The Housing Authority
of the
City of Seattle, Washington

Comprehensive Annual Financial Report

For the year ended
December 31, 2008

Seattle
HOUSING
AUTHORITY

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Comprehensive Annual Financial Report

Year ended December 31, 2008

Issued by
Department of Finance & Administrative Services
Shelly Yapp, Chief Financial Officer

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Introductory Section

Section I

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Principal Officials

Commissioners as of December 31, 2008

Name	Term expires
Katie Hong, Chair	March 20, 2009
Yusuf Cabdi, Vice Chair	October 1, 2010
Sybil Bailey, Commissioner	March 20, 2010
John Littel, Commissioner	October 1, 2010
Nora Gibson, Commissioner	March 20, 2011
Juan Martinez, Commissioner	March 20, 2011
Kollin Min, Commissioner	March 20, 2012

Administrative Staff

Tom Tierney, Secretary-Treasurer/Executive Director

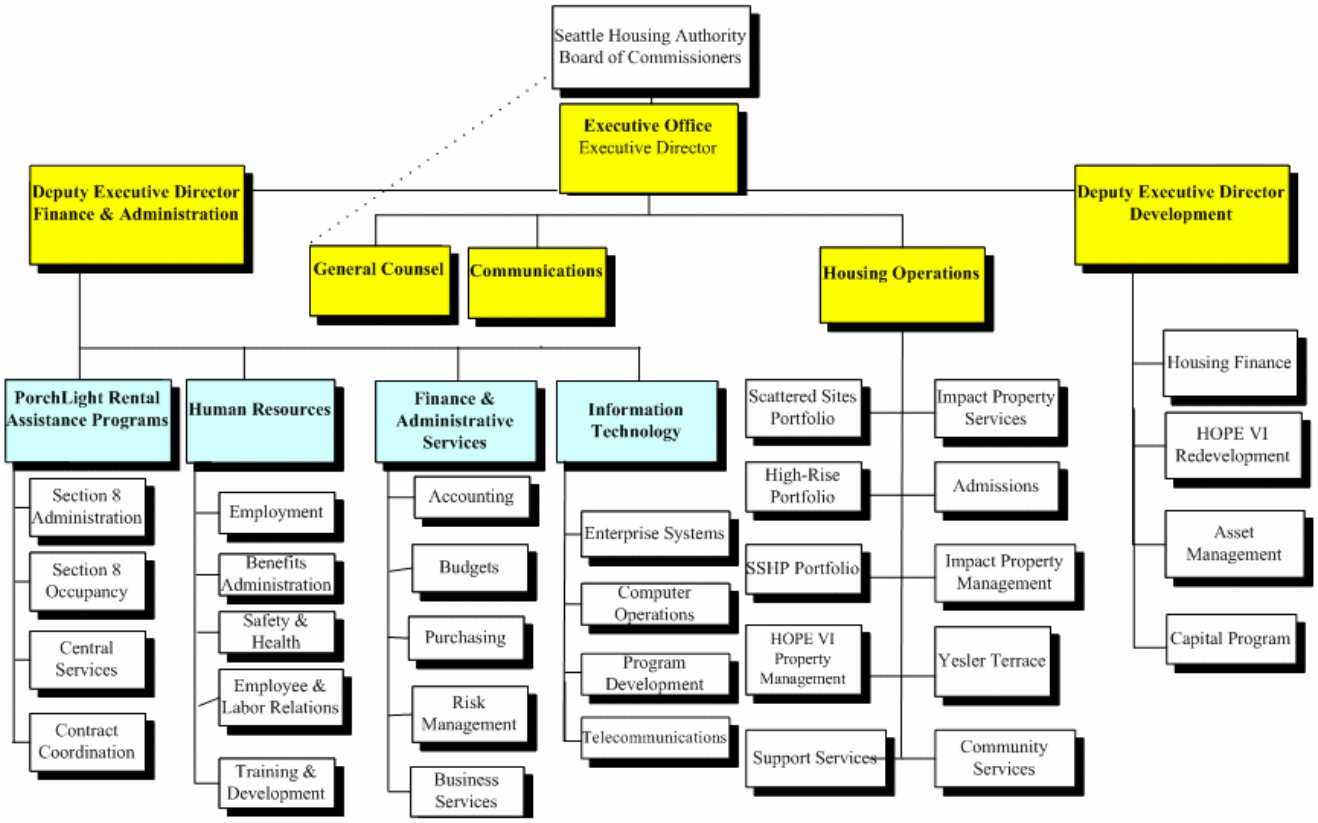
Andrew Lofton, Deputy Executive Director for Finance and Administration

Shelly Yapp, Chief Financial Officer

Janet Hayes, Controller

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Organization Chart



Location 120 Sixth Avenue North, Seattle, WA
Mailing P.O. Box 19028, Seattle, WA 98109–1028
Telephone 206–615–3300
TTY 1–800–833–6388
Website www.seattlehousing.org

Members of the Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

May 27, 2009

Introduction

We are pleased to present the Seattle Housing Authority Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2008. The period of this report is the first full year the Housing Authority of the City of Seattle, Washington (Authority) has been on its new calendar fiscal year. The comparative period included in this report is the extended fifteen-month period from October 1, 2006 through December 31, 2007, that represented the transition to the new fiscal year. This report was prepared by the Authority's Finance staff, and was audited by the international public accounting firm of KPMG LLP, with assistance from the Seattle accounting firm of Francis & Company.

The data presented in this report are the responsibility of the management of the Authority. To the best of our knowledge and belief, the data as presented are accurate in all material respects; are presented in a manner designed to fairly state the financial position and results of operations of the Authority; and include all necessary disclosures to enable the reader to gain a complete understanding of the Authority's financial affairs.

Profile

The Authority is an independent municipal entity created by the City of Seattle (City) in 1939 pursuant to state law and the National Housing Act of 1937. Although it maintains close ties with the City in several respects, the Authority is not a component unit of the City, as defined by the pronouncements of the Governmental Accounting Standards Board, since the City is not financially accountable for the operations of the Authority, has no responsibility to fund its deficits or receive its surpluses, and has not guaranteed the Authority's debt.

The governing body of the Authority is its Board of Commissioners (Board) and is comprised of seven members appointed by the Mayor of Seattle and confirmed by the City Council. The Board appoints an Executive Director to administer the affairs of the Authority. The programs and actions of the Authority are guided by the FY 2005-2010 Strategic Plan adopted by the Board in May 2005. The underpinnings for the Strategic Plan are the Authority'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.*

Commissioners Katie Hong *Chair* Yusuf Cabdi *Vice Chair*
Sybil Bailey Nora Gibson John Littel Juan Martinez Kollin Min

Executive Director
Tom Tierney

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 Authority provides housing to approximately 14,000 households within the City. The Authority operates low-income housing in four large family communities – NewHolly, Rainier Vista, High Point, and Yesler Terrace; in twenty-eight high-rise buildings, and in single, duplex, triplex, and small apartment buildings across the city. The Authority also administers the Housing Choice Voucher programs that provide tenant-based or project-based vouchers to supplement the rent a qualified tenant can afford to pay.

The Authority works with local agencies to provide community, social, and health services to low-income residents, including recreation, job training, elder services, instruction in English as a second language, health and dental clinics, and various educational programs.

The agency is in the midst of a long-term renewal of its housing stock to transform the family communities to new mixed-income neighborhoods, while assuring that all low-income tenants of these neighborhoods receive relocation assistance. Replacement housing, either on or offsite, is also being built or acquired in order to maintain or increase Seattle's inventory of low-income housing. Seattle Housing is also rehabilitating the building systems and common areas and increasing the number of accessible units in twenty-one high-rise buildings through the "homeWorks" project.

The primary source of external funding for the operation and maintenance of the Authority's housing is the U.S. Department of Housing and Urban Development (HUD) through Low Rent and Housing Choice Voucher funds administered by HUD. In 1999, after six straight years of designation as a high performing housing authority under HUD's Public Housing Management Assessment Program (PHMAP), the Authority became one of the first six housing authorities selected by HUD to participate in its Moving to Work (MTW) Demonstration Program.

As an MTW agency, the Authority is able to operate its programs and administration under streamlined regulations and is authorized to consolidate MTW revenues (public housing operating subsidy, public housing capital grant, and Section 8/Housing Choice Voucher funds) into a block grant. This gives the Authority flexibility in applying federal funds in ways that best address local priorities and circumstances. In 2008, the Board approved and the Executive Director executed a ten-year extension of the Authority's MTW designation in a new contract with HUD.

The Board adopts an annual budget for the Authority after the administrative staff has presented both the Annual MTW Plan and the Proposed Budget for public review and comment. The capital redevelopment programs of the Authority, designed to rebuild and rehabilitate the family communities and high-rise public housing buildings, are supported through mixed financings, including low-income housing tax-credit partnerships, bond and mortgage financing, federal HOPE VI funds, and local funds.

Once adopted by the Board, the annual operating and capital budgets are implemented and monitored by all departments of the Authority, with support from the Finance and Administration Department. Quarterly budget reviews are conducted at the management and executive levels and budget revisions and corrective actions are taken to ensure appropriate budget control.

Consistent with our mission, the primary objective of the Authority is to provide decent, safe and affordable housing for families who, due to economic hardship and/or disabilities, find it difficult or impossible to obtain housing in the private real estate market. A second objective is to assist these families in achieving self-sufficiency or financial stability, as appropriate for the individual family. To accomplish these objectives, the Authority participates in a number of programs, which are discussed in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements sections of this report.

Economic Conditions and Authority Outlook

Local Economy and Federal Funding[1]

Seattle and the Puget Sound Region lagged the nation in experiencing the present economic recession and have not seen the depth of decline other regions have encountered. While housing prices and sales have fallen, the decline has not been quite as steep as for the nation as a whole. Bank credit has been tight for developers, but local and regional banks have continued to make loans to creditworthy borrowers. And, while the recession has spread to all sectors of the economy locally, as well as nationally, local unemployment has not risen as steeply as in nearby states or for the nation. Some of the most significant local impacts result from cutbacks in public sector services, as shortfalls in state and local tax revenues have necessitated deep reductions in spending. The most recent forecast[2] for the Washington State economy shows that the state economy has weakened considerably since the November 2008 forecast. The new forecast "assumes that both the U.S. and Washington economies will be in recession for most of 2009, flattening out sometime late in the third quarter. Growth will remain flat in the first half of 2010, and improve only in the second half of the year. Job losses will continue even after the economy is in recovery."

The prognosis for the Puget Sound Region economy parallels the predictions for the state – continuing rough patches during 2009 beginning to smooth out by year-end, with continuing drops in employment in early 2010 and positive growth indicators by mid-2010.[3] The economic conditions have adverse affects on the Housing Authority:

- Our development activities that rely on private development partners to build affordable and market rate for-sale housing in our mixed-income communities have slowed substantially, as the housing and credit markets have contracted. We still have the asset of developable land in attractive communities; it is now a matter of the timing when private developers can finance and sell new housing development.

  Despite these economic realities, the Authority has retained key private development partners and continues to draw active inquiries from developers looking for new investment opportunities.

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[1] The economic outlook is significantly informed by the "Puget Sound Economic Forecaster" produced by Conway Pedersen Economics, Inc. and by the "Washington Economic and Revenue Forecast" prepared by the Washington State Economic and Forecast Council.

[2] March 19, 2009, Washington State Economic and Forecast Council update of November 2008 forecast.

[3] March 2009 "Puget Sound Economic Forecaster Newsletter".

- We continue to experience a very soft market for tax credits. The number of investors and the demand for tax credits both have dropped considerably. The resulting drop in tax credit prices, from $1.05-$1.15 per credit to $0.60-0.85 per credit means that more funding from other sources is required to make development projects pencil.

  That said, the Housing Authority succeeded in closing a mixed-financing project for 43 rehabilitated units at the Douglas/South Shore in December 2008 with an investor paying $0.87 per credit.

- While our local experience has not matched the level seen elsewhere in the country, some of our Housing Choice Voucher (HCV) tenants have been the victims of foreclosures against owners of rental housing. Despite the fact that the HCV tenants have honored their rental agreements, they have found themselves back in a rental market that has, until recently, been very tight.

At the same time, in the midst of downturn, there are some early 2009 positive signs for the Authority:

- Inflation locally is around 1.0 percent annually through early 2009, so costs of doing business are under control;

- Declines in the construction sector, particularly the housing construction sector, mean that firms are actively seeking government business and the Authority is attracting multiple bidders and getting very competitive pricing on construction projects;

- Interest rate declines have reduced the carrying costs the Authority is experiencing during the continuing slowdown in overall private development activities;

- Historically low mortgage rates, combined with housing price declines make home ownership more affordable to more households with decent credit ratings.

- The Authority secured a new $10.5 million HOPE VI grant in 2008 for redevelopment of Lake City Village. We will seek a private investment partner in 2009, and expect to be under construction in 2010 for this 103-unit project.

- With support from the American Recovery and Reinvestment Act (ARRA) funding, and City and State support, we will seek a private tax credit partner to go forward with the 83-unit mixed-use building in Rainier Vista Phase II and proceed with the next phase of infrastructure work.

- In 2009, we have seen increasing signs of a softening rental market, which means greater opportunities and moderated pricing for low-income clients with tenant-based vouchers seeking private sector rentals.

The Authority's financial position is directly affected by the level of federal appropriations for low-income housing programs -- public housing operations and modernization; Housing Choice Vouchers; Section 8 project-based vouchers; special purpose vouchers (e.g. for veterans); and special programs like HOPE VI grants for redevelopment. Both Congress and the new Administration have signaled their intent to ensure that the federal housing safety net for low-income people is in place and strengthened. The 2009 Omnibus spending bill for HUD programs at $41.5 billion is 7.7 percent over the final 2008 level. The President's proposed $47.5 billion HUD

budget for 2010 represents a 14.5 percent increase over the 2009 Omnibus level. These appropriations are in addition to the $13.6 billion included in the ARRA funding bill for HUD programs, particularly for capital investments in low-income housing.

The strong federal support reflected in these funding numbers and the commitments included in the ARRA bill will enable the Seattle Housing Authority to maintain and expand housing support to low-income households and invest in renewal and redevelopment of Seattle's low-income housing stock over the next several years.

Long-Term Planning and Major Commitments and Initiatives

Beginning in the 1990s, the Authority began planning for the redevelopment and major rehabilitation of much of its public housing stock and for the creation of new mixed-income communities. To implement these long-range plans, the Authority applied for and received HUD HOPE VI Urban Revitalization grant awards for the redevelopment of its Holly Park and Rainier Vista communities in southeast Seattle, and the Roxbury and High Point communities in southwest Seattle. While important, federal funds comprise a minority share of the funding sources for redeveloping these communities. In undertaking redevelopment/rehabilitation of its housing stock, the Authority sought new funding sources and partnerships.

The success of the redevelopment projects has relied on mixed-finance strategies in addition to HOPE VI funds. These have included the following:

- use of low-income housing tax-credit partnerships for equity investment
- use of local bond or mortgage financing to be repaid through operating income
- involvement of partners such as Habitat for Humanity and service providers in developing homes and facilities
- use of lines of credit or reserve funds as interim financing of property acquisition, design, predevelopment, and infrastructure to be repaid through land sale proceeds
- use of interim or bridge financing for predevelopment activities.

(1) Redeveloping Our Family Communities – Projects Completed and Projects in Progress

Roxbury: The redeveloped Roxbury House and Village (Village) were completed in 2004. The renamed Westwood Heights was reconfigured from 150 to 130 units and designated for elderly households. The Village was replaced by a mixed–income community of 45 units for families, of which 15 are public housing for extremely low-income households. The other 65 public housing units that were demolished or combined to make larger units were replaced elsewhere in Seattle.

NewHolly: By the end of 2006, the third and final phase of NewHolly was complete and only 40 Phase II homes for sale remain to be completed in 2009. This former community of 871 severely distressed public housing units was transformed to a mixed-income community with 938 rental units serving families, individuals, and elderly and disabled households, plus over 400 homeownership units and a wide variety of community facilities and service providers. All homes for sale were sold and the waiting list today for mixed-income rental housing exceeds 10,000. Housing for 341 extremely low-income households was replaced elsewhere in Seattle.

