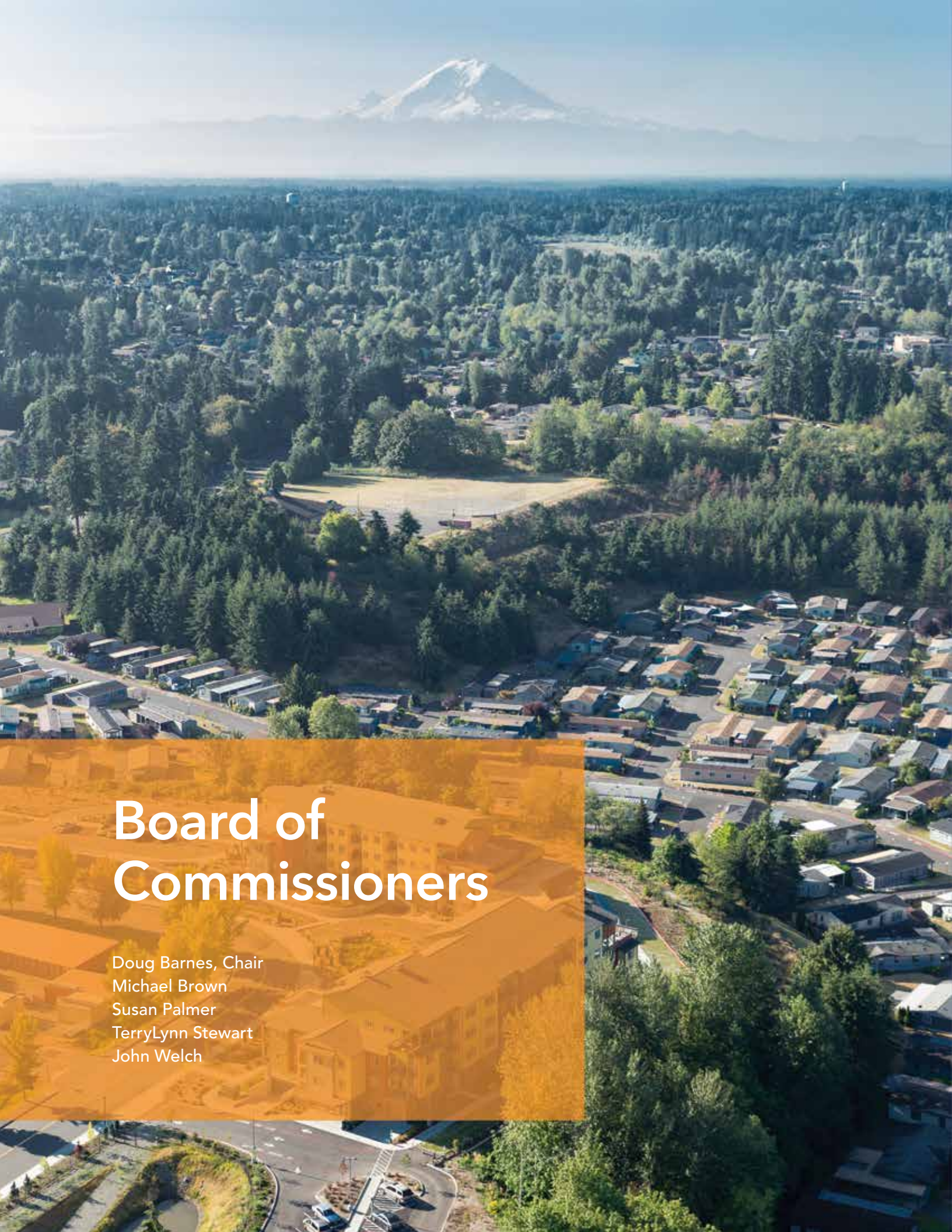




2016 ANNUAL REPORT



King County
Housing
Authority



Board of Commissioners

Doug Barnes, Chair
Michael Brown
Susan Palmer
TerryLynn Stewart
John Welch

LETTER FROM THE EXECUTIVE DIRECTOR

As 2016 drew to a close, King County's largest municipality, Seattle, was the fourth fastest growing city in the nation. The local economy, fueled by a high-tech boom, is adding 61,000 jobs a year. Yet this year, school districts in King County, a county with a median household income of \$75,000, reported more than 8,400 homeless children in their classrooms. Rents in Seattle have climbed 8.7 percent over the past 12 months. The extraordinary economic boom that our region is experiencing is leaving far too many of our residents in the rear-view mirror—including children, seniors, people with disabilities and workers in low-wage jobs. Many of our neighbors are barely making their rent payments, and a growing number are living on our streets or in shelters.

