

**AMENDMENT NO. 2 TO MTW AGREEMENT**

Between

U.S. Department of Housing and Urban Development

And

King County Housing Authority

*This document amends the Moving to Work Agreement signed September 8, 2003 (hereinafter the "MTW Agreement"), entered into by and between the U.S. Department of Housing and Urban Development (HUD) and the King County Housing Authority (KCHA)*

The purpose of this Amendment is to add all non-Section 811 (5 year Mainstream) Vouchers not included in KCHA's initial Section 8 Block Grant to the Block Grant in order to allow KCHA to develop a consistent set of operating policies for its Section 8 Program and respond effectively to new Section 8 funding realities. HUD and KCHA hereby agree to amend the MTW Agreement as follows:

**1. Replace the first sentence of Section IV.A.1 of the Agreement with:**

"IV. Funding Issues

A. Single Fund Budget with Full Flexibility

Pursuant to Article I.B. of the MTW Agreement, the KCHA may combine its public housing operating subsidies and capital funds, and all tenant-based Section 8 rental assistance voucher funds, with the exception of 5 year Mainstream Vouchers, into a single, Authority-wide funding source, excluding funds like HOPE VI, which must be kept separate."

**2. Replace the first paragraph of Section V.A. with:**

"V. Changes to Section 8 Housing Voucher Choice Programs

A. The KCHA is authorized to merge all of its Section 8 tenant-based assistance, except for 5 year Mainstream Vouchers, into a single program with one set of rules and to create its own Local Leased Housing Program. Under all circumstances, the requirements of special-purpose vouchers (targeting, reporting, etc..) will be maintained. Under such a program, the KCHA will be authorized to determine the program's basic operational policies including, but not limited to, the following:"

**3. Delete the entire Section V.B**

**4. Replace Section 4.B of Attachment A with the following:**

4. Calculation of Annual (Section 8) Subsidy

**B. Revised MTW Base Year and Subsequent Years of MTW Participation:**

For the remainder of the Demonstration, the Authority will receive all of its Section 8 funding, except for 5 year Mainstream Vouchers, as a Block Grant based on its CY 2005 funding. The calculation of the initial amount of this funding would conform to the FFY 2005 Appropriations Act as outlined in Notice PIH 2005-1 and would include both HAP expense and Administrative fees as communicated to King County via letter dated January 21, 2005 as subsequently amended by HUD. The Authority and HUD agree that the amended and prorated baseline as of the date of this amendment is \$58,736,696.

The CY 2005 baseline Block Grant shall be adjusted to include any vouchers awarded prior to January 2005 where a full twelve-month's contract authority is not included in the baseline. In subsequent years, the block grant would also be adjusted for any incremental awards. Such awards would be added to the baseline upon their initial renewal.

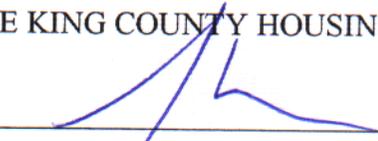
Eligibility for funding in CY 2006 and for subsequent years under the MTW Demonstration would use the final CY 2005 Block Grant baseline and any pro-ration factor applied in accordance with future Appropriations Acts plus allowable Annual Adjustment Factors (AAF). With regard to baseline funding eligibility and adjustments

for incremental vouchers, it is the intent of HUD to apply the same funding methodology to KCHA as would be applied to non-MTW PHA's. KCHA shall be eligible for any increases in funding due to funding formulas or methodologies which may be enacted for non-MTW PHAs during the course of its Demonstration. Under this Agreement, however, KCHA's Prorated Baseline in CY 2005 and subsequent years, will be considered fully utilized for purposes of calculating future funding.

An amount equal to the balance of pre-2004 program reserves as of March 31, 2005 will be made available to KCHA. This is a one-time provision of reserves. KCHA understands that there are no pre-2004 reserves because such funds were not replenished when exhausted. Should HUD make available program reserves in the future, KCHA would be eligible to draw down its pro-rata share of such reserves as a one-time provision of block grant reserves pursuant to the methodology utilized for other MTW block grant Authorities.

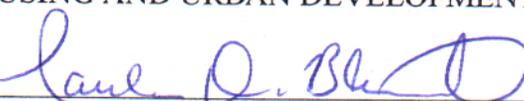
This Amendment is effective February 1, 2005.

THE KING COUNTY HOUSING AUTHORITY

By  \_\_\_\_\_  
Its Executive Director

Date of Execution by Agency:  
8/8/05

UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT

By  \_\_\_\_\_  
General Deputy Assistant Secretary  
for Public and Indian Housing  
Its \_\_\_\_\_

Date of Execution by HUD: 8/19/05