Rainier Vista: In 2005, first phase of the Rainier Vista redevelopment was completed, with 184 units of new rental housing for people with a mix of incomes. These units are complemented on site by 78 units of low-income elderly housing and an elder care program operated by Providence Health Systems of Washington. In addition, during 2006, 50 units of housing for people with

disabilities were developed by Housing Resources Group and AIDS Housing of Washington. In 2009, 123 affordable and market rate Phase I homes for sale are expected to be fully occupied. In addition, construction will start in late 2009 on 31 homes; 23 of these are being built by Habitat for Humanity. Residents in the redeveloped Rainier Vista community also have access to a computer lab, community meeting space, and early childhood education classrooms located in a new community facility developed by Neighborhood House, a service provider partner of the Authority for over 60 years. And in 2008, the Boys and Girls Club facility and sports fields were completed as the initial development of Rainier Vista Phase II, as was the initial stage of infrastructure for Rainier Vista Phase II.

In 2009, with local, state, federal Stimulus, and private investor support, the Authority will be constructing a mixed use building including 86 units of low income housing. In addition, we will use ARRA funds to advance the infrastructure construction of Rainier Vista Phase II in preparation for the rest of the rental housing and the for-sale market rate housing.

High Point: The Authority completed the first of a two-phase redevelopment at the High Point community, with 344 new mixed-income units built and fully leased as of third quarter 2006. Phase II redevelopment got underway in FY 2007 with the undertaking of a complete street reconfiguration and new infrastructure over the 55-acre site. The infrastructure was completed in 2008, along with High Point's central park – "The Commons." Ninety-six (96) units of the 256 Phase II affordable rental units were completed and leased up in 2008 and the remaining 160 units will be complete and leased by mid-2009. Neighborhood House started construction in 2008 of its $12 million LEED Gold-certified High Point Neighborhood Center; the Center is expected to open in 2009.

In 2009, the Authority's development activities at High Point will be complete. Private builders will continue with the construction of market rate homes on Phase II building sites until 2012. The mixed-use site located on the 35th Avenue SW arterial will be constructed between late 2009 and spring 2011, and will include 200 market rate rental units and approximately 10,000 square feet of retail. When completed, the 675 new affordable rental housing units located at High Point will be complemented by approximately 1,000 for sale homes, elderly assisted living apartments, and community facilities including a public library, health clinic, community center, parks, and commercial retail space. Housing for 291 extremely low-income households will be replaced elsewhere in Seattle.

Lake City*:* With the help of a $10.5 million HOPE VI grant from the U.S. Department of Housing and Urban Development, Seattle Housing Authority will build approximately 103 units on the Lake City Village site. This site, located in northeast Seattle, previously held 16 townhouse units that were constructed in 1971 and demolished in 2002 because of irreparable flood damage. The current site now included two adjacent parcels that create an area large enough to accommodate the planned mixed-income community. Plans call for 51 units of extremely low-income housing, 35 tax-credit rentals, and 17 homes for sale. Amenities will include a neighborhood computer facility, a children's play area, and open space elements. Design and permitting are expected to be complete in 2009, with construction beginning in 2010.

Yesler Terrace: Yesler Terrace is Seattle's oldest public housing community, constructed in 1939 on 30+ acres adjacent to downtown. The community houses more than 1,000 low-income people in 561 apartment units. Planning for redevelopment of Yesler Terrace began in earnest in 2007 with a Citizen Review Committee (CRC). This public process with resident, community, social service, government, and business stakeholders developed guiding principles for the redevelopment of

Yesler Terrace. The CRC, chaired by former Mayor Norman Rice, recommended a comprehensive set of guiding principles that were adopted by the Authority's Board in December 2007. Based on these guiding principles, conceptual site alternatives will be defined in 2009 and the Board will determine its preferred concept for environmental review and more detailed site planning and financial analysis by the end of 2009. Objectives for 2010 include completion of the Master Use Permit and Environmental Impact Statement, successful rezoning of the site, and refinement of the financial model for development alternatives.

(2) homeWorks: Rehabilitating Seattle Housing Authority High-Rise Properties

For the past several years, the Authority has been engaged in the rehabilitation of most of its 28 public housing high-rise buildings by leveraging HUD capital subsidy with private investments, through low-income housing tax credits and private activity tax-exempt bonds. The "homeWorks" project has been undertaken in three phases to rehabilitate core building systems, address major maintenance needs, and increase the number of accessible units in 21 high-rise buildings, encompassing more than 2,000 units.

Rehabilitation work for the seven buildings in Phase I was completed on schedule in 2007. The seven buildings in Phase II were completed ahead of schedule in 2008. And, the last seven buildings in Phase III will be completed in 2009, The Housing Authority will use ARRA funds to undertake systems replacement and building rehabilitation work at the 119 units Bell Tower high-rise facility in 2009 and will submit applications to HUD for competitive ARRA funding to undertake systems and building renewal projects at Jefferson Terrace and Denny Terrace. These two buildings provide housing for low-income residents in 520 apartment units.

(3) Repositioning Seattle Housing Authorities Scattered Sites

The Authority is also engaged in repositioning its 759-unit scattered site portfolio of public housing to improve operational efficiency. Beginning in 2005, the agency started implementing a plan to sell and replace about 200 housing units. The reconfiguration will result in a higher percentage of small multi-family properties and fewer single family and small multiplex properties. The change is expected to reduce per unit management and maintenance costs in this portfolio without reducing housing choices for low-income families.

In 2008, 13 units at the Westwood Heights addition (now Roxhill Court) were designated as scattered site replacement units. The Authority has integrated the final 74 units of scattered sites to be relocated as part of the Rainier Vista Phase II rental housing portfolio. This plan maximizes our ability to achieve the most affordable rental units in Phase II. The revisions to the Rainier Vista Plan will require the City's approval, which is expected during 2009.

(4) Redevelopment Summary

The Authority's redevelopment and revitalization efforts contribute positively to all Seattle neighborhoods touched by our housing portfolio. The redevelopment activities of the Authority have and will continue to stimulate and leverage public and private investments in neighborhoods throughout the city. Benefits to the Authority's residents, Section 8 Program participants, and the greater Seattle community are being felt in the form of public improvements such as parks, libraries, and community centers; increased private investments in local business enterprises leading to greater job opportunities; and increased goods and services for neighborhood residents.

By the time the Authority completes High Point and Rainier Vista, it will have transferred to the City of Seattle an estimated $100 million in public right of way infrastructure – roads, sewers, water lines, electrical systems from the street, including streetlights, sidewalks, landscaping, irrigation, and parks and open space. All of these public assets were financed by the Authority and not by local taxpayers. In addition, with the creation of mixed-income communities, the Housing Authority is creating new tax revenues for the City, as private properties become part of the property tax base.

In all of the redevelopment activities to date, the Authority has committed to replace all units affordable to low-income households, and is on track to meet those commitments. Thus, the Authority's redevelopment program is producing increased affordable housing and market rate opportunities in mixed-income communities, while continuing to serve at least the same number of (or more) very low-income residents as before redevelopment.

(5) Prudently Managing Public Housing Properties

The Authority has continued to take an active asset management approach to managing its properties, treating each of them as a distinctive "community", with the goal of efficiently utilizing each property to its fullest potential toward meeting our mission. This means the Authority is actively reviewing its existing real estate holdings to ensure that all assets are managed in a cost-effective and efficient fashion and are contributing to the overall mission of creating and sustaining decent, safe, and affordable living environments for the low-income people of Seattle.

The Authority will continue to supplement its operating revenues and HUD subsidies by actively competing for additional federal funds for modernization, redevelopment, and resident support activities. For 2008, the Authority was awarded approximately $13 million in HUD public housing capital project grant funds for the modernization and improvement and replacement of public housing properties, along with various Resident Opportunities and Self Sufficiency (ROSS) grants. Although the Authority continues to depend upon HUD subsidies for its operations, rental income from its traditional property portfolio and from its debt-financed properties is becoming a significant and increasing portion of the Authority's operating revenues.

For 2008, tenant rents and fees income from all properties (including component units) totaled $40.8 million, representing approximately 27.6% of the combined Authority plus component unit operating revenues.

In May 2005, the Authority's Board adopted a five year strategic plan entitled *Remaining Committed in Times of Change*. This plan articulates ways in which the Authority can maintain its significant housing stock for extremely low-income households in the face of long-term trends of declining federal resources. Included in the strategic direction of *remaining committed to our mission in times of change* is the goal of expanding the Authority's housing options to also serve the need of residents across the low-income spectrum from 30 to 80 percent of area median income and to increase by 1,000, over the next five years, the number of affordable housing units owned or managed by the Authority while maintaining or increasing the number of units affordable to households under 30 percent of area median income.

The Authority's MTW agreement with HUD was extended for ten years at the end of 2008. This extension represents a significant confirmation of the effectiveness of the MTW model in promoting a wholistic affordable housing strategy and operation to meet local housing needs.

Financial Management and Oversight

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that the Authority's assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformance with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs and benefits require estimates and the exercise of judgments by management.

As a recipient of federal and state financial assistance, the Authority is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the compliance staff of the Authority.

Single Audit: In compliance with the Single Audit Act Amendments of 1996, tests are made to determine the adequacy of the Authority's internal control structure, including that portion relative to federal financial assistance programs, as well as to determine whether the Authority has complied with applicable laws and regulations. The Authority's single audit was carried out by the international public accounting firm of KPMG, LLP. The audit for the fifteen month period ended December 31, 2007 resulted in two significant deficiencies. Reinspections of Section 8 units were not always completed within the required 30-day time frame. Auditors also noted that the Authority needed to strengthen controls over year-end cut-off procedures to ensure recording of expenditures in the proper year. The Authority has taken measures to address both of these issues. No instances of material weakness in the internal control structure or significant violations of applicable laws and regulations were found.

Budgeting Control: The objective of budgetary controls maintained by the Authority is to ensure appropriate financial management by monitoring compliance by Authority department managers of actual expenditures in relation to the approved budget. Budgets are estimates of what the future revenue and expense experience will be; as such, they are subject to change as circumstances change. An integral part of budget control is to review needs for and impacts of budget revisions following adoption of the annual budget by the Board. These reviews occur at least quarterly and where adjustments are justified, the adopted budget is revised. The Finance Department reports quarterly to managers and executive staff on the status of the budget and any corrective actions needed.

Financial Policy Oversight and Real Estate Committees: In 2007, the Authority created two new internal management committees – the Real Estate Oversight Committee (REO) and the Financial Policy Oversight Committee (FPO). These committees are charged with ensuring that development strategies and current or implied financial commitments/conditions receive the full scrutiny of the Authority's top managers and expert line staff. These committees have enhanced agencywide consideration of and decisions on develop opportunities, project selection, and financing plans; coordination of timing on actions, planning and monitoring of interim financing repayment plans; creation of an Audit Committee; and the like. The Financial Policy Oversight Committee has also adopted a policy on operating reserves and is in the process of developing debt service policies to guide the Authority's decisions regarding incurring debt.

Component Units: The Authority has fourteen discretely presented component units as of December 31, 2008. In 2008, the Authority entered one new limited partnership - Tamarack Place Limited Partnership, which is related to Phase II of the Rainier Vista redevelopment project. Under the low-income housing tax-credit program, the mixed-finance closing for the Douglas Apartments Limited Partnership was completed in 2008 for the rehabilitation of 43 units of low-income housing in South Seattle.

As the Authority has expanded its redevelopment activities using mixed financing, component units have become a larger and larger share of our strategy of providing low-income housing. At the end of 2008, the Authority's component units represented over 43 percent of all rental housing units operated directly by the Authority.

Cash Management: All funds invested by the Authority during fiscal year 2008 were placed in accordance with Washington State investment guidelines and HUD regulations. Generally, investment instruments are limited to U.S. Treasury, certificates of deposit, repurchase agreements, and the Washington State Local Government Investment Pool. The average yield on these investments was 2.67 percent during the 12 month period ended December 31, 2008.

Risk Management: The Authority employs two professionally certified risk management staff and utilizes insurance and claims consultants, as needed, to manage property, liability, and workers' compensation claims, as well as other risks inherent in the Authority's normal course of business. The Authority is covered by the state of Washington workers' compensation program and maintains property insurance coverage in the amount of $100 million with a deductible of $50,000 per occurrence. The Authority participates in the Housing Authority Risk Retention Group (HARRG) to obtain stable and affordable general liability coverage; the Authority maintains general liability coverage at a combined limit of $15 million, subject to a deductible of $250,000 per occurrence. The Authority has continued to designate $800,000 of its net assets as an insurance reserve and maintains a number of additional insurance policies in order to mitigate other business risks.

The Authority has, for the past several years, been the recipient of a nationwide Outstanding Risk Control Program Award from HARRG. In addition to the insurance coverage described above, the Authority's policy provides earthquake coverage of $1 million per occurrence with a deductible of $100,000 per occurrence. The Authority will continue to work diligently and prudently to balance our risks with the cost and availability of insurance coverage in the market place.

Awards and Recognition

Excellence in Financial Reporting: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report (CAFR) for the fifteen-month period ended December 31, 2007. This was the eleventh consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for their assessment again this year.

High Performing Housing Authority: In 1999, after six straight years of designation as a high performing housing authority under HUD's Public Housing Management Assessment Program (PHMAP), the Authority became one of six participants under contract with HUD in its Moving to Work (MTW) Demonstration Program. The Authority continues with about thirty other high performing housing authorities across the country to enjoy HUD's confidence and be able to operate with streamlined regulations and block grant funding to maximize the use of HUD funds to meet local low-income housing needs and priorities. SHA has signed a contract with HUD for a ten-year extension of its MTW status. HUD expects to revise its High Performer program in 2009 to make it optional. The Housing Authority will assess whether continuing in the program is cost effective for Seattle.

Design and Sustainability Awards: The Authority has been recognized locally, nationally, and internationally for the quality of our redevelopment communities. In 2007, the Authority received the prestigious Urban Land Institute Global Award for Excellence. This award is broadly recognized as the pinnacle award for design excellence on a worldwide scale and is an apt reflection of the Authority's commitment to sustainability and to the innovative designs and programs implemented at High Point.

The Authority's redevelopment projects have also received the following awards:

High Point:

- Pacific Northwest Regional Council of Carpenters: Apprenticeship Opportunity Award
- Built Green: Certificate of Merit
- Build Green: Hammer Award (highest scoring community to date)
- Puget Sound Regional Council: Vision 2020 Award
- Washington Excellence in Concrete Construction: Sustainable Merit Award
- PCBC Gold Nugget Award: Master-Planned Community of the Year
- PCBC Gold Nugget Award: Best Infill, Redevelopment, or Rehab Site Plan
- NAHB National Green Building Award: Multifamily Project of the Year
- A1A: Housing Committee Award (Multifamily)
- A1A: Show You're Green Award
- A1A/HUD Secretary's Award: Community Informed Design Award
- Governor's Smart Communities: Jury's Merit Award
- International Society of Arboriculturists: Green Leaf Award
- Rudy Bruner National Award for Urban Excellence
- Energy Star Outstanding Achievement Award
- EPA National Award for Smart Growth Achievement
- Urban Land Institute Award for Excellence - Americas

Rainier Vista:

- The Seattle Metropolitan Magazine "Best Places to Live Award"
- Energy Star Outstanding Achievement Award

New Holly Phase III:

- PCBC/Builders Magazine's 2006 Grand Prize for the Best Affordable Project under 30 units/acre.

Acknowledgments: The preparation of this report has been accomplished through the hard work of the Finance Department staff and the support of other staff members throughout the Seattle Housing Authority. We wish to thank the management and staff of KPMG LLP who provided the necessary expertise and technical assistance in organizing this report.

We would also like to take this opportunity, on behalf of the staff and residents of the Seattle Housing Authority, to acknowledge the members of the Board for their tireless support and guidance.

Respectfully submitted,

Tom Tierney
Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Housing Authority of the City of Seattle Washington

For its Comprehensive Annual Financial Report for the Fifteen Months Ended December 31, 2007

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President

Executive Director

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Section

Section II

KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

The Board of Commissioners
The Housing Authority of the City of Seattle, Washington:

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of The Housing Authority of the City of Seattle, Washington (the Authority) as of and for the year ended December 31, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the Authority, which represent 100% of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 27, 2009 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

KPMG LLP, a U.S. limited liability partnership, is the U.S.
member firm of KPMG International, a Swiss cooperative.