The failure of the private housing market to provide affordable solutions for the needs of our community has significant long-term consequences. Children who are homeless do not succeed in school and will be challenged in finding a place in our region's workforce. As a result, they will contribute less to the economy over the long term. A lack of affordable, stable housing for medically vulnerable seniors and individuals living with disabilities results in poorer health for them and higher health care costs for all. Increased regional segregation by income leads to inefficient commuter patterns and increased transportation infrastructure costs as low-wage workers try to access their jobs on the Eastside and in Seattle from ever further distances.

The role of the King County Housing Authority (KCHA) is to address the housing needs of our community members who the private market is failing. In 2016, KCHA helped more than 22,000 households acquire or sustain housing. Without this assistance, a significant number of these households would have been homeless. Even so, our efforts have not been sufficient—the point-in-time homeless count completed in early 2016 reported 4,500 people in King County living unsheltered or in cars or tents. An additional 6,200 were in emergency or transitional housing.

In the face of these challenges, KCHA expanded our efforts and partnerships in 2016 to address the region's housing needs: We worked to preserve endangered properties—acquiring Highland Village in Bellevue and Abbey Ridge in SeaTac, adjacent to the new Angle Lake light-rail station. The Authority now owns or controls 9,600 units of housing. We redoubled our efforts to reduce homelessness. More than half of the new households in our federally funded housing programs were homeless or unstably housed prior to admission. We partnered with local school districts to provide critical early learning and after-school support for the 20,000 children we house. We broadened geographic choice with finer grained rental subsidy allowances that reflect the difference in costs between the region's various housing sub-markets. This new system currently enables 26 percent of our federally subsidized households with children to live in high-opportunity neighborhoods. We used the flexibility provided under our Moving to Work contract with HUD—extended in 2016 for another 10 years—to innovate, partner, evaluate and increase the efficiency and effectiveness of our operations.

It is important to acknowledge however, that flexibility, creativity and partnerships cannot fully substitute for resources. At this critical juncture, a failure to strengthen the federal commitment—or to reduce it—would be extremely shortsighted. Providing our communities with an adequate supply of safe, affordable housing is an investment that underpins our future as a region and a moral test of our values as a community.

Sincerely,

STEPHEN NORMAN

KCHA'S IMPACT



21,745 FAMILIES
SERVED IN 2016



11,265

FAMILIES HOUSED IN
KCHA-OWNED
PROPERTIES



9,494

FAMILIES HOUSED ON
THE PRIVATE
MARKET WITH
A VOUCHER

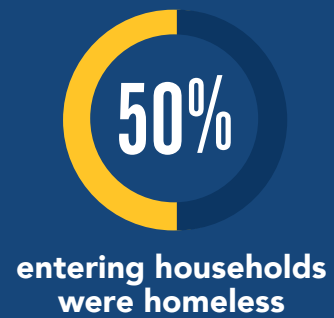
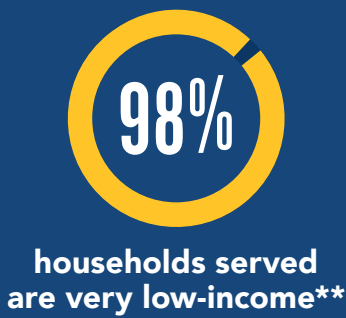