The management's discussion and analysis on pages 3 through 11, is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The cost certificates for projects WA19P001501-04, WA19R001501-04, and WA19URD001I198 are supplemental information required by the U.S. Department of Housing and Urban Development (HUD). The cost certificates have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

May 27, 2009

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Management's Discussion and Analysis

Year ended December 31, 2008

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority) is pleased to present its basic financial statements for the year ended December 31, 2008, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net assets (balance sheet); the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses including depreciation are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net assets.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2008, with comparative data for the fifteen-month period ended December 31, 2007. The Authority changed its fiscal year-end date from September to December for the year beginning October 1, 2006. Therefore, the reporting period for the twelve months ending December 31, 2008 is compared with the fifteen-month prior reporting period from October 1, 2006 to December 31, 2007. Please read this section in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

- Assets of the Authority exceeded liabilities at December 31, 2008 by $370.0 million (net assets). Of this amount, $142.7 million (unrestricted net assets) may be used to meet the Authority's ongoing obligations.
- Total net assets increased by $15.8 million. This increase is primarily attributed to increased capital contributions for infrastructure at High Point and Rainier Vista.
- The Authority's current ratio that measures liquidity has increased during the year from 64% to 69%. Although there was increased short-term borrowing for infrastructure at High Point and Rainier Vista there were some repayments on the real estate and operating credit lines. In addition, a significant portion of the deferred revenue is classified as long term.
- Capital assets increased from $329.1 million to $337.1 million. Construction in progress increased $16.9 million, which was primarily related to infrastructure for High Point and Rainier Vista redevelopment projects. During the year, the Authority continued to sell scattered site properties and acquire replacement units in the Public Housing program.
- Long-term notes receivable increased from $182.2 million to $186.2 million. The Authority has made loans to other low-income housing providers and to its component units that are redeveloping housing communities under the HOPE VI Redevelopment program and other tax credit projects. The Authority

created an allowance of $6.5 million for forgivable loans to low-income providers, which reduced loans receivable. Loans to component units increased by $10.3 million.

- The Authority's total debt decreased from $209.1 million to $204.5 million during the current reporting period. The Authority had one new bond issue related to the Douglas Apartments Limited Partnership and also paid off a $10.8 million bridge bond for homeWorks (the High Rise Rehabilitation Project), Phase I. Also, the ratio of total debt to net capital assets decreased from 63.5% at December 31, 2007 to 60.7% at December 31, 2008.

Financial Analysis

Statement of Net Assets

The statement of net assets presents the assets, liabilities, and net assets of the Authority at the end of the fiscal year. The purpose of the statement of net assets is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, liabilities, and net assets (assets minus liabilities). Also shown is the sum of total liabilities and net assets, which equals total assets.

Total assets of the Authority at December 31, 2008 and December 31, 2007 amounted to $627.3 million and $595.4 million, respectively. The significant components of current assets are equity in pooled investments, receivables from component units, and restricted investments. The noncurrent assets are certain investments, capital assets, and notes receivable. Capital assets include land, land improvements, leasehold improvements, buildings, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The principal changes in assets from December 31, 2007 to December 31, 2008 were increases in cash and investments, capital assets, long-term notes receivable, and noncurrent receivables from component units.

Total liabilities of the Authority are $257.3 million and $241.2 million at December 31, 2008 and December 31, 2007, respectively. Current liabilities include accounts payable and other accrued liabilities, deferred revenue, and short-term borrowings. Current liabilities have increased by $11.7 million, reflecting planned increases in use of the Authority's infrastructure line of credit for phase two of the High Point redevelopment project and phase two of the Rainier Vista redevelopment project as well as increases in accounts payable and the current portion of long-term debt. A liability is considered to be current if it is due within one year. Noncurrent liabilities are made up of the long-term portion of the notes and bonds payable. Noncurrent liabilities increased by $4.4 million as a result of increases in deferred revenue related to operating leases for homeWorks projects.

Net assets represent the Authority's equity, a portion of which is restricted for certain uses. Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt shows the Authority's equity in land, structures, construction in progress, and equipment, net of related capital debt outstanding. The next net asset category is restricted net assets; these assets have external limitations on the way in which they may be used. The last category is unrestricted net assets; these are available to use for any lawful and prudent purpose of the Authority. Unrestricted net assets increased by 7.6% during the year from $132.7 million to $142.7 million.

Condensed Statement of Net Assets

(In thousands)

		December 31, 2008	December 31, 2007
Assets:			
Current assets	$	60,354	49,173
Noncurrent investments		24,287	22,654
Capital assets, net		337,110	329,120
Notes receivable, long term, net		186,166	182,125
Other noncurrent receivables		19,371	12,338
Total assets	$	627,288	595,410
Liabilities:			
Current liabilities	$	87,992	76,246
Noncurrent liabilities		169,293	164,911
Total liabilities		257,285	241,157
Net assets:			
Invested in capital assets, net of related debt		222,001	211,876
Restricted for debt service		5,327	9,726
Unrestricted		142,675	132,651
Total net assets		370,003	354,253
Total liabilities and net assets	$	627,288	595,410

Statement of Revenues, Expenses, and Changes in Net Assets

The purpose of the statement of revenues, expenses, and changes in net assets is to present the revenues earned by the Authority, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the Authority. Generally, operating revenues are amounts received for providing housing to the Authority's tenants. Operating expenses are those paid to maintain the housing units and provide other services for the tenants of the Authority. Nonoperating revenues are funds received for which goods and services are not provided, for example, interest income. Capital contributions represent funds received from U.S. Department of Housing and Urban Development (HUD) for Hope VI redevelopment and other capital activities.

The condensed statement of revenues, expenses and changes in net assets on the following page reflects the year ended December 31, 2008 compared to the fifteen-month period ended December 31, 2007. For a more useful comparison, the table includes a column showing the twelve-month annualized numbers for 2007 and this discussion compares the 2007 annualized amounts to the 2008 results. Overall, on an annualized basis, operating revenues decreased by 6.2% or approximately $8.3 million and operating expenses increased by approximately 1.3% or approximately $1.8 million for the year; nonoperating revenues increased by 58.0% or approximately $4.4 million; and capital contributions decreased by 10.0% or approximately $2.2 million. While net assets increased in 2008 by approximately $15.8 million, the increase in net assets was lower, on an annualized basis, in 2008 than in 2007 by approximately $7.9 million.

For operating revenues, tenant rentals and sales decreased compared to 2007 because operations of seven of the low-income high-rise buildings were transferred to High Rise Rehab Phase II component unit effective December 2007. Also in 2007, HUD required the Authority to transfer the management of six Housing Assistance Contracts to another housing authority, which resulted in a loss of revenue of approximately $2.9 million compared to 2008. In addition, the Authority continued to sell scattered sites, but at a slower pace. Gains from those sales for the year ended December 31, 2008 were $4.1 million, compared to $10.8 million on an annualized basis for the period ended December 31, 2007.

Operating expenses increased approximately 1.3% annualized compared to the annualized expenses for 2007. Within the categories, housing operations and administration expenses increased $4.4 million primarily as a result of increased public housing subsidy transferred to the low rent communities of the component units.

Net nonoperating revenues also increased substantially due to decreases in interest expense and a decrease in disposition of assets, reflecting fewer write-offs for disposition of assets. In addition, public housing subsidy increased as a result of HUD's increase of proration from approximately 84% to approximately 89%.

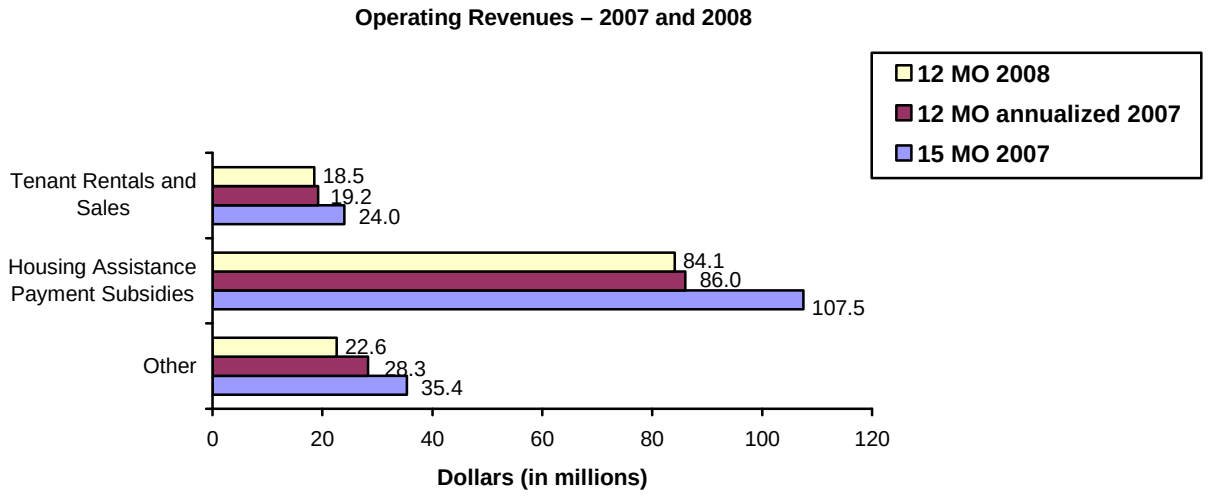
Capital contributions in the year ended December 31, 2008 were made up of $8.1 million from Hope VI redevelopment grants and $11.8 million from HUD capital grants. On an annualized basis, the Authority received approximately $22.1 million during 2007. The net result is that the Authority added $15.8 million to net assets for the year ended December 31, 2008.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

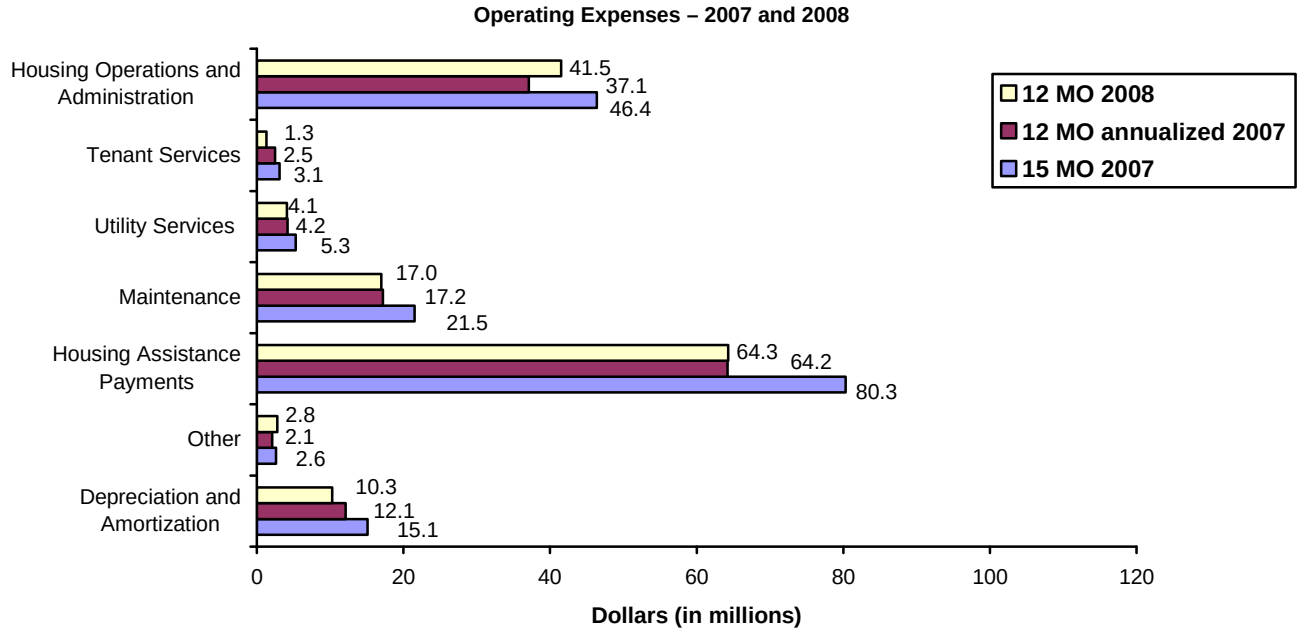
(In thousands)

	For the twelve-month period ended December 31, 2008	For the fifteen-month period ended December 31, 2007	Annualized for the twelve-month period ended December 31, 2007
Operating revenues:			
Tenant rentals and sales	$ 18,548	23,958	19,166
Housing assistance payment subsidies	84,100	107,529	86,023
Other	22,595	35,382	28,306
Total operating revenues	125,243	166,869	133,495
Operating expenses:			
Housing operations and administration	41,516	46,408	37,126
Tenant services	1,308	3,172	2,538
Utility services	4,092	5,253	4,202
Maintenance	17,054	21,461	17,169
Housing assistance payments	64,271	80,301	64,241
Other	2,768	2,586	2,069
Depreciation and amortization	10,299	15,155	12,124
Total operating expenses	141,308	174,336	139,469
Operating loss	(16,065)	(7,467)	(5,974)
Net nonoperating revenues:			
Intergovernmental	17,523	19,110	15,288
Interest expense	(8,532)	(10,756)	(8,605)
Interest income	6,547	7,638	6,110
Change in fair value of investments	(333)	140	112
Loss on investment in limited partnerships	(1,505)	—	—
Disposition of assets	(1,735)	(6,674)	(5,339)
Total nonoperating revenues	11,965	9,458	7,566
Change in assets before capital contributions	(4,100)	1,991	1,592
Capital contributions	19,850	27,595	22,076
Increase in net assets	15,750	29,586	23,668
Net assets, beginning of year	354,253	324,667	Above for comparison
Net assets, end of year	$ 370,003	354,253	purposes only

Operating revenues and operating expenses are shown in detail in the chart below. The fiscal year 2008 numbers represent twelve months while the fiscal year 2007 numbers reflect fifteen months of activity.



Operating expenses are shown in detail in the chart below:



Capital Asset and Debt Administration

The Authority continued to add to its capital assets during the year ended December 31, 2008 and also continued with a project to realign scattered site properties in the public housing program. The result was a 2.4% increase in net capital assets from December 31, 2007 to December 31, 2008. The project involves selling scattered site properties, which are primarily single family and duplex units, and replacing them with larger buildings that are more efficient and less costly to manage and operate. During this period, the Authority sold 20 such properties with 25 units. Additional acquisitions of scattered sites are expected as part of the redevelopment of Rainier Vista. The Authority also demolished some buildings in the local housing program as a prelude to redevelopment on those sites. Construction in progress increased as a result of additions to infrastructure at the High Point and Rainier Vista redevelopment projects.

The table below shows the Authority's capital assets, net of accumulated depreciation, at December 31, 2008 and December 31, 2007 (in thousands).

		December 31, 2008	December 31, 2007
Land	$	71,613	71,689
Land improvements		6,662	6,510
Structures		161,060	170,679
Leasehold improvements		604	216
Equipment		2,427	2,202
Construction in progress		94,744	77,824
Total capital assets, net	$	337,110	329,120

Note 5 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the fiscal year.

In addition, the Authority continued to use short-term borrowings to finance property acquisitions and infrastructure costs at the High Point and Rainier Vista redevelopment projects. Long-term borrowings decreased primarily related to the maturity of the bridge bond for Phase I of the homeWorks project. Shown in the table below is the outstanding debt at December 31, 2008 and December 31, 2007 (in thousands).

		December 31, 2008	December 31, 2007
Short-term borrowings	$	48,603	45,212
Notes payable		32,485	33,016
Bonds payable		123,460	130,867
Total debt outstanding	$	204,548	209,095

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the fiscal year.

Economic Factors Affecting the Authority's Future

Federal appropriation level for HUD programs, such as Section 8 and Public Housing Operating Subsidies, and the various capital programs continue to have a major impact on the Authority's financial position. Federal housing dollars make up the largest source of revenue for the Authority. During 2008, the Authority earned $101.6 million in federal dollars for its operating programs and $19.9 million for its capital projects. This represents approximately 72% of total Authority revenues and contributions for the year. In addition, federal financial support from HUD has been an important source of support for acquiring or developing a majority of the Authority's $337.1 million of capital assets as of December 31, 2008. In the redevelopment of the Authority's family communities as mixed-income communities at NewHolly, High Point, and Rainier Vista success has relied on mixed financing, using federal HOPE VI funds, tax credit partnership equity, proceeds from sale of land, and bonds.

The federal government has been a principal source of funds for low-income housing development, operations, and maintenance since the National Housing Act of 1937. While federal support of public housing has ebbed and flowed with different administrations over that period, there is a long-term record of federal financial support for low-income housing. While much of the current decade has seen continual underfunding of public housing operating and capital grants, 2008 saw a significant increase in the funding proration for public housing operations, from 84% to over 89%, and the Authority fared well in capital grant allocations and saw an increase of 2% in 2008. At the same time, the Section 8 Housing Choice Voucher program, which experienced double-digit increases between 2005 and 2007, was flat in 2008.

The near-term forecast for federal funding of low-income housing programs is encouraging. The 2009 Omnibus spending bill was passed by Congress in early March 2009 and the HUD appropriation of $41.5 billion represented a 7.7% increase over the Bush Administration's 2009 proposal. The 2009 appropriation is in addition to the $13.6 billion in the American Recovery and Reinvestment Act (ARRA) funding for HUD programs. For public housing, the ARRA funding provided an additional infusion in 2009 of $4.0 billion in capital grant funds, nearly twice the ongoing capital grant funding. Additionally, President Obama's fiscal year 2010 budget includes $47.5 billion in HUD funding, an increase of 14.5% over the 2009 Omnibus bill funding level. As the federal government attempts to address the housing crisis, in its many dimensions, as a core strategy in its economic recovery plans, federal support for low-income and affordable housing development and operations has become a priority.

While the Authority expects stable to increasing federal revenues for low-income and affordable housing over the next few years, we continue to feel the effects of the recession in our development activities, as land sales have slowed and prices have fallen and as investors and prices for low-income tax credits have dropped. The impacts on the Authority have been to slow the pace of development projects and increase carrying costs, as we wait for a rebound in the housing market. On the bright side, construction prices are very competitive and recent projects the Authority has bid have attracted several construction firms and very competitive pricing below engineers estimates. While attracting investors with feasible pricing for tax credit mixed financings has been a challenge across the country, the Authority successfully closed the Douglas Apartments Limited Partnership (for redevelopment of the South Shore Apartments) with financing assistance from the City of Seattle and the State's Housing Trust Fund. That project will be completed in 2009 and add 43 units of public and tax credit housing. In 2009, we will complete and lease up all the rental housing in the final phase of High Point Redevelopment; this will add about 160 units of low-income housing.

With support from ARRA funds, during 2009, the Authority expects to undertake development of the 86-unit mixed-use commercial and residential Tamarack building in Rainier Vista Phase II; the next stage of infrastructure construction at Rainier Vista; major systems rehab in three low-income high-rise buildings with 639 units for low-income residents at Bell Tower, Denny Terrace, and Jefferson Terrace. These latter projects, when finished, will complete systems upgrades to 24 of Seattle Housing Authority's high-rise public housing buildings, accomplished over the period 2006-2010.

The long-term prospects for the housing market are strong in Seattle and for Authority properties; thus, our challenge continues to be one of timing. The Authority remains committed to completing existing redevelopment activities and undertaking the redevelopment of our last "garden" community, Yesler Terrace, over the next decade. The Authority now has the tools of ARRA funding and federal changes in the Low Income Housing Tax Credit (LIHTC) program that will enhance our prospects for earlier and successful low-income and affordable housing development. As credit markets revive and the housing market shows signs of a turnaround, the Authority looks forward to renewing our partnerships with private developers for the inclusion of "for-sale" properties in our redeveloped mixed-income neighborhoods.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Janet Hayes, Controller, 120 Sixth Avenue North, Seattle, WA 98109.

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Basic Financial Statements

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Assets

December 31, 2008

Assets	Primary Government	Component Units
Current assets:		
Cash and cash equivalents	$ 5,482,626	2,159,770
Restricted cash	4,655,023	10,408,983
Investments	31,668,686	—
Accounts receivable:		
Tenant rentals and service charges	287,222	464,606
Other	1,278,602	18,849
Due from:		
Other governments	2,121,914	—
Primary government	—	2,576,657
Component units	8,014,561	—
Inventory and prepaid items	921,701	395,024
Restricted investments	2,750,055	15,154,958
Deferred charges	1,839,376	3,820,841
Notes receivable	145,851	—
Notes receivable from component units	1,173,899	—
Other	13,949	—
Total current assets	60,353,465	34,999,688
Noncurrent assets:		
Investments	3,154,024	—
Restricted investments	21,133,032	968,273
Due from component units	18,022,427	—
Other	1,348,808	297,238
Capital assets:		
Land	71,612,735	2,286,427
Land improvements	6,765,086	15,357,143
Leasehold improvements	791,472	—
Structures	331,972,142	305,872,323
Equipment	16,948,392	6,133,641
Construction in progress	94,744,384	38,046,209
Less accumulated depreciation	(185,723,794)	(36,475,500)
Capital assets, net	337,110,417	331,220,243
Notes receivable, net of allowance	15,319,929	—
Notes receivable from component units (net of excess loss on investment of $1,502,397)	170,845,795	—
Total noncurrent assets	566,934,432	332,485,754
Total assets	$ 627,287,897	367,485,442

(Continued)

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Assets

December 31, 2008

Liabilities and Net Assets	Primary Government	Component Units
Current liabilities:		
Accounts payable:		
Vendors and contractors	$ 11,179,908	5,772,928
Other	5,981,314	174,476
Accrued liabilities	3,998,079	6,670,848
Due to component units	2,576,657	—
Due to primary government	—	8,014,561
Short-term borrowings	48,603,302	—
Short-term borrowings from primary government	—	1,173,899
Current portion of long-term debt	15,010,911	10,357,364
Deferred revenue	641,816	28,078
Total current liabilities	87,991,987	32,192,154
Noncurrent liabilities:		
Due to primary government	—	18,022,427
Security deposits	1,250,973	781,645
Deferred revenue	23,756,352	—
Long-term debt, less current portion:		
Notes payable to primary government	—	172,348,191
Notes payable	31,948,960	26,495,426
Bonds payable	108,984,722	65,441,939
Accrued compensated absences	3,126,855	—
Net OPEB liability	225,430	—
Total noncurrent liabilities	169,293,292	283,089,628
Total liabilities	257,285,279	315,281,782
Net assets:		
Invested in capital assets, net of related debt	222,001,336	74,740,212
Restricted for debt service	5,326,536	19,143,353
Unrestricted (deficit)	142,674,746	(41,679,905)
Total net assets	370,002,618	52,203,660
Total liabilities and net assets	$ 627,287,897	367,485,442

See accompanying notes to basic financial statements.

Exhibit A-2

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended December 31, 2008

		Primary Government	Component Units
Operating revenues:			
Tenant rentals and sales	$	18,548,105	22,244,773
Housing assistance payment subsidies		84,099,962	—
Other		22,594,560	549,642
Total operating revenues		125,242,627	22,794,415
Operating expenses:			
Housing operations and administration		41,515,711	7,055,275
Tenant services		1,307,592	—
Utility services		4,092,002	2,622,456
Maintenance		17,053,995	6,245,239
Housing assistance payments		64,270,568	—
Other		2,767,976	3,573,700
Depreciation and amortization		10,299,572	9,178,111
Total operating expenses		141,307,416	28,674,781
Operating loss		(16,064,789)	(5,880,366)
Nonoperating revenues (expenses):			
Intergovernmental		17,523,075	—
Interest expense		(8,532,367)	(5,943,114)
Interest income		6,547,470	1,021,838
Change in fair value of investments		(332,725)	(3,371,707)
Loss on investment in limited partnerships		(1,505,687)	—
Disposition of assets		(1,735,402)	—
Total nonoperating revenues (expenses)		11,964,364	(8,292,983)
Change in net assets before capital contributions		(4,100,425)	(14,173,349)
Contributions:			
Capital contributions		19,849,951	—
Partners' contributions		—	13,873,326
Total contributions		19,849,951	13,873,326
Change in net assets		15,749,526	(300,023)
Total net assets at beginning of year		354,253,092	52,503,683
Total net assets at end of year	$	370,002,618	52,203,660

See accompanying notes to basic financial statements.

Exhibit A-3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Cash Flows

For the Year Ended December 31, 2008

	Primary Government
Cash flows from operating activities:	
Receipts from residents	$ 18,624,716
Receipts from other sources	109,564,592
Advances to affiliates	(4,795,993)
Payments to vendors	(36,975,314)
Housing assistance payments	(64,270,568)
Payments to employees	(15,004,502)
Net cash provided by operating activities	7,142,931
Cash flows from noncapital financing activity:	
Operating grants received	17,504,881
Net cash provided by noncapital financing activity	17,504,881
Cash flows from capital and related financing activities:	
Capital contributions	21,324,672
Acquisition and construction of capital assets	(26,712,995)
Proceeds from dispositions of property and equipment	12,698,877
Proceeds from short-term borrowings	12,472,692
Proceeds from long-term borrowings	5,700,000
Payments on notes and bonds	(22,720,646)
Interest payments	(8,595,117)
Net cash used in capital and related financing activities	(5,832,517)
Cash flows from investing activities:	
Interest received	7,017,269
Maturity of investment securities	163,033,429
Purchases of investment securities	(174,445,575)
Payment on notes receivable	2,270,735
Issuance of notes receivable	(12,764,777)
Net cash used in investing activities	(14,888,919)
Increase in cash and cash equivalents	3,926,376
Cash and cash equivalents at beginning of year	6,211,273
Cash and cash equivalents at end of year	$ 10,137,649
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (16,064,789)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	10,299,572
Gain on sale of property	(4,117,689)
Changes in assets and liabilities:	
Accounts receivable and other assets	(7,069,976)
Inventory and prepaid items	(79,084)
Accounts payable and other liabilities	10,602,996
Accrued compensated absences	639,021
Deferred Revenue	7,680,216
Other	5,252,664
Total adjustments	23,207,720
Net cash provided by operating activities	$ 7,142,931
Noncash investing, capital, and financing activity:	
Decrease in fair value of investments	$ (332,725)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Program Descriptions

The Housing Authority of the City of Seattle, Washington (the Authority) was created in 1939 as a municipal corporation that derives its powers from Washington State (State) Law RCW 35.82. The Authority was created for the acquisition, development, modernization, operation, and administration of public housing programs. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing to low-income and elderly families in Seattle, Washington, and to operate its housing programs in accordance with federal and state laws and regulations. The Authority's programs are administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the U.S. Housing Act of 1937, as amended.

The Authority, recognized by HUD as a high-performing, large housing authority, was selected to participate in HUD's Moving to Work (MTW) Demonstration Program effective on January 13, 1999. The program allows the Authority an exemption from a multitude of HUD regulations and reporting requirements, and significant flexibility to combine its HUD funding for reallocation among the Authority's administrative, capital, and development activities.

The Authority has elected to report as a single enterprise proprietary fund and its primary operations comprised a number of housing and grant programs as follows:

The Public Housing Program – operates under HUD's Annual Contributions Contract (ACC) SF-151 and consists of the operations of low-rent public housing properties totaling 5,263 units. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Funds Program and through HUD Hope VI Urban Revitalization grants. Financing for the properties is obtained through bond issues and grants. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The Section 8 Program – consists of several Section 8 housing programs including the Section 8 Housing Choice Voucher program, the Section 8 New Construction and Substantial Rehabilitation program, and the Moderate Rehabilitation program. The Housing Choice Voucher program provides rental housing assistance subsidies in support of 8,401 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

The purpose of the Section 8 New Construction and Substantial Rehabilitation program is to construct or purchase and rehabilitate rental housing units to provide decent and affordable housing to low-income, elderly, and handicapped individuals whereby rental assistance is provided by HUD. Funding of the program is provided by federal housing assistance contributions and tenant rentals. The Authority owns two housing developments totaling 130 units.

The Section 8 Moderate Rehabilitation program operates under HUD's ACC S-0068K and consists of the operations of 760 privately owned family housing units. The purpose of the program is to rehabilitate substandard rental housing units and provide decent and affordable housing to low-income families whereby rental assistance is provided by HUD. The associated developments are maintained and managed by private landlords. Funding of the program is provided by federal housing assistance contributions.

The Seattle Senior Housing Program – operates approximately 993 units acquired and developed under a 1981 City of Seattle (City) bond issue. The purpose of this program is to provide low rent housing for the elderly, handicapped, and disabled. Funding for the management and operation of these nonsubsidized housing units is provided exclusively from rent income.

Other Housing Programs – operates approximately 971 units of low-income housing. These projects are financed primarily through bond issues and receive no external funding. On-site management for these units may be done by the Authority or contracted with other management companies. In addition, the Authority also has 539 nonpublic housing units within the HOPE VI redeveloped communities.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are described below.

(b) Reporting Entity

The governing body of the Authority is its Board of Commissioners (Board), comprising seven members appointed by the Mayor of the City. The Authority is not financially dependent on the City and is not considered a component unit of the City.

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (c) the component unit is financially dependent on the primary government.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. Blending involves merging the component unit data and data with the primary government. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government. There are two situations where blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary government, and (2) when the component unit serves the primary government exclusively, or almost exclusively.

The Authority is the general partner in 14 real estate limited partnerships as of December 31, 2008. The limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. Additionally, the Authority is financially accountable for the limited partnerships as the Authority is legally obligated to fund operating deficits in accordance with terms of the partnership agreements. The Authority also has outstanding loans and advances to the limited partnerships amounting to approximately $198.1 million at December 31, 2008. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

The 14 component units are: the Holly Park Limited Partnership (HPLP), the Ravenna School Limited Partnership (RSLP), the Othello Street Limited Partnership (OSLP), Desdemona Limited Partnership (DLP), the Escallonia Limited Partnership (ELP), the High Point North Limited Partnership (HPNLP), the High Point South Limited Partnership (HPSLP), the Ritz Apartments Limited Partnership (RALP), the Alder Crest Limited Partnership (ACLP), the High Rise Rehabilitation Phase I Limited Partnership (HRRILP), the Seattle High Rise Phase II Limited Partnership (SHRIILP), Seattle High Rise Phase III Limited Partnership (SHRIIILP), Douglas Apartments Limited Partnership (DALP), and Tamarack Place Limited Partnership (TPLP).

The HPLP is a legally separate entity that was formed to develop and manage the operations of the rental units in phase one of the Holly Park redevelopment project. The Holly Park redevelopment project includes the demolition of the existing Seattle Housing Authority owned and managed Holly Park public housing project and the building of new rental and home ownership housing units, new streets, and infrastructure. Development activities are complete and the HPLP will continue to operate and manage the rental units. The Authority has leased the land for the Holly Park redevelopment project to the HPLP for a nominal amount under a noncancelable operating lease. The Authority is the 0.1% general partner of the HPLP and is obligated to fund operating or other cash shortfalls up to $750,000. The Authority has agreements with the HPLP to provide social services to public housing residents and to provide management services to the partnership. Under the terms of the agreements, the Authority will earn 30% of net cash flows and up to 50% of cash flows of the partnership, respectively. In 2008, the HPLP did not have positive cash flows; therefore, no fees were earned.

The RSLP is a legally separate entity formed in 1998 to take advantage of low-income housing tax credits needed to finance the planned rehabilitation of the Ravenna School Apartments. The 39-unit apartment complex, owned by the Authority under its Senior Housing Program, has been leased to RSLP for a nominal amount under a 99-year operating lease. The Authority is the 0.01% general partner of the RSLP and also serves as developer of the $1.5 million rehabilitation project. In addition, the Authority will continue to serve as property manager of the Ravenna School Apartments. In July 1999, a tax credit investor was formally admitted as a limited partner to the RSLP. The project was completed during fiscal year 2000. The Authority is the 0.01% general partner and is obligated to fund operating deficits by contributing or loaning funds to the partnership.

The OSLP is a separate legal entity created on September 9, 1999 to undertake phase two of the redevelopment activities at the Holly Park community. Development activities are completed and the OSLP will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the OSLP. During fiscal year 2000, a tax credit investor was admitted to the partnership as a 99.99% limited partner. The Authority has leased the land for phase two of the Holly Park redevelopment project to the OSLP for a nominal amount under a noncancelable operating lease. The Authority is the 0.01% general partner of the OSLP and is obligated to fund an operating deficit up to $250,000.

The DLP is a separate legal entity created on May 10, 2002 to undertake phase three of the redevelopment activities at the Holly Park community. Development activities are completed and the DLP will continue to operate and manage the rental units. The Authority has leased the land for phase three of the Holly Park redevelopment project to the DLP for a nominal amount under a noncancelable operating lease. The Authority is the 0.01% general partner of the DLP and is obligated to fund an operating deficit without limitation as to amount. As of December 31, 2008, the DLP owed the Authority for developer fees in the amount of $2,319,517.