986

FAMILIES HOUSED IN
NONPROFIT
PARTNER
HOUSING

2016 AT-A-GLANCE

SERVING VULNERABLE HOUSEHOLDS*



REACHING DIVERSE INDIVIDUALS*



MAINTAINING OPERATIONAL EXCELLENCE

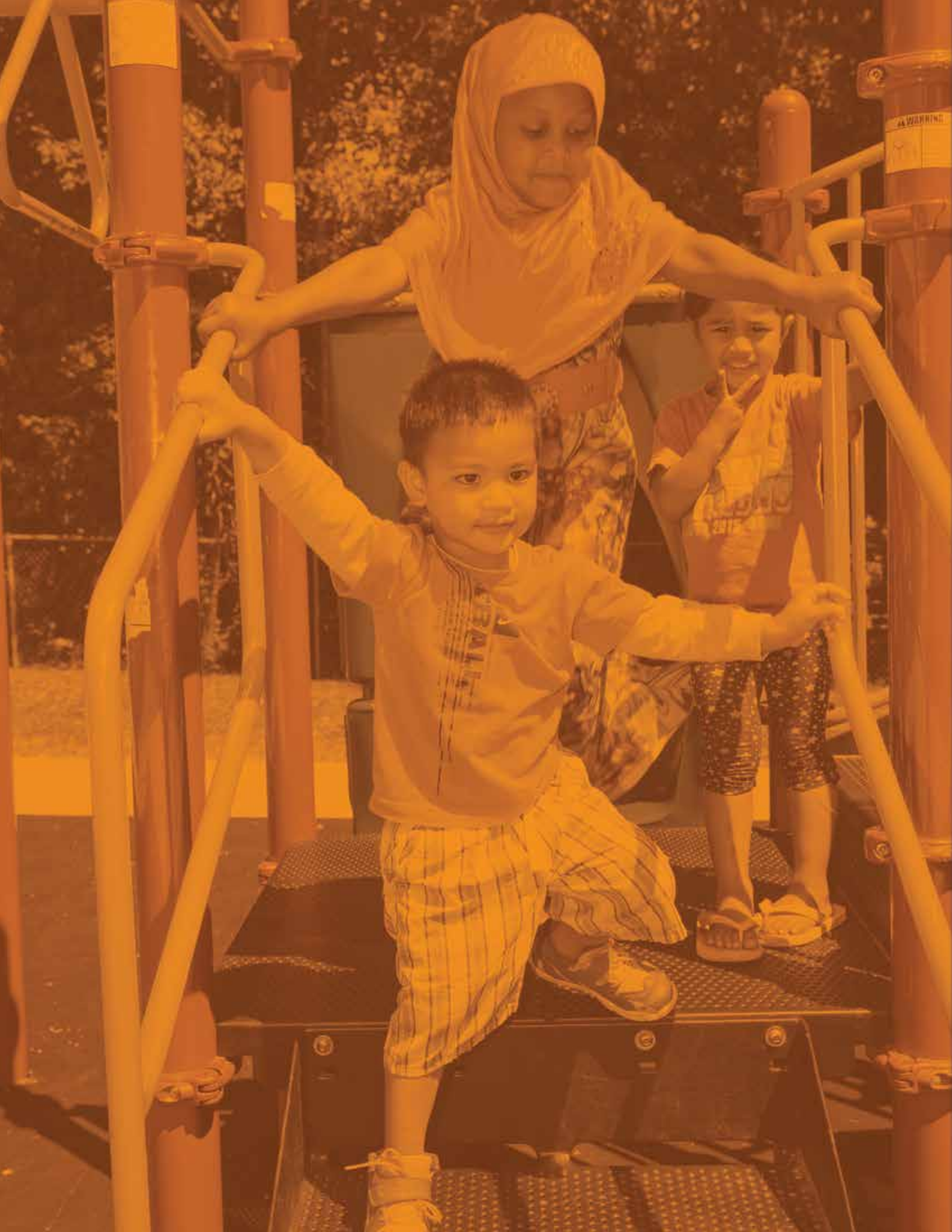


HOUSING CHOICE VOUCHER UTILIZATION	101%
PUBLIC HOUSING OCCUPANCY	99%
PUBLIC HOUSING INSPECTION SCORE	97.2%
WASTE DIVERSION IN CUBIC YARDS	58,000



* These figures represent the households and individuals served in KCHA's federally subsidized programs.