The ELP is a separate legal entity created on May 10, 2002 to undertake phase one of the redevelopment activities at the Rainier Vista community. Development activities are complete and the ELP will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the ELP. The Authority has leased the land for phase one of the Rainier Vista redevelopment project to the ELP for a nominal amount under a noncancelable operating lease. The Authority is obligated to fund operating or other cash shortfalls up to $500,000, with the obligated amount gradually decreasing to zero over the project's first three years of operations. As of December 31, 2008, the ELP owed the Authority for developer fees in the amount of $867,556.

The HPNLP is a separate legal entity created on October 31, 2003 to undertake phase one of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the HPNLP. The Authority has leased the land for phase one of the High Point redevelopment project to the HPNLP for a nominal amount under a noncancelable operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. The amount the Authority is obligated to fund is unlimited prior to the project's stabilization date as defined in the limited partnership agreement, and is limited to $1,200,000 after the project's stabilization date. The amount is further limited to $750,000 after 10 consecutive years of the partnership's operating subsidy being fully funded. As of December 31, 2008, the HPNLP owed the Authority developer fees in the amount of $3,550,569.

The HPSLP is a separate legal entity created on July 12, 2007 to undertake phase two of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the HPSLP. The Authority has leased the land for phase two of the High Point redevelopment project to the HPSLP for a nominal amount under a noncancelable operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2008, the HPSLP owed the Authority $4,550,000 for developer fees.

The RALP is a separate legal entity created on August 12, 2004 to undertake rehabilitation of the Ritz Apartments. During fiscal year 2005, the RALP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the RALP. The partnership agreement does not specify the obligation of the general partner in regards to funding operating shortfalls. As of December 31, 2008, the RALP owed the Authority $172,500 for developer fees.

The ACLP is a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. The ACLP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the ACLP. The Authority has leased the building to ACLP. As of December 31, 2008, the ACLP owed the Authority oversight developer fees amounting to $124,552.

The HRRILP is a separate legal entity created on July 26, 2005 to undertake phase one of a three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Each phase of the project will cover seven buildings, which are leased to the component unit. The Authority participates as the 0.01% managing partner. As of December 31, 2008, the HRRILP has no outstanding developer fee payable to the Authority.

The SHRIILP is a separate legal entity created on August 11, 2006 to undertake phase two of the three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Phase two also covers seven buildings, which are leased to the component unit. The Authority participates as the 0.01% managing partner. As of December 31, 2008, the SHRIILP owed the Authority developer fees in the amount of $1,100,000.

The SHRIIILP is a separate legal entity created on September 13, 2007 to undertake phase three of the three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Phase three also covers seven buildings, which are leased to the component unit. The Authority participates as the 0.01% managing partner. As of December 31, 2008, the SHRIIILP owed the Authority developer fees in the amount of $278,949.

The DALP is a separate legal entity created on September 17, 2007 to undertake rehabilitation of the Douglas Apartments, which were purchased by the Authority during the year. The DALP admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the DALP. As of December 31, 2008, the DALP owed the Authority developer fees in the amount of $339,664.

The TPLP is a separate legal entity created on October 15, 2008 to undertake phase two of the redevelopment activities at the Rainier Vista community. The TPLP has not yet admitted a tax credit investor to the partnership. The Authority plans to participate as the 0.01% managing general partner of the TPLP. As of December 31, 2008, the Authority has not earned any developer fees.

All 14 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2008 and may be obtained by contacting the Authority.

(c) New Accounting Standards Adopted

Four new statements issued by the GASB were adopted by the Authority this year. Due to the Authority's change in fiscal year last year, this was the first year they were required. Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, is effective for periods beginning after December 15, 2006, see note 11 for impact. Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, relates to pledged revenues and valuation of assets transferred between financial reporting entity components and is effective for periods beginning after December 15, 2006, see note 15 for additional discussion. Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, is effective for periods beginning after December 15, 2007, see note 14 for impact. Statement 50, *Pension Disclosure–An Amendment of GASB Statement No. 25 and No. 26*, is effective for periods beginning after June 15, 2007, see note 9 for impact.

(d) Basis of Accounting

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation of assets is recognized in the statement of revenues, expenses, and net assets. All assets and liabilities associated with the operation of the Authority are included in the statement of net assets. The principal operating revenues of the Authority are rental revenues received from residents. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Gains from sale of capital assets are included in operating revenues – other. Operating expenses for the Authority include the costs of operating housing units, administrative expenses, depreciation and loss from sale of capital assets. Intergovernmental revenues (operating subsidies) and housing assistance payments from HUD are received by the Authority for each unit rented to qualified tenants in the public housing and Section 8 programs. As these payments represent grant receipts in a proprietary fund, the amounts are classified as nonoperating revenues when earned. All other revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating revenues and expenses or as contributions of capital.

The Authority reports deferred revenue on its statement of net assets. Deferred revenues arise when potential revenue has not been earned in the current period. Deferred revenues also arise when resources are received by the Authority before it has a legal claim to them, as when grant moneys are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met or when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets and revenue is recognized.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds must follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, subsequent to that date, proprietary funds must either choose (1) not to apply all new FASB standards (including amendments of earlier pronouncements), or (2) to continue to follow all

new FASB pronouncements (unless they conflict with GASB guidance). The Authority has chosen not to apply new FASB standards subsequent to November 30, 1989.

(e) Cash and Investments

The Authority accounts for its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires that most investments be reported at fair value. Fair value is determined based on quoted market prices for the investments. All of the Authority's investments are reported at fair value.

The Authority is authorized by HUD and its Board to invest in time deposits, certificates of deposits, and obligations of the U.S. government or its agencies, and to enter into repurchase agreements. Repurchase agreements are secured by U.S. Treasury securities with a market value equal to or greater than the amount of the repurchase agreements. The Authority's investment policies provide for the ability to sell investments prior to the investments' contractual maturity.

(f) Accounts Receivable – Other

Other accounts receivable represent various receivables including accrued interest on investments, accrued interest on notes receivable, receivables from other housing authorities for Section 8 portability payments, receivables from component units for developer fees, and receivables from other funds that the Authority manages but does not own.

(g) Inventories and Prepaid Items

Inventories are stated at cost and consist of expendable materials and supplies. Inventory items are expensed using the first-in, first-out method. Office supplies are expensed using a moving weighted average cost method. Maintenance materials are expensed using the first-in, first-out method. Prepaid items are for payments made by the Authority in the current year for services occurring in a subsequent fiscal year.

(h) Deferred Charges

Deferred charges consist of debt issuance costs and bond discounts, which are amortized over the term of the related note or bond.

(i) Capital Assets and Depreciation

Capital assets are stated at historical cost. Maintenance and repairs are charged to current period operating expenses while improvements are capitalized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operating revenues and expenses. All capital assets with a value greater than $1,000 and a useful life of over one year are capitalized. Assets acquired through contribution are recorded at the fair value on the date donated.

Capital assets are generally depreciated on the straight-line method over estimated useful lives as follows:

Land improvements	50 years
Leasehold improvements	10 years
Structures	40 – 75 years
Equipment	3 – 10 years

(j) Accounts Payable – Other

Other accounts payable include payables for escrow accounts related to construction activities and the Section 8 Family Self-Sufficiency program, as well as miscellaneous payables related to payroll.

(k) Compensated Absences

Cabinet level employees and certain other executive level staff are covered under a new executive leave policy. The policy provides this group of employees with 200 hours of annual leave per year to be used within that calendar year and may carry over a maximum of 40 hours to the next calendar year.

All other employees earn 100 hours each year and, after the first year, additional hours are added based on the number of years of service up to a maximum of 200 hours per year. Unused vacation is allowed to accumulate to a maximum of 240 or 360 hours, depending on the employees' date of hire. Employees are paid for all accumulated vacation pay upon termination.

The Authority recognizes and compensates employees for nine traditional holidays. Holiday pay is recorded as an expense when incurred.

Employees earn sick leave at a rate of 96 hours per year. Sick leave is allowed to accumulate with no maximum. Employees are compensated for accumulated unused sick leave at the rate of 25% upon termination, permanent disability, or death.

Accruals are recorded at year-end for unused annual leave and unused sick leave, based on balances of hours at December 31 for each fiscal year end.

(l) Management Fees

For the year ended December 31, 2008, the Bay View Tower project paid the Authority management fees of $44,014, which is equal to 22.6% of net rental revenues received. Market Terrace paid the Authority management fees of $15,765, which is equal to $1,051 per month. Such management fees are accounted for in the Authority's operating fund. HUD regulates the amount of management fees that can be paid.

(m) Payments in Lieu of Taxes

Pursuant to an agreement with the City, the Authority may make payments in lieu of taxes (PILOT). PILOT may also be provided to other taxing districts in which property is owned. Upon mutual understanding with the City and other taxing districts, no PILOT was made in fiscal year 2008.

(n) Deferred Revenue – Operating Leases

The Authority has unearned revenue resulting from operating lease payments received from six of its discretely presented component units, the RALP, the ACLP, the DALP, the HRRILP, the SHRIILP and the SHRIIILP. The lease payments are recognized over the lease terms and unearned lease payments are shown as deferred revenue.

(o) Income Taxes

Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. The Authority is exempt from State and local property taxes. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(l)(A)(v) and 170 (c)(l) of the Internal Revenue Code of 1986, as amended.

(p) Pension Plans

The Authority reports pensions in accordance with GASB Statement No. 27 (GASB 27), *Accounting for Pensions by State and Local Governmental Employers*. GASB 27 requires the Authority to record a net pension obligation (benefit) for the difference between the required and actual employer contributions to its pension plans. The Authority funds all required contributions.

(q) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) Deposits and Investments

(a) Deposits

As of December 31, 2008, the Authority's carrying amount of deposits was $10,130,269 and the bank balance was $10,206,307. The bank deposits are held with financial institutions and are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net assets. All deposits in excess of the FDIC insurance limit of $250,000 are covered by the Public Deposit Protection Commission of the State of Washington, which is a multiple financial institution collateral pool, established under Chapter 39.58 of the Revised Code of Washington. The FDIC insurance was raised from $100,000 to $250,000 until December 31, 2009. In addition to bank deposits, the

Authority has $2,696 held at the U.S. Post Office and $4,684 in petty cash funds. All deposits are either insured or registered and held by the Authority or its agent in the Authority's name.

(b) Investments

The Authority's investment policies require that all investments be made in accordance with the stated objectives of capital preservation, optimum liquidity, and return, while conforming to all applicable statutes and regulations. The Authority has established a maximum maturity of three years for operating reserves and a maximum maturity of five years for replacement reserves. Bond reserves may have maturities that match the bond maturity.

The Authority invests a portion of its funds with the Washington State Local Government Investment Pool (LGIP) managed by the State Treasurer's office. The investments in this pool comprise repurchase agreements, government securities, and certificates of deposits. The LGIP operates in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, the LGIP uses amortized cost to report net assets and share prices since that amount approximates fair value.

Since the Authority reports all of its investment at fair value, no additional disclosure is required under GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*.

The Authority intends to adhere fully to its investment policy, which expressly prohibits the making of speculative or leveraged investments and requires that all investments be made prudently and with due care to ensure compliance with all statutes and regulations.

The Authority restricts its participation in money market mutual funds to those investing only in U.S. Treasury securities. However, the Authority's indirect exposure to any risks arising from derivative instruments utilized by such funds and programs is unknown.

Custodial Risk

Custodial risk for investments is the risk that in the event of failure of the counterparty to a transaction, the Authority will not be able to recover the value of the investments. As of December 31, 2008, all investments were insured or registered, and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk.

The LGIP and the U.S. Treasury money market investments are not categorized because the investments are not evidenced by securities that exist in physical or book entry form.

Investments in U.S. Treasury-backed short-term money market funds are investments held by the trustee in the Authority's name for bond issues.

Concentration of Credit Risk, Credit Risk, and Interest Rate Risk

Concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in a mutual fund, or external investment pools).

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities, as described by a national statistical rating organization such as Standard and Poor's (S&P). The Authority's policy provides that investments in corporate bonds and other fixed income securities must have a rating of A or better.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to select investments of varied maturities to mitigate this risk.

The following chart shows the Authority's exposure to these risks:

	S&P credit rating	N/A or less than 1 year	1 – 5 years	More than 10 years	Total
Money market funds	n/a	$ 2,850,362	—	—	2,850,362
U.S. government securities	n/a	—	—	19,291,503	19,291,503
U.S. agency securities	AAA	—	2,266,268	—	2,266,268
Certificates of deposit	n/a	—	1,000,000	—	1,000,000
Yield agreements	n/a	—	—	1,342,218	1,342,218
Private debt obligations	n/a	—	—	397,686	397,686
State investment pool	AAA	31,557,760	—	—	31,557,760
Total investments		$ 34,408,122	3,266,268	21,031,407	58,705,797

(c) Component Unit Deposits

As of December 31, 2008, the component units' carrying amount of deposits was $12,568,753 and the bank balance was $13,353,811. The bank balances held with financial institutions are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net assets. All deposits in excess of the FDIC insurance limit of $250,000 are covered by the Public Deposit Protection Commission of the State of Washington, which is a multiple financial institution collateral pool, established under Chapter 39.58 of the Revised Code of Washington. The FDIC insurance was raised from $100,000 to $250,000 until December 31, 2009.

(d) Component Unit Investments

As of December 31, 2008, investments of $16,123,231 were held in trust and restricted for the development of the component units' redevelopment projects and for the payment of principal and interest on the component units' bonds.

Custodial Risk

The investments of the component units are guaranteed investment contracts collateralized by U.S. government investment securities. As of December 31, 2008, all investments were insured or registered, and held by the component unit or its agent in the component unit's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the component unit's name. Therefore, the investments are not exposed to custodial risk.

The component units of the Authority are subject to the same concentration of credit risk, credit risk, and interest rate risk as the Authority. The chart below shows the exposure to these risks:

	S&P credit rating	N/A or less than 1 year	More than 10 years	Total
U.S. government money market funds	n/a	$ 5,638,941	—	5,638,941
Yield agreements	n/a	—	576,623	576,623
Repurchase agreements	n/a	1,067,950	391,650	1,459,600
State investment pool	n/a	8,448,067	—	8,448,067
Total investments		$ 15,154,958	968,273	16,123,231

(3) Restricted Assets

(a) Security Deposits

Upon moving into a project, tenants are required to pay a security deposit, which is refundable when the tenant vacates the apartment, provided the apartment's physical condition is satisfactory. The Authority held security deposits for residential tenants as well as commercial tenants as of December 31, 2008 as shown in the schedule below:

	Residential	Commercial	Total
Total security deposits	$ 900,047	350,926	1,250,973

(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2008, funds held for bond trust funds and mortgage reserves are shown below:

	Balance
Investments are held in the Operating fund in trust for the Wakefield/PorchLight bonds and are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear interest at approximately 5.20%.	$ 603,672
Investments for Gamelin/Genesee bonds are restricted for the payment of principal and interest. The investments consist of money market funds and bear interest at approximately 1.43%.	318,913
Cash is held for replacement reserves on the public housing units of the Othello Limited Partnership. Interest is paid at approximately 0.62%.	134,999
Cash and investments for the Villa Park bonds are restricted for the payment of bond principal and interest. Such investments consist of money market funds and bear interest at approximately 1.13%.	147,551
Investments for the Telemark bonds are restricted for the payment of bond principal and interest. Such investments consist of money market funds and bear interest at approximately 0.70%.	223,919
Investments for the Wedgwood bonds are restricted for the payment of bond principal and interest. Such investments consist of Government National Mortgage Association securities (GNMA) and bear interest at approximately 5.47%.	16,090,811
Investments held for the Market Terrace and Mary Avenue bonds are restricted for the payment of principal and interest and consist of money market funds bearing interest at approximately 0.02%.	220,599
Investments for the Montridge bonds are restricted for the payment of principal and interest. The investments consist of money market funds and bear interest at approximately 1.13%.	132,604
Investments for the Replacement Housing bonds are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear interest at approximately 0.62%.	753,466
Investments for the Longfellow Creek bonds are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear interest at approximately 1.46%.	245,464
Investments for the Wisteria Court bonds are restricted for the payment of principal and interest. The investments consist of GNMA securities and bear interest at approximately 5.267%.	3,670,068
Reserves are held in restricted cash accounts for the mortgage on Wedgwood Estates and bear interest at approximately 5.72%.	132,002
Reserves are held in restricted cash accounts for the mortgage on Wisteria Court Apartments and bear interest at approximately 5.51%.	342,651

		Balance
Investments are held for the Yesler Community Center Replacement Housing bonds and are restricted for the payment of principal and interest. The investments consist of treasury obligations and bear interest at approximately 0.11%.	$	145,825
Investments are held for the Bayview Tower and Lake City Commons bonds. These funds are restricted for the payment of principal and interest and consist of money market funds bearing interest at approximately 0.78%.		259,970
Restricted cash is held for Bayview Tower and Lake City Commons replacement reserves. The investments consist of money market funds and bear interest at approximately 0.63%.		420,509
Restricted cash is held for the payment of taxes and insurance for Main Street Place II and bear no interest.		8,623
Restricted cash is held for the Beacon operating reserves. The funds consist of money market funds and bear interest at 0.89%.		2,353
Restricted reserves are held in the bond principal and interest account for Bayview Tower and Lake City Commons. Funds are held in a money market account bearing interest at 0.78%.		506
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.89%.		122,016
Reserves are held in restricted cash accounts for the capital replacement and operations of Telemark, Mary Avenue, Montridge, Longfellow Creek, Main St Apts, Main Street Place and Yesler Court, bearing interest at approximately 0.75%.		1,110,375
Restricted cash is held in money market accounts for debt service on High Rise Rehabilitation projects, bearing interest at approximately 0.36%.		519
Total	$	25,087,415

(c) Other Restricted Funds

As of December 31, 2008, restricted cash amounts of $447,358 are held in trust for the Family Self-Sufficiency (FSS) program. Families in the Section 8 and Low Rent programs may sign up for the FSS program and any rent increase due to an increase in income may be deposited into an escrow account. The tenant may request reimbursement from the trust account for certain allowable expenditures.

Investments of $275,019 are held in trust for the Tenant Trust Account program. Eligible public housing households in the Low Rent Program receive 30% of their monthly base rent amount over $494 deposited to a Tenant Trust Account that may be used to enhance their ability to become economically self-sufficient and independent.

Restricted cash amounts of $1,374,060 are held for retainage related to the HOPE VI Development grants and other capital programs.

HUD requires the Authority to maintain restricted investments equal to the required reserves for the Market Terrace project. HUD must approve any release or disbursement of reserve funds in advance. Restricted investments for required reserves of $45,176 were held as of December 31, 2008.

Restricted cash amounts of $58,109 are held in the Development fund for the Dream Big Scholarship fund, which provides scholarships for residents of the Authority's communities.

(4) Notes Receivable

(a) Other Than from Component Units

	Balance December 31, 2008	Due within one year
Due from Community Psychiatric Clinic for the purchase of two properties. The notes bear no interest and mature November 30, 2013, with annual payments required.	$ 241,112	48,222
Due from Stone View Village I Limited Partnership and Stone View Village II Limited Partnership. The notes bear interest at rates ranging from 0.5% to the lowest applicable federal rate as determined under the Internal Revenue Code of 1986, and all interest and principal are due in March and April 2039.	1,373,835	—
Due from Lutheran Alliance to Create Housing (LATCH) Roxbury Limited Partnership. The note bears no interest for the first 30 years. Interest accrues beginning February 1, 2030 at 2%, with annual payments of $73,388 until the note matures on January 31, 2050.	1,200,000	—
Two notes due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note in the amount of $494,600 bears interest at 3% annually and all interest and principal are due December 2040, if the project is operated according to the loan regulatory agreement. The note in the amount of $31,409 bears interest at 6% annually and is due January 2016. Principal and interest payments of $5,058 are due annually. Two payments are expected in 2009 since 2008 payment was received in January, 2009.	526,009	6,537
Due from the Plymouth Housing Group (PHG), a Washington nonprofit corporation. The loan bears interest at 1% annually and all principal and interest are due January 2041. Provided the borrower complies with the loan regulatory agreement, all principal and interest will be forgiven January 2041.	856,912	—

	Balance December 31, 2008	Due within one year
Two notes due from the Mount Baker Housing Association for the Starlighter Apartments, which are secured by a deed of trust on the property. The note in the amount of $270,000 bears interest at an annual rate of 1%, which is deferred until October 31, 2040, at which time the loan will be forgiven if the project is operated in accordance with the loan agreement. The note in the amount of $4,339 bears interest at 1% and requires monthly payments of $318 for ten years until the note is repaid. If the Section 8 program is discontinued by the federal government, all principal and interest shall be forgiven.	$ 274,339	3,765
Due from the Retirement Housing Foundation. The note requires annual payments and is payable in full by December, 2016. The interest rate is approximately 3.27%.	1,065,605	65,166
Due from Madison Housing Partners Phase I, LLC and Madison Housing Partners Phase II, LLC. The notes are for the Views at Madison Apartments I and Views at Madison II, respectively, and are secured by deeds of trust on the properties. Both notes bear interest at an annual rate of 1.0% and are payable December 31, 2042.	826,106	—
Due from the Seattle Chinatown International District Public Development Authority (SCIDPDA). The note bears interest at a rate of 1% per annum and all interest and principal are due on the maturity date of December 31, 2043.	1,622,881	—
Two notes due from the LIHI NW 85th, LLC, which are secured by a deed of trust on the property. One of the $500,000 notes bears interest at 1% per annum and is payable in full on December 31, 2042, provided the project is operated in accordance with Low Income Housing regulatory agreement and the terms of the loan agreement. The other note bears interest at 3% per annum. The balance of principal and accrued interest as of December 31, 2004 shall be amortized over a period of 20 years beginning on January 1, 2005. Payments of $2,942 will be required monthly until final maturity on December 31, 2025.	948,159	22,161

	Balance December 31, 2008	Due within one year
Due from the Andover Court Associates, LLC and secured by a deed of trust on the property. The note bears interest at 1% per annum and is payable in full on the maturity date of March 31, 2043, provided the project is operated in accordance with the Low Income Housing regulatory agreement and the terms of the loan agreement.	$ 743,179	—
Due from LIHI Meadowbrook Associates, LLC. The note bears interest at a rate of 1% per annum. The balance of principal and interest are due in full on the maturity date of December 31, 2052.	600,000	—
Due from HRG for the purchase of Judkins Park Apartments. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of February 29, 2044.	400,340	—
Due from the Archdiocesan Housing Authority and ML King Housing Limited Partnership. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of July 31, 2044.	266,013	—
Due from the Kateri House Association. The note is secured by a deed of trust on the property and bears interest at 1% per annum. Principal and accrued interest are due when the title is transferred or the property is sold.	83,793	—
Due from Main Street Interim, LLC. The note is secured by a deed of trust, bears interest at 1% per annum, and matures December 1, 2054. Principal and interest are due on the maturity date.	1,055,568	—
Due from Denny Park, LLC. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of September 3, 2044.	250,000	—
Due from CHHIPS Pantages Apartments LLC. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are payable on the maturity date of August 16, 2044.	548,465	—

	Balance December 31, 2008	Due within one year
Due from Stoneway Apartments, LLC. The note is secured by a deed of trust on the property and bears interest at 1% per annum. Principal and interest are payable on the maturity date of July 31, 2055.	$ 1,499,999	—
Due from CHHIPS for the construction of Broadway and Pine Apartments. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are due on the maturity date of November 4, 2055.	548,465	—
Due from Delridge Neighborhood Development, managing member of the West Seattle Resource Center, LLC. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are payable on the maturity date of February 1, 2056.	325,000	—
Due from Neighborhood House for land sold at Rainier Vista. The note is secured by a deed of trust on the property and bears no interest. The note matures on August 31, 2054.	210,000	—
Total notes receivable, net	$ 15,465,780	145,851

The Authority has gross notes receivable and an allowance of $6,457,420 for loans made to Neighborhood House, Boys and Girls Club, and Solid Ground that are excluded from the table above. The allowance fully covers the loans and a portion of the loan amounts is forgivable each year provided they comply with the terms of the loan agreements.

(b) Notes Receivable from Component Units

	Balance December 31, 2008	Due within one year
Two notes due from High Rise Rehabilitation Phase I Limited Partnership. One note for $12,000,000 bears interest at 4.82% per annum during rehabilitation and 2.75% per annum thereafter. The other note in the amount of $12,000,000 bears interest at 4.68% per annum during rehabilitation and 2.75% per annum thereafter. Both notes mature on January 1, 2046 with principal and interest payments due quarterly during rehabilitation and annually from available cash flows thereafter. As of December 31, 2008, the amount of interest payable to the Authority was $844,250.	$ 24,000,000	—
Due from the Desdemona Limited Partnership a operating deficit loan bearing interest at 10% per annum. Interest on the note was $59,463 as of December 31, 2008 and payment is expected during 2009.	111,532	111,532
Two notes due from Escallonia Limited Partnership. One note in the amount of $12,732,292 and one note in the amount of $10,614,802. Both notes bear interest at 1% per annum and mature in fiscal year 2058. Interest payments are due annually from available net cash flows. As of December 31, 2008, interest payable to the Authority was $1,079,975.	23,347,094	—
Two notes due from High Point North Limited Partnership in the amounts of $8,500,000 and $16,652,734. The notes bear compounding interest at 1% per annum and mature in fiscal year 2054. Interest payments are due annually from available net cash flows. As of December 31, 2008, interest payable to the Authority was $1,106,721.	25,152,734	—
Due from Ritz Apartments Limited Partnership. The note bears interest at 1% per annum and matures March 30, 2054. Principal and interest payments are due annually from available cash flows. Interest payable to the Authority on December 31, 2008 was $28,361.	265,856	—

(Continued)

	Balance December 31, 2008	Due within one year
Due from Alder Crest Limited Partnership. The note bears simple interest at 5% per annum and matures March, 2056. Interest payable to the Authority on December 31, 2008 was $27,847.	$ 220,000	—
Due from Holly Park Limited Partnership. The note bears interest at 1% per annum and interest-only payments are due to the Authority from available net cash flows. Remaining interest and principal are due on March 1, 2038. As of December 31, 2008, interest payable to the Authority was $184,407.	18,440,699	—
Due from the Othello Street Limited Partnership. The note bears interest at 3% per annum and interest only payments are due to the Authority from available net cash flows. The note matures on July 1, 2051. As of December 31, 2008, interest payable to the Authority was $528,644.	6,195,384	—
Two notes due from Desdemona Limited Partnership. One note in the amount of $10,149,991 bears interest at 3% per annum and the other note in the amount of $2,739,144 bears interest at 1% per annum. Both notes require interest-only payments from available net cash flows and both notes mature March 1, 2058. Interest due to the Authority as of December 31, 2008 was $1,792,391.	12,889,135	—
Due from the Ravenna School Limited Partnership. The note bears interest at 1% after the first 15 years and is payable on the maturity date of December 31, 2049. As of December 31, 2008, interest due to the Authority was $50,103.	529,727	—
Two notes due from High Point South Limited Partnership in the amounts of $4,606,506 and $757,050. The notes bear interest at 1% per annum and mature in 2062. Interest payments are due annually from available net cash flows. As of December 31, 2008, interest payable to the Authority was $191,442.	5,363,556	—
Advance to Highpoint South for construction related activities and does not accrue interest.	722,703	722,703

(Continued)

	Balance December 31, 2008	Due within one year
Two notes due from Seattle High Rise Rehab Phase II Limited Partnership in the amounts of $12,000,000 and $16,051,551. The notes bear interest at 4.88% and 4.60%, respectively, during rehabilitation and 3.50% thereafter. Both notes mature December 21, 2046. As of December 31, 2008, interest payable to the Authority was $1,197,629.	$ 28,051,551	—
Two notes due from Seattle High Rise Rehab Phase III Limited Partnership in the amounts of $8,200,000 and $11,750,000. The notes bear interest at 4.13% and 5.04%, respectively, during rehabilitation and 4.25%, thereafter. Both notes mature December 19, 2047. As of December 31, 2008, interest payable to the Authority was zero.	19,950,000	—
Due from Tamarack Place Limited Partnership. Loan terms will be finalized upon mixed finance close. Interest not accruing at this time.	2,242,456	—
Advance to Douglas Apartments Limited Partnership for relocation and other development costs. The note does not accrue interest.	339,664	339,664
Due from Douglas Apartments Limited Partnership for bond proceeds. The note accrues interest at 4.80% per annum and matures December 2040.	5,700,000	—
Total notes from component units	$ 173,522,091	1,173,899

(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2008:

	Balance January 1, 2008	Additions and transfers in	Dispositions and transfers out	Balance December 31, 2008
Capital assets, not being depreciated:				
Land	$ 71,689,500	1,014,334	(1,091,099)	71,612,735
Construction in progress	77,823,684	25,498,721	(8,578,021)	94,744,384
Total capital assets, not being depreciated	149,513,184	26,513,055	(9,669,120)	166,357,119
Depreciable capital assets:				
Land improvements	6,546,869	218,217	—	6,765,086
Structures	333,297,349	2,491,323	(3,816,530)	331,972,142
Leasehold improvements	334,959	456,513	—	791,472
Equipment	16,547,581	1,023,319	(622,508)	16,948,392
	356,726,758	4,189,372	(4,439,038)	356,477,092
Less accumulated depreciation for:				
Land improvements	(36,943)	(66,382)	—	(103,325)
Structures	(162,618,561)	(9,311,280)	1,018,011	(170,911,830)
Leasehold improvements	(119,273)	(67,961)	—	(187,234)
Equipment	(14,344,920)	(777,340)	600,855	(14,521,405)
Total accumulated depreciation	(177,119,697)	(10,222,963)	1,618,866	(185,723,794)
Total capital assets, being depreciated, net	179,607,061	(6,033,591)	(2,820,172)	170,753,298
Total capital assets, net	$ 329,120,245	20,479,464	(12,489,292)	337,110,417

Substantial restrictions are imposed by HUD, as well as by state and local governments, on the use and collateralization of the Authority's capital assets.

Construction in Progress

Capital improvements made on the Authority's Low Rent housing stock are financed by grant funds provided by HUD under Capital Grants and the Urban Revitalization Demonstration Grant (URD/HOPE VI). The funds provided through these programs are used to rehabilitate the housing stock, which extends the useful life of the buildings. Capital grants are awarded annually based on a comprehensive modernization plan submitted by the Authority. Hope VI grants are awarded based on a specific application request. The Authority's construction in progress in the Low Rent program consists of the costs for modernization of public housing units. When modernization grants are completed, HUD issues a modernization cost certificate for each grant, at which time construction in progress for that grant is recorded in the building category.

The following schedule shows the significant components of the construction in progress as of December 31, 2008:

Modernization funds – Capital grants	$	3,517,415
Modernization funds – URD/HOPE VI grants		89,452,506
Local Housing program		1,052,043
Development program		468,456
Other programs		253,964
Total construction in progress	$	94,744,384

Component Units

The following is a summary of changes in the capital assets of the Authority's component units for the year ended December 31, 2008:

	Balance January 1, 2008	Additions and transfers in	Dispositions and transfers out	Balance December 31, 2008
Capital assets, not being depreciated:				
Land	$ 1,066,107	1,220,320	—	2,286,427
Construction in progress	23,395,816	67,535,512	(52,885,119)	38,046,209
Total capital assets not being depreciated	24,461,923	68,755,832	(52,885,119)	40,332,636
Depreciable capital assets:				
Land improvements	14,908,693	448,450	—	15,357,143
Structures	250,800,108	55,076,186	(3,971)	305,872,323
Equipment	5,189,269	944,372	—	6,133,641
	270,898,070	56,469,008	(3,971)	327,363,107
Less accumulated depreciation for:				
Land improvements	(2,793,667)	(474,852)	—	(3,268,519)
Structures	(22,370,141)	(8,170,782)	—	(30,540,923)
Equipment	(2,334,034)	(332,024)	—	(2,666,058)
Total accumulated depreciation	(27,497,842)	(8,977,658)	—	(36,475,500)
Total capital assets, being depreciated, net	243,400,228	47,491,350	(3,971)	290,887,607
Total capital assets, net	$ 267,862,151	116,247,182	(52,889,090)	331,220,243

(6) Short-Term Borrowings

The Authority maintains a $6 million line of credit, which provides the Authority with a ready means of short-term financing for general operations of the Authority. The line of credit bears interest at 59% of the bank's prime rate or 1.918% at December 31, 2008, which is payable monthly. The line of credit matures August 2009 and may be extended by the Executive Director of the Authority annually until August 2011, with the consent of the bank. The total amount outstanding at December 31, 2008 was $4,843,489.