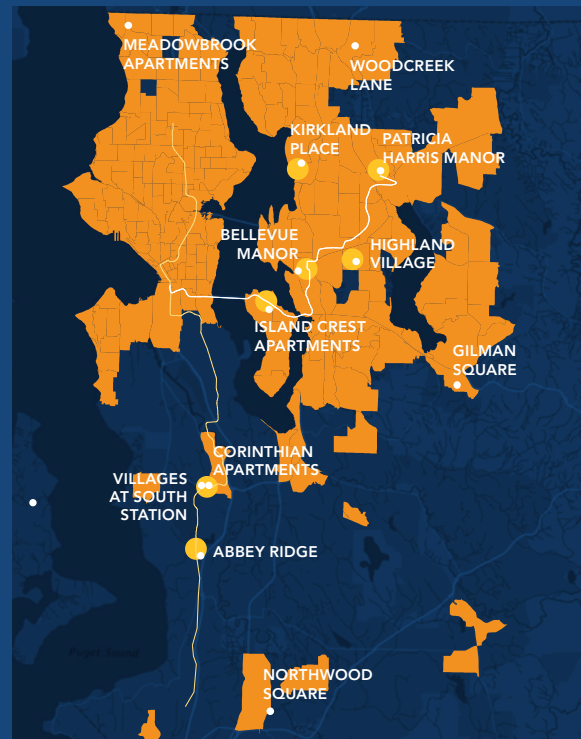
** Very low-income is defined as at or below 50% of area median income.



Growing the Supply of Affordable Housing

KCHA continues to acquire existing housing in order to preserve the fast diminishing affordable housing opportunities in gentrifying suburban markets and along emerging light-rail routes. Through direct involvement and partnerships with non-profit developers, we also support the construction of new affordable housing – in particular, housing targeted to those most in need. In 2016, KCHA:

- **SAVED 76 UNITS OF AFFORDABLE HOUSING FROM DEMOLITION** by acquiring the Highland Village apartment complex in Bellevue. Support from community organizations, Highland Village residents, and local and state government made the purchase possible. This acquisition ensures that current residents can stay in their homes and continue to access the educational and employment opportunities available in this low-poverty community.
- **PRESERVED ACCESS TO TRANSPORTATION AND OPPORTUNITY** by purchasing Abbey Ridge, a 146-unit apartment complex located near the new Angle Lake light-rail station in SeaTac. This acquisition is part of KCHA’s strategy to ensure that low-income families have access to the region’s growing transit system.
- **DEDICATED 32 PROJECT-BASED SECTION 8 SUBSIDIES TO THREE HOUSING DEVELOPMENTS** serving homeless veterans, seniors and families. This helps fund the region’s affordable housing pipeline, leverages supportive services funding and ensures that these units, owned by non-profits, are affordable and accessible to our community’s most vulnerable residents for years to come. KCHA now provides 563 project-based vouchers in properties owned or controlled by non-profit organizations.
- **UTILIZED OPERATIONAL EFFICIENCIES TO OVER-LEASE HUD’S HOUSING CHOICE VOUCHERS (HCV) PROGRAM.** Utilizing the flexibility provided by our Moving to Work contract with HUD, KCHA continues to streamline work processes and reduce administrative and operational costs for our federally funded programs. Savings from these approaches enabled us to add 130 additional families to the over 10,800 households renting from over 3,000 private landlords through KCHA’s HCV program.



- RECENT ACQUISITION
- EXISTING OR DEVELOPING TRANSIT-ORIENTED DEVELOPMENT AREAS
- PLANNED EAST LINK LIGHT RAIL
- LINK LIGHT RAIL

Eliminating Barriers to Housing

KCHA is committed to eliminating barriers to housing for the most vulnerable residents of King County. In 2016, KCHA continued working with several community partners to advance this goal through a variety of programs, including: the Family Unification Program (FUP) for homeless families engaged with Child Protective Services; the Housing and Services Program (HASP) for disabled adults; the Student and Family Stability Initiative (SFSI) for school-aged children and their families, Veteran Affairs Supportive Housing (VASH) for homeless veterans; and sponsor-based housing programs for youth and chronically homeless individuals. As a result of these partnerships, more than half of all households securing housing through KCHA's federally subsidized programs in 2016 were homeless at entry.

Alongside our partners, we redoubled our efforts to address the urgent issue of veteran homelessness. KCHA committed VASH voucher subsidies to the new William J. Wood Veterans House in Federal Way, providing new service-enriched housing to 44 homeless veterans and their families. In total, 578 formerly homeless veterans had a place to call home this past year thanks to KCHA's partnership with the Department of Veterans Affairs. Our success in serving this vulnerable population resulted in the competitive award of 150 more VASH vouchers – the maximum number awarded to any single housing authority in the country.