The Authority maintains a $15 million revolving real property line of credit in order to provide a ready means of financing property acquisitions. The line of credit bears interest at 65% of the bank's prime rate minus 0.058% or equivalent rate of 2.185% at December 31, 2008, which is payable monthly. The commitment expires in June 2010 and may be extended by the Executive Director of the Authority to a date not later than five years after the original maturity date, with the consent of the bank. As of December 31, 2008, the Authority had drawn $9,261,005 against the line.

The Authority also maintains a $30 million revolving infrastructure line of credit in order to finance construction costs at the Rainier Vista and High Point redevelopment projects. The line of credit bears interest at 65% of the bank's prime rate less 30 basis points or 1.813% as of December 31, 2008. Interest and principal are due on the maturity date of December 31, 2009. As of December 31, 2008, High Point and Rainier Vista had drawn $26,622,131 and $2,804,325 from the line, respectively, and the Home Ownership program had drawn down $111,443.

The Authority has also established a $7 million revolving taxable line of credit for the purpose of obtaining bridge financing for the Authority's acquisition of commercial or other nontax-exempt properties over the next five to seven years. The line of credit bears interest at Key Bank's prime rate minus 1.50% or 1.75% as of December 31, 2008, which is payable monthly. The line matures in December 3, 2009 and is renewable annually through 2011. The total amount outstanding at December 31, 2008 was $4,960,909.

The following is a summary of changes in the Authority's short-term borrowings for the year ended December 31, 2008:

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008
Line of credit payable to Bank of America for infrastructure at Rainier Vista redevelopment.	$ 1,560,181	4,101,194	3,232,050	2,429,325
Line of credit payable to Bank of America for infrastructure at High Point redevelopment.	19,031,938	7,893,354	303,161	26,622,131
Line of credit payable to Bank of America for loan to Neighborhood House at High Point.	—	375,000	—	375,000
Operating line of credit for High Point redevelopment.	3,966,006	—	—	3,966,006
Real estate line of credit for purchase of Westwood Heights East 4plex.	885,537	—	885,537	—
Operating line of credit for purchase of Westwood Heights East 4plex.	364,867	—	364,867	—
Real estate line of credit for purchase of 12-plex at 5983 Rainier Ave S.	1,252,856	—	—	1,252,856
Real estate line of credit for purchase of 5-plex at 924 MLK Jr Way South	651,650	—	—	651,650
Real estate line of credit for purchase of two triplexes on Delridge Way SW.	901,380	—	—	901,380
Real estate line of credit payable for 7343 MLK Jr Way S.	1,083,625	—	—	1,083,625
Real estate line of credit payable for various properties including Highpoint substation, 109 12th Ave, 5656 32nd Ave SW, and 3200 SW Juneau.	957,591	—	—	957,591
Real estate line of credit payable for the purchase of land at 38th & S Willow.	250,358	—	—	250,358
Real estate line of credit payable for the purchase of Salvation Army Building.	1,076,973	—	—	1,076,973
Operating line of credit payable for purchase of the Salvation Army Building.	532,482	—	—	532,482

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008
Taxable line of credit for purchase of properties in the Development fund, including 6919 MLK Jr Way S, 103 12th Ave S, 6058 35th Ave SW, and 6927 MLK Jr Way S.	$ 2,843,038	—	—	2,843,038
Real estate line of credit for purchase of 6-plex at 3809 Willow.	580,274	—	—	580,274
Real estate line of credit for purchase of Lee Apartments	1,058,400	—	—	1,058,400
Taxable line of credit payable for purchase of 6558 35th Ave SW	988,574	—	—	988,574
Operating line of credit payable for 918 MLK Jr Way S and 111 12th Ave S.	720,262	—	375,261	345,001
Real estate line of credit for purchase of the Henderson Apartments.	1,117,898	—	1,117,898	—
Real estate line of credit for purchase of the Douglas Apartments.	1,990,000	—	1,990,000	—
Real estate line of credit for purchase of the Baldwin Apartments.	1,990,000	—	542,102	1,447,898
Taxable line of credit for purchase of Apartments at 6927 MLK Jr Way S.	1,129,297	—	—	1,129,297
Infrastructure line of credit for High Point for sale property	279,125	103,144	270,826	111,443
Total short-term borrowings	$ 45,212,312	12,472,692	9,081,702	48,603,302

(7) Long-Term Debt

(a) The following is a summary of changes in the Authority's long-term debt for the year ended December 31, 2008:

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Loan payable for PorchLight facility, due in 2009. Interest is payable monthly at the rate of 64% of Bank of America's prime rate or 2.08% as of December 31, 2008.	$ 292,756	—	203,230	89,526	89,526
Loan payable to the City of Seattle for the Epstein Building remodel financed by HUD Community Development Block Grant funds. The loan will be fully forgiven on December 31, 2017 if the property is kept for low-income use.	200,000	—	—	200,000	—
Notes payable issued in 1998 to the City of Seattle's General Fund, Urban Renewal, and Capital Facilities Fund. Interest accrues at 1% simple interest per year and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance will be forgiven.	2,417,263	—	—	2,417,263	—

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Note payable to the City of Seattle's Housing Development fund. Interest accrues at 1% simple interest per year and is payable on or before September 11, 2040.	$ 1,700,000	—	—	1,700,000	—
Notes payable to the City of Seattle's Cumulative Reserve Fund and HOME Program. Interest accrues at 1% simple interest per year up to the 20th year and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal and interest payments may be deferred if the property is kept for low-income use. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance and accrued interest will be forgiven.	2,800,000	—	—	2,800,000	—
Note payable to the City of Seattle for Yesler community room improvements financed by Human Services Department Community Development Block Grant funds. The loan will be fully forgiven on March 31, 2009 (5 years) if the property is kept for low-income use.	99,961	—	—	99,961	99,961

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Note payable to the State of Washington for the Villa Park project. Interest accrues at 1% per year compounded monthly, with 50 annual payments of $27,698. The note is secured by a deed of trust on the property.	$ 927,889	—	18,419	909,470	18,603
Note payable to the City for the Villa Park Apartments. Interest accrues at 1% simple interest per year for the first 20 years and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with debt covenants for 75 years, the unpaid principal balance will be forgiven. The note is secured by a deed of trust on the property.	1,785,723	—	—	1,785,723	—
Mortgage loan for Wedgewood Estates payable to Prudential. Term is 35 years, with final maturity August 1, 2036. The interest rate is 5.72%, with monthly payments of $94,774. The loan is guaranteed with FHA Insurance.	16,009,727	—	227,431	15,782,296	240,788

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Mortgage loan for Wisteria Court payable to Prudential. Term is 35 years, with final maturity August 1, 2038. The interest rate is 5.51%, with monthly payments of $21,114. The loan is guaranteed with FHA Insurance.	$ 3,754,169	—	47,711	3,706,458	50,407
Mortgage loan payable to CS Capital for the purchase of Main Street Properties bearing interest at a rate of 6%, with maturity date of November 1, 2012. The mortgage is secured by a deed of trust on the property.	1,847,504	—	30,619	1,816,885	32,855
Note payable to the City from 1992 for the Beacon House project. Interest accrues at 1% simple interest per year for the first 20 years and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance will be forgiven.	329,260	—	—	329,260	—

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Mortgage loan payable to CW Capital for the purchase of Main Street Properties, bearing interest at a rate of 6%, with maturity date of November 1, 2012. The mortgage is secured by a deed of trust on the property.	$ 228,344	—	3,785	224,559	4,060
Other notes payable	623,759	—	—	623,759	—
Total notes payable	33,016,355	—	531,195	32,485,160	536,200
Bonds payable for the Wakefield Building and the PorchLight Building in annual payments of approximately $600,000, including interest at rates of 2.85% to 6.10%; final due date of May 1, 2032. The bonds are secured by a deed of trust on the Wakefield and PorchLight buildings.	7,695,000	—	145,000	7,550,000	155,000
Bonds payable for the Wallingford property in annual payments of $64,716, including interest at 7%; final due date is January 11, 2015. The bonds are secured by a pledge of the general revenues of the Authority.	360,631	—	40,749	319,882	43,711

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Bonds payable tax-exempt series A and taxable series B for the Gamelin and Genesse commercial condo units. Annual payments are approximately $300,000 and interest rates are 5.7% and 7.5%. Final due dates are October 31, 2035 and October 31, 2020. Bonds are secured by a pledge of the general revenues of the Authority.	$ 3,660,000	—	17,000	3,643,000	21,000
Bonds payable to Bank of America for the High Rise Rehabilitation project Phase I. Interest was 4.68% per annum and payable quarterly. Bonds were repaid October 7, 2008.	10,800,000	—	10,800,000	—	—
Bonds payable for the High Rise Rehabilitation project, Phase I. The bonds mature on November 1, 2025. The bonds are secured by a deed of trust and the interest rate was 4.76% as of December 31, 2008.	11,135,000	—	415,000	10,720,000	430,000
Bonds payable for the High Rise Rehabilitation project, Phase II. The bonds mature November 1, 2026 and are secured by a deed of trust. The interest rate was 4.42% as of December 31, 2008.	15,446,551	—	495,000	14,951,551	530,000

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Bonds payable for the High Rise Rehabilitation project, Phase II. Interest rate is 4.88% per annum payable quarterly. Bonds are secured a deed of trust and mature December 22, 2009.	$ 12,000,000	—	—	12,000,000	12,000,000
Bonds payable for the High Rise Rehabilitation project, Phase III. The bonds mature November 1, 2027 and are secured by a deed of trust. The interest rate was 4.91% on December 31, 2008.	11,750,000	—	265,000	11,485,000	315,000
Bonds payable for the High Rise Rehabilitation project, Phase III. Interest rate is 4.13% per annum, payable quarterly. Bonds are secured by a deed of trust and mature December 19, 2010.	8,200,000	—	—	8,200,000	—
Bonds payable for the Villa Park Apartments in annual payments of $25,000 to $1,065,000 plus interest at rates of 4.5% to 6.5%; final due date November 1, 2026. The bonds are secured by a pledge of general revenues of the Authority, and a deed of trust on the Villa Park Apartments.	1,595,000	—	45,000	1,550,000	50,000

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Bonds payable for Telemark Apartments, Stone Avenue Townhomes and 532 N 104th St. Townhomes in the Local Housing fund. Annual payments are $25,000 to $420,000 plus interest at rates of 3.500% to 6.125%; final due date is June 1, 2031. The bonds are secured by a deed of trust on the property.	$ 2,740,000	—	40,000	2,700,000	45,000
Variable rate bonds payable for Wedgewood Estates. The interest rate is 10 basis points plus the Bond Market Association Swap Index (average of 7-day high-grade bonds) and was 2.15% on December 31, 2008. Annual payments are made from cash flows on the project, with final due date before August 2036. Bonds are secured by a letter of credit with KeyBank.	2,910,000	—	160,000	2,750,000	165,000
Fixed rate bonds payable for Wedgewood Estates. Annual payments are $160,000 to $1,110,000 plus interest at rates of 3.25% to 5.60% with final due date of August 20,2036. The bond proceeds are invested in GNMA certificates to secure the bond repayment.	16,010,000	—	230,000	15,780,000	240,000

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Fixed rate bonds payable for Market Terrace and Mary Avenue townhomes. Annual payments are $45,000 to $415,000 plus interest at rates of 2.35% to 5.80%, with final due date of August 31, 2032. The bonds are secured by a deed of trust on the properties.	$ 2,910,000	—	55,000	2,855,000	55,000
Fixed rate bonds payable for Montridge Arms Apartments. Annual payments are $25,000 to $125,000 plus interest at rates of 2.5% to 6.0%, with final due date of February 1, 2032. The bonds are secured by a deed of trust on the property.	1,690,000	—	30,000	1,660,000	35,000
Fixed rate bonds payable for Longfellow Creek Apartments. Annual payments are $15,000 to $235,000 plus interest at rates of 1.90% to 5.35% with final due date of October 1, 2033. The bonds are secured by a pledge of the general revenue of the Authority and certain revenues and receipts available from the property.	3,465,000	—	70,000	3,395,000	75,000

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Fixed rate bonds payable for HOPE VI replacement housing properties of Lam Bow, Roxbury Apartments, and various units purchased from Decker properties in the amount of $10,000,000. Annual payments are $125,000 to $695,000 plus interest rates at 6.125%, with final due date of December 1, 2032. The bonds are secured by the general revenue of the Authority and certain revenues and receipts available from the property.	$ 9,300,000	—	165,000	9,135,000	175,000
Fixed rate bonds payable for Wisteria Court Apartments. Annual payments are $45,000 to $245,000 plus interest at rates of 1.2% to 5.3%, with final due date of October 20,2038. The bond proceeds are invested in GNMA certificates to secure the bond repayment.	3,735,000	—	50,000	3,685,000	50,000
Fixed rate bonds payable for Main Street Apartments and Yesler Court, bearing interest at rates of 2.15% to 5.85%, with final due date of March 31, 2034. The bonds are secured by a pledge of the project revenues.	1,920,000	—	20,000	1,900,000	20,000

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Fixed rate bonds payable for the refinance of Bayview and Lake City Commons bearing interest at rates of 2.15% to 5.80%, with final due date of August 1, 2034. The bonds are secured by deeds of trust on the properties	$ 3,545,000	—	65,000	3,480,000	70,000
Variable rate bonds payable for the Douglas Apartments rehabilitation project. Bonds mature June, 2040. The interest rate is set every Wednesday with the remarketing agent and the interest rate at December 31, 2008 was 1.75%.	—	5,700,000	—	5,700,000	—
Total bonds payable	130,867,182	5,700,000	13,107,749	123,459,433	14,474,711
Accrued compensated absences	2,887,153	2,514,986	2,158,513	3,243,626	116,771
Total long-term obligations	$ 166,770,690	8,214,986	15,797,457	159,188,219	15,127,682

The following is a summary of debt service requirements of the Authority for long-term obligations as of December 31, 2008:

	Bonds	Notes	Total Principal	Total Interest
2009	$ 20,612,093	1,862,404	15,010,911	7,463,586
2010	16,276,793	1,671,555	11,190,068	6,758,280
2011	7,757,881	1,671,548	3,137,078	6,292,351
2012	7,770,874	3,541,814	5,179,880	6,132,808
2013	7,772,089	1,840,736	3,743,740	5,869,085
2014 – 2018	38,731,765	7,740,918	19,916,469	26,556,214
2019 – 2023	37,985,243	7,540,913	24,717,353	20,808,803
2024 – 2028	33,931,550	7,540,915	27,891,929	13,580,536
2029 – 2033	19,931,843	7,770,915	20,926,784	6,775,974
2034 – 2038	6,247,209	9,260,147	13,653,812	1,853,544
2039 – 2043	5,902,813	4,827,847	10,442,116	288,544
2044 – 2048	—	138,514	134,453	4,061
Total requirements	$ 202,920,153	55,408,226	155,944,593	102,383,786

For variable rate issues, the Authority estimated interest payments based on the interest rates in effect at the end of the fiscal year.

There are several limitations and restrictions contained in the various debt instruments primarily requiring the Authority to maintain certain levels of low-income tenants. Authority management believes it is in compliance with all significant limitations and restrictions.

(b) Conduit Debt

The Authority has issued special revenue bonds to provide financial assistance to not-for-profit agencies and private developers for the purpose of constructing low-income housing. The bonds are limited obligation bonds of the Authority and are payable solely from project revenue. These nonrecourse conduit bonds are secured by the property financed and are often collateralized by a letter of credit issued by a major bank. The Authority is not obligated in any manner, and accordingly, the bonds have not been recorded in the accompanying financial statements.

As of December 31, 2008, there were 50 series of these special revenue bonds outstanding. The aggregate principal amount payable for the series issued after September 30, 1996 was $268,333,739. The aggregate principal amount payable for the 14 series issued prior to October 1, 1996 could not be determined; their original issue amount totaled $59,589,554.

(c) Component Unit Debt

The Holly Park Limited Partnership (HPLP) has $4,775,000 in bonds outstanding at December 31, 2008. The bonds were issued by the Authority on behalf of the component unit and are secured by a deed of trust on HPLP's leasehold interest in the Holly Park Redevelopment Project. The bonds are

further secured by a pledge of the Authority's unobligated general revenue. Interest on the bonds is due every six months at a fixed rate, comprising 12 serial bonds with different rates (4.7% – 5.9%). The bonds mature on January 1, 2030.