In 2016, King County schools identified 8,486 homeless students – an 87 percent increase from 2011. To respond to this critical local need, KCHA served 140 homeless schoolchildren and their families through a rapid rehousing partnership with the Highline School District. This program provides short-term rental subsidies paired with individualized case management and employment services to families referred by the school district's caseworkers. To date, 150 families with 374 children have found a safe and stable place to live thanks to this partnership between KCHA, the school district and Neighborhood House.

KEVIN HAS THE SOUL OF AN ADVENTURER.

He has travelled the world. He has worked as a photographer, a welder, a certified mechanic and a truck driver. And he served his country for 16 years. "I can fix just about anything," he said. But last year, he hit up against one thing he couldn't fix: he became homeless.

Kevin had moved to the area for a job and when it didn't pan out, he found temporary work. After a while, he began experiencing debilitating pain from an old shoulder injury and soon couldn't lift anything, not even his arm. He could no longer afford rent and had to move into his van.

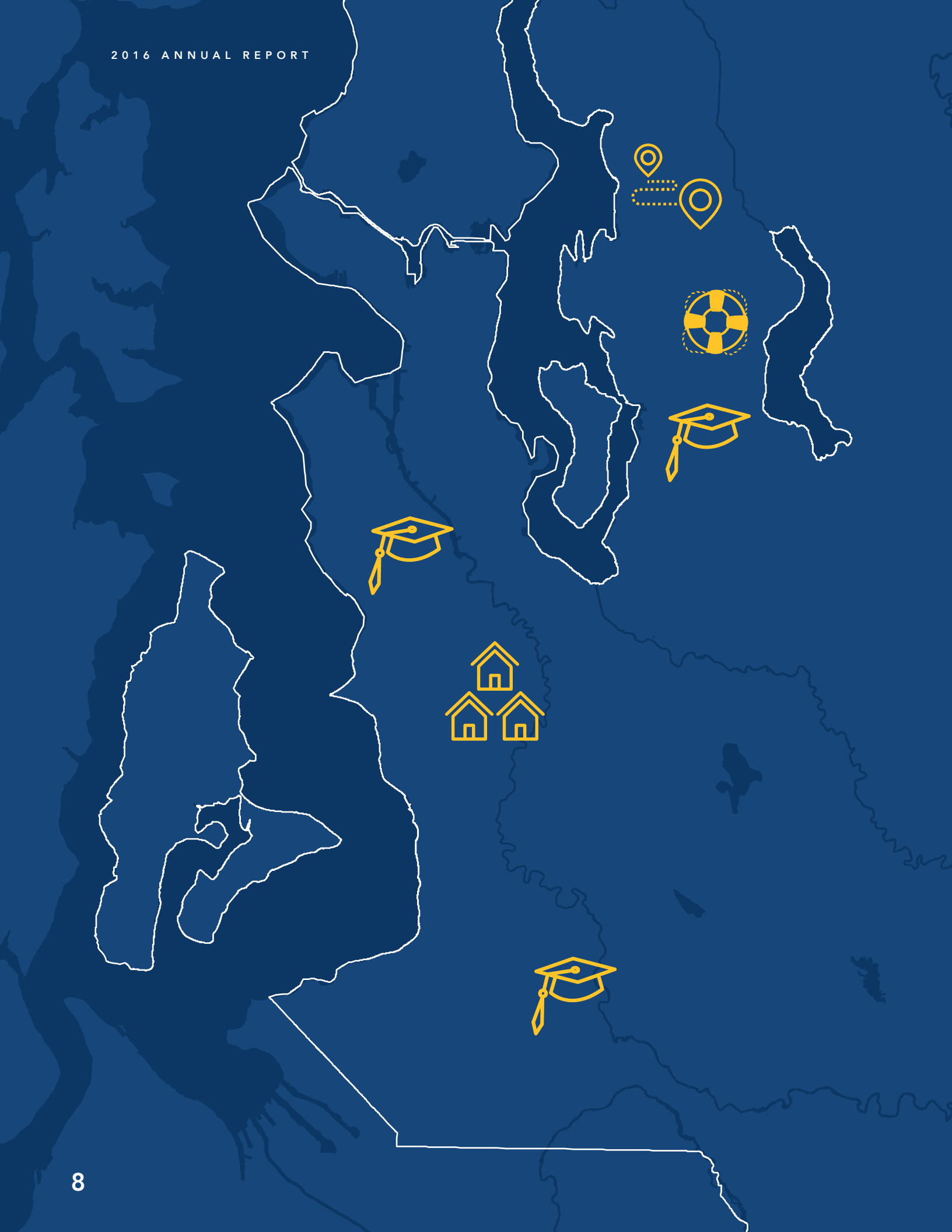
After a stay in the emergency room, he was referred to the VASH program and was connected to an apartment at Auburn Square. "I've been blessed," Kevin said. "My goals are to be well, be a constructive member of society and go back to work. And I want to continue to help other homeless veterans."



William J. Wood Veterans

2344

HELLING AUTO



Expanding Geographic Choice and Opportunity

New national studies have demonstrated conclusively the importance of neighborhood quality on life outcomes for children living in poverty. These findings emphasize the importance of both expanding geographic choice and investing in existing low-income neighborhoods. In 2016, KCHA continued to do both.



Removing Barriers to Geographic Choice

By implementing a five-tiered, ZIP code-based payment standard system KCHA significantly raised rental subsidy levels in high opportunity neighborhoods. Currently, 31 percent of the tenant-based Housing Choice Vouchers that KCHA administers are located in these communities.



Preservation and Development of Affordable Housing in High-opportunity Communities

By acquiring existing housing and coordinating rental subsidies with the affordable housing development pipeline. As a result, KCHA continues to increase the number of affordable units in highly desirable neighborhoods. A full 47 percent of the housing KCHA owns is located in high-opportunity communities.



Promoting Mobility

By exploring ways in which KCHA can support and encourage appropriate moves for families with children. Currently, 26.5 percent of our federally subsidized families with children live in high-opportunity communities. KCHA is partnering with researchers at Stanford University and Harvard University to develop new approaches to supporting opportunity moves.



Improving Educational Outcomes

By investing in the academic success of the 20,000 children we serve. This is being accomplished through a network of 15 youth centers and three Head Start facilities that we've built on our properties, and through partnerships with local school districts, providers and parents to reduce absenteeism, increase parental engagement and track academic progress for these children.



Investing in Underserved Neighborhoods

By rebuilding 130 acres of World War II-era public housing in White Center. New infrastructure, an elementary school, a community center, a library, three early learning facilities, a public health clinic and retail shops anchor new mixed-income developments of 1,200 homes. Still a work in progress, this initiative is helping revitalize one of the region's poorest communities and supports the neighborhood's families and children.

Preserving Our Community's Affordable Housing

While development and new acquisitions are important, it also is imperative that we maintain our existing affordable housing stock. In 2016, we invested more than \$20 million in site and building repairs and unit interior upgrades to ensure the viability of our affordable housing stock for years to come. Our efforts included:

EXTENDING AND EXPANDING OUR ENERGY PERFORMANCE CONTRACT WITH HUD,

which enables us to install \$21 million in additional energy and water conservation upgrades. These measures help minimize our impact on the environment while reducing utility costs for both residents and the KCHA.



COMPLETING \$15 MILLION IN MAJOR REHABILITATION WORK

at the Spiritwood Manor and Corinthian apartment complexes. This adds an estimated 30 years of life to the 224 homes at these developments.



COMPLETING \$3 MILLION IN WEATHERIZATION AND HOUSING REPAIR SERVICES

for 652 units occupied by low-income residents through KCHA's Low-Income Weatherization Program.



Maximizing Efficiencies

Our Moving to Work status challenges us to pilot and evaluate new and more efficient approaches to delivering housing support and improving life outcomes among the families we serve. Over the past decade, we have been able to increase the number of households served and create targeted and innovative programs, all while streamlining operations and implementing program efficiencies.

TURNING SAVINGS INTO INVESTMENTS



EFFICIENCY

- Allowed contracts to extend up to 15 years
- Simplified the rent calculation
- Created a regionally specific formula to calculate utility allowances
- Established local rules for the Project-based Section 8 Program
- Developed responsive, efficient wait list protocols
- Reduced the number of unnecessary, repeat HQS inspections
- Streamlined forms and data processing
- Eliminated unessential annual rent reviews
- Permitted Section 8 residents to stay in a unit when they exceed the occupancy limit by just one family member

SAVINGS

**14,500
HOURS**
**(EQUIVALENT
TO \$488,400)**

REINVESTMENT

- Maintained a Housing Choice Voucher issuance level of 101% of HUD's baseline
- Continued to rapidly rehouse homeless schoolchildren and their families—374 to date
- Helped 40 families maintain their housing through the Housing Stability Fund
- Provided early learning and afterschool support to help ensure the academic success of 1,795 children
- Housed 121 chronically homeless individuals and youth through locally designed sponsor-based housing partnerships
- Significantly upgraded 150 unit interiors using in-house skilled trades workers

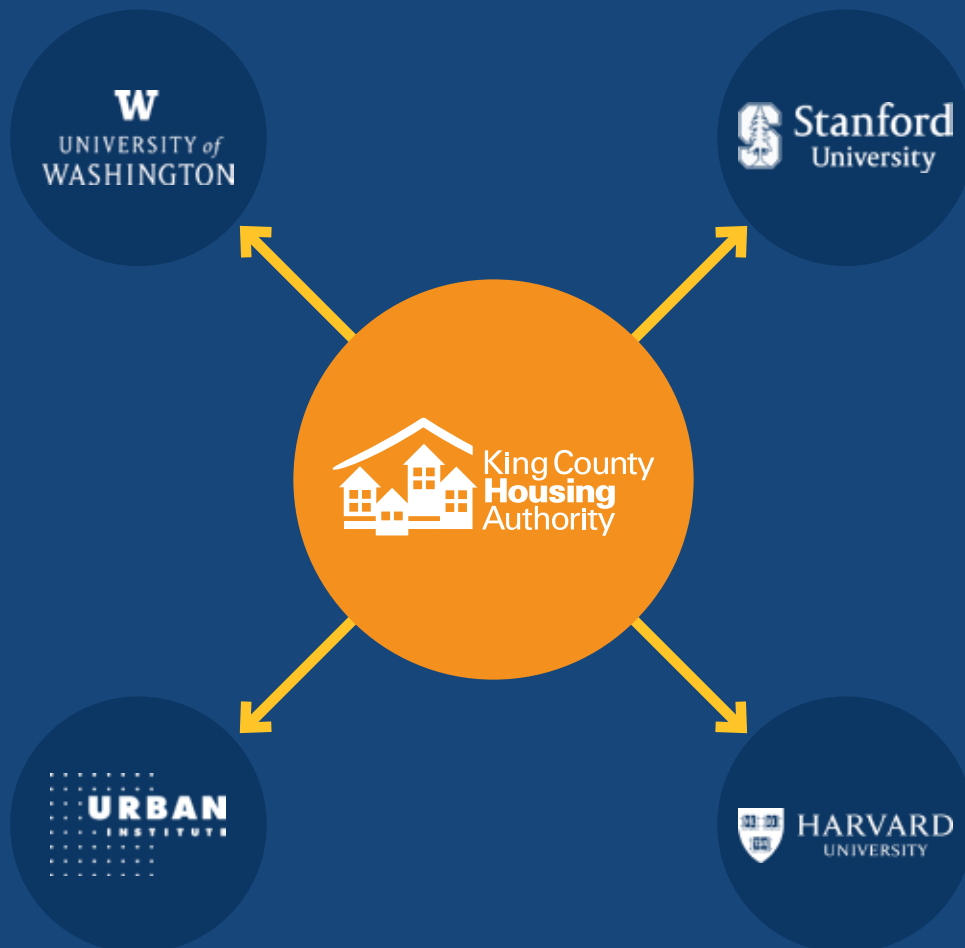
Measuring our Effectiveness

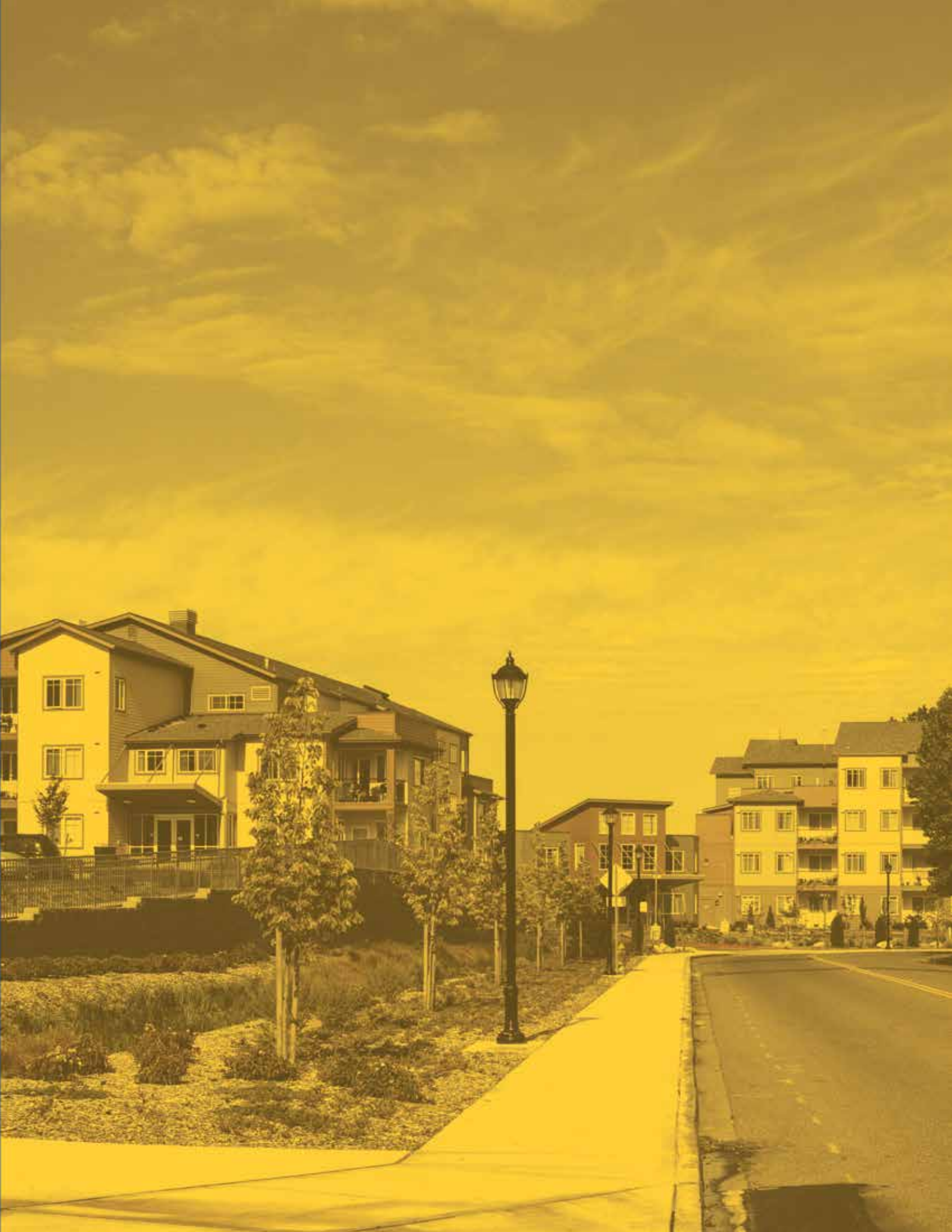
How does housing impact health, educational and life outcomes?

What is the most effective way to deliver housing assistance?

How can a housing authority most effectively prevent or end intergenerational cycles of poverty among residents?

KCHA is building internal and external research capacity to explore questions such as these as a means to innovate, measure and advance effective housing policy. We are connecting our data with local school districts, the Seattle-King County Department of Health and the State of Washington's integrated database to help assess the impact of program innovations on resident outcomes. This work enables and supports key elements of our research agenda. We seek to understand more fully the characteristics and needs of KCHA residents, identify the impacts of mobility and place-based initiatives, and explore the intersections between housing, education and health. In 2016, we continued working with outside research partners, including the University of Washington, Stanford University, Harvard University and the Urban Institute, to contribute to the national discussion regarding innovation and best practices in housing programs and policy.







**WE TRANSFORM LIVES
THROUGH HOUSING.**