As of December 31, 2008, HPLP has other long-term debt obligations totaling $20,140,699. Of this, $18,440,699 represents the general partner loans made by the Authority and is secured by liens on HPLP's property. These loans accrue interest at the annual rate of 1%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flow beginning July 1, 1999. For the year ended December 31, 2008, interest payments of $184,407 were made to the Authority. The remaining $1,700,000 represents a loan from the Washington State Office of Community Trade and Economic Development. The loan accrues no interest and is secured by a lien on HPLP's property and matures on December 31, 2040.

The Ravenna School Limited Partnership has outstanding debt in the amount of $529,727 payable to the Authority at December 31, 2008. Two notes for $131,115 and $398,612 are payable by December 31, 2039 and bear interest at 1% per year.

The Othello Street Limited Partnership (OSLP) has bonds outstanding at December 31, 2008 of $2,255,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on OSLP's leasehold interest in the Holly Park redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. The bonds bear interest at 7.0% per year and mature on January 1, 2032.

As of December 31, 2008, OSLP has other long-term debt totaling $8,195,384. Of this, $6,195,384 represents the general partner loans made by the Authority and is secured by liens on OSLP's property. These loans accrue interest at the annual rate of 1%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2008, no interest payments had been made to the Authority. The remaining $2,000,000 represents a loan from the Washington State Office of Assistance Program. Payments of principal and interest are deferred for 30 years until December 31, 2032, with interest accruing at 1% per annum during the deferral period. Beginning December 31, 2032, all unpaid principal and accrued interest will be paid over 20 years, with annual payments of $149,383.

The Desdemona Limited Partnership (DLP) has fixed rate bonds outstanding at December 31, 2008 of $7,625,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on DLP's leasehold interest in the Holly Park redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. At December 31, 2008, the interest rate on the bonds ranged from 6.0% to 6.25%, based on the maturity schedule in the First Supplemental Trust Indenture. The bonds mature on December 1, 2035.

As of December 31, 2008, DLP has other long-term debt totaling $16,955,806 secured by liens on DLP's property. Of this, $12,889,135 represents the general partner loans made by the Authority and is secured by liens on DLP's property. These loans accrue interest at the annual rate of 1%, and

interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2008, no interest payments had been made to the Authority. DLP also has a loan from the State of Washington Department of Community, Trade, and Economic Development, Office of Community Development in the amount of $2,000,000. Payments of principal and interest are deferred for 10 years until December 1, 2015, with interest accruing at 1% per annum during the deferral period. Beginning December 1, 2015, all unpaid principal and accrued interest will be paid over 20 years, with annual payments of $22,104 for the first 10 years and $122,060 for the remaining 10 years and the final payment due on or before October 1, 2045. The remaining $2,066,671 represents a loan with the City. The loan accrues interest at 1% annually and matures on August 7, 2053. Payments of principal and interest begin June 30, 2006 from available net cash flows.

The Escallonia Limited Partnership (ELP) has bonds outstanding at December 31, 2008 totaling $5,035,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on ELP's leasehold interest in the Rainier Vista redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. Interest is due monthly at a fixed rate of 4.13%. The bonds mature on December 1, 2036.

As of December 31, 2008, ELP has other long-term debt totaling $23,347,094 of general partner loans made by the Authority and secured by liens on ELP's property. These loans accrue noncompounding interest at the annual rate of 1% and mature in fiscal year 2058. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2008, no interest payments had been made to the Authority.

The High Point North Limited Partnership (HPNLP) has fixed rate bonds outstanding at December 31, 2008 totaling $10,200,410. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Bank of America and secured by a deed of trust on HPNLP's leasehold interest in the High Point Phase I redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. At December 31, 2008, interest was 5.295%. The bonds mature on June 1, 2036.

As of December 31, 2008, HPNLP has other long-term debt totaling $27,152,733. Of this, $25,152,733 represents the general partner loans made by the Authority and is secured by liens on HPNLP's property. These loans accrue compounding interest at the annual rate of 1% and mature in fiscal year 2054. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2008, no interest payments had been made to the Authority. The remaining $2,000,000 represents a loan from the State of Washington Housing Assistance Program. Payments of principal and interest are deferred for 12 years, with interest accruing at 1% a year during the deferral period. Beginning April 30, 2016, quarterly interest payments are due, and beginning April 30, 2021, quarterly payments of principal and interest are required until the final maturity date of January 31, 2046.

The High Point South Limited Partnership (HPSLP) has bonds outstanding at December 31, 2008 totaling $36,000,000. The bonds were issued by the Authority on behalf of the component unit and

are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on HPSLP's leasehold interest in the High Point Phase II redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. Interest is due monthly at a fixed rate of 4.15% on $16,500,000 of the bonds, and at the variable Bond Marketing Association (BMA) rate for the remaining amount of the bonds. The bonds mature on March 1, 2039.

As of December 31, 2008, HPSLP has other long-term debt totaling $7,363,556. Of this, $5,363,556 represents the general partner loans made by the Authority and is secured by liens on HPSLP's property. These loans accrue noncompounding interest at the annual rate of 1% and mature in fiscal year 2062. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2008, no interest payments had been made to the Authority. The remaining $2,000,000 represents a loan from the State of Washington Housing Trust Fund. Payments of principal and interest are deferred for 12 years, with interest accruing at 1% a year during the deferral period. Beginning December 31, 2019, quarterly interest payments are due, and beginning December 31, 2029, quarterly payments of principal and interest are required until the final maturity date of September 30, 2059.

The Ritz Apartments Limited Partnership (RALP) has total loans outstanding totaling $1,910,682 as of December 31, 2008. The construction loan of $1,084,826 portion bears interest at 5.496%, requires monthly payments, and is due September 1, 2036.

As of December 31, 2008, RALP has other long-term notes payable outstanding totaling $825,856. Of this amount, $560,000 represents a note to the City that bears simple interest at 1% annually. Payments are due annually beginning June 39, 2006 from available net cash flows and the note is payable in full by August 9, 2054. The remaining $265,856 is payable to the general partner and bears interest at 1% annually. Payments are due annually beginning March 30, 2006 from available net cash flows, with final maturity on December 31, 2054.

The High Rise Rehabilitation Phase I Limited Partnership (HRRILP) has long-term obligations totaling $24,000,000 as of December 31, 2008. Of this, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering HRRILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.82%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 2.75%. The loan matures on January 1, 2046. The HRRILP has another loan from the general partner made by the Authority and secured by the land, buildings, and improvements in the amount of $12,000,000 as of December 31, 2008. During the rehabilitation phase of the project, interest only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.82%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 2.75%. The loan matures on January 1, 2046.

The Seattle High Rise Limited Partnership Phase II (SHRIILP) has long-term obligations totaling $35,333,210 as of December 31, 2008. Of this, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering SHRIILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due

quarterly beginning April 1, 2007, with interest accruing at a rate of 4.88%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 3.5%. The loan matures on December 21, 2046. The SHRIILP has another loan from the general partner made by the Authority and secured by the land, buildings, and improvements in the amount of $16,051,551 as of December 31, 2008. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2007, with interest accruing at a rate of 4.6%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 3.5%. The loan matures on December 21, 2046. The remaining $7,281,659 represents a capital lease payable to the general partner made by the Authority for the land, building, and improvements of the project. The lease agreement ends on December 31, 2105.

The Seattle High Rise Limited Partnership Phase III (SHRIIILP) has long-term obligations totaling $29,916,173 as of December 31, 2008. Of this, $8,200,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering SHRIIILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2008, with interest accruing at a rate of 4.13%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 4.25%. The loan matures on December 19, 2047. The SHRIIILP has another loan from the general partner made by the Authority and secured by the land, buildings, and improvements in the amount of $11,750,000 as of December 31, 2008. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2008, with interest accruing at a rate of 5.04%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 5.04%. The loan matures on December 19, 2047. The remaining $9,966,173 represents a capital lease payable to the general partner made by the Authority for the land, building, and improvements of the project. The lease agreement ends on December 31, 2106.

The Alder Crest Limited Partnership (ACLP) has outstanding long-term obligations in the amount of $2,414,990 as of December 31, 2008. Of this amount, $992,283 represents a loan payable to the City that bears interest at 1% per annum and matures November 2055. ACLP also has a loan payable to the City in the amount of $111,124. The loan bears interest at 2% per annum and matures March 2051. The loan is secured by a third deed of trust on the property. ALP has a loan payable to the State in the amount of $1,091,583. Of this amount, $541,583 requires monthly payments. The entire amount bears 0% interest and is payable in full March 31, 2057. In addition, ACLP also has other borrowings outstanding in the amount of $220,000 from the primary government.

The Douglas Apartments Limited Partnership (DALP) has outstanding long-term obligations in the amount of $9,250,000 as of December 31, 2008. Of this amount, $3,550,000 represents a loan payable to the City that bears interest at 1% per annum and matures June 30, 2060. The remaining amount of $5,700,000 is payable to the Authority and comprised long-term loan of $5,700,000, which bears interest at 4.8% annually and matures December 2040. The DALP also has a short term advance from the Authority in the amount of $339,664.

As of December 31, 2008, Tamarack Place Limited Partnership (TPLP) has outstanding long-term obligations in the amount of $2,242,456. This amount is payable to the Authority and bears no interest until the terms are finalized at the mixed-finance closing.

The following is a summary of changes in long-term obligations for the component units:

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Loans payable to primary government from Holly Park Limited Partnership	$ 18,440,699	—	—	18,440,699	—
Loan payable to Washington State Office of Community Trade and Economic Development from Holly Park Limited Partnership	1,700,000	—	—	1,700,000	—
Loans payable to primary government from Ravenna School Limited Partnership	529,727	—	—	529,727	—
Loans payable to primary government from Othello Street Limited Partnership	6,195,384	—	—	6,195,384	—
Loan payable to Washington State Office of Assistance Program from Othello Street Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from Desdemona Limited Partnership	12,889,135	—	—	12,889,135	—
Loan payable to Washington State Housing Trust fund from Desdemona Limited Partnership	2,000,000	—	—	2,000,000	—
Loan payable to City of Seattle HOME fund from Desdemona Limited Partnership	2,066,671	—	—	2,066,671	—
Loans payable to primary government from Escallonia Limited Partnership	23,347,094	—	—	23,347,094	—
Loans payable to primary government from Highpoint North Limited Partnership	25,152,733	—	—	25,152,733	—
Loan payable to Washington State Housing Trust fund from High Point North Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from Highpoint South Limited Partnership	2,855,899	2,516,157	8,500	5,363,556	—

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Loan payable to Washington State Housing Trust fund from High Point South Limited Partnership	$ 350,255	1,649,745	—	2,000,000	—
Loans payable to primary government from the Ritz Apartments Limited Partnership	265,856	—	—	265,856	—
Loans payable to the City of Seattle from the Ritz Apartments Limited Partnership	560,000	—	—	560,000	—
Loans payable to Washington Mutual from the Ritz Apartments Limited Partnership	1,100,995	—	16,169	1,084,826	17,081
Loan payable to City of Seattle from Alder Crest Limited Partnership	992,283	—	—	992,283	—
Loan payable to City of Seattle from Alder Crest Limited Partnership	113,334	—	2,210	111,124	—
Loan payable to primary government from Alder Crest Limited Partnership	220,000	—	—	220,000	—
Loan payable to Washington State Housing Trust fund from Alder Crest Limited Partnership	1,100,000	—	8,417	1,091,583	11,208
Loans payable to primary government from High Rise Rehabilitation Phase I Limited Partnership	22,800,000	1,200,000	—	24,000,000	—
Financing lease payable to the primary government from High Rise Rehabilitation Phase I Limited Partnership	7,718,456	—	7,718,456	—	—

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008	Due within one year
Loans payable to primary government from Seattle High Rise Rehabilitation Phase II Limited Partnership	$ 28,051,551	—	—	28,051,551	—
Financing lease payable to the primary government from Seattle High Rise Rehabilitation Phase II Limited Partnership	10,371,908		3,090,249	7,281,659	7,281,659
Loans payable to primary government from Seattle High Rise Rehabilitation Phase III Limited Partnership	19,950,000	—	—	19,950,000	—
Financing lease payable to the primary government from Seattle High Rise Rehabilitation Phase III Limited Partnership	9,966,173	—	—	9,966,173	2,598,945
Loan payable to primary government from Tamarack Place Limited Partnership		2,242,456	—	2,242,456	—
Loan payable to City of Seattle from Douglas Apartments Limited Partnership	—	3,550,000	—	3,550,000	—
Loan payable to primary government from Douglas Apartments Limited Partnership	—	5,700,000	—	5,700,000	—
Total notes payable	202,738,153	16,858,358	10,844,001	208,752,510	9,908,893
Bonds payable – Holly Park Limited Partnership	4,885,000	—	110,000	4,775,000	115,000
Bonds payable – Othello Street Limited Partnership	2,290,000	—	35,000	2,255,000	40,000
Bonds payable – Desdemona Limited Partnership	7,745,000	—	120,000	7,625,000	125,000
Bonds payable – Escallonia Limited Partnership	5,275,000	—	240,000	5,035,000	—
Bonds payable – High Point North Limited Partnership	10,361,591	—	161,181	10,200,410	168,471
Bonds payable – High Point South Limited Partnership	36,000,000	—	—	36,000,000	—
Total bonds payable	66,556,591	—	666,181	65,890,410	448,471
Total long-term obligations	$ 269,294,744	16,858,358	11,510,182	274,642,920	10,357,364

Debt service requirements of long-term obligations of the component units as of December 31, 2008 are as follows:

	Bonds	Notes	Total Principal	Total Interest
2009	$ 3,075,420	14,676,241	10,357,364	7,394,297
2010	3,071,644	15,261,864	11,614,838	6,718,670
2011	3,075,924	3,987,347	548,303	6,514,968
2012	3,078,475	3,999,125	589,579	6,488,021
2013	3,069,964	4,000,451	611,469	6,458,946
2014 – 2018	15,364,565	20,134,553	3,634,636	31,864,482
2019 – 2023	15,360,515	22,213,358	5,016,897	32,556,976
2024 – 2028	15,335,035	21,339,003	7,152,323	29,521,715
2029 – 2033	13,974,876	22,007,630	8,357,854	27,624,652
2034 – 2038	13,546,169	40,527,704	28,648,582	25,425,291
2039 – 2043	36,302,400	22,841,259	40,228,398	18,915,261
2044 – 2048	—	86,960,038	73,196,708	13,763,330
2049 – 2053	—	17,433,182	11,326,961	6,106,221
2054 – 2058	—	68,180,706	64,387,802	3,792,904
2059 – 2062	—	9,593,035	8,971,206	621,829
Total requirements	$ 125,254,987	373,155,496	274,642,920	223,767,563

(8) Deferred Revenue – Operating Leases

The Authority leased the building and land of the Ritz Apartments to the Ritz Apartments Limited Partnership (RALP) beginning in August 2004. The lease term is 75 years and the Authority has received all required payments. The lease includes a purchase option in which RALP has the right to require the Authority to convey legal title to the property for a total purchase price equal to $1 plus the sum of the amount remaining to be paid or outstanding on the bonds any time after all lease payments have been made. Assets held for lease included the land of $194,480 and building and improvements with a cost of $1,395,224 and accumulated depreciation at December 31, 2008 of $180,129.

The High Rise Rehabilitation Phase I Limited Partnership (HRRILP) has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $11,434,751 and the last required payment was received during the year. The lease matures December 31, 2104. Assets held for lease included land of $982,235 and building and improvements with a cost of $17,057,893 and accumulated depreciation at December 31, 2008 of $15,033,095.

The Authority leased the building and land of the Alder Crest Apartments to the Alder Crest Limited Partnership (ACLP) beginning in December 2005. The lease matures December 31, 2080. The lease includes a purchase option in which ACLP has the right to require the Authority to convey legal title to the property for a total purchase price of $1 any time after December 31, 2104. The Authority has received all payments required under the terms of the lease. Assets held for lease included land of $595,017 and building and improvements with a cost of $1,405,230 and accumulated depreciation at December 31, 2008 of $158,136.

The Seattle High Rise Phase II Limited Partnership (SHRIILP) has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $11,062,522 and the first payment of $690,614 was received in December 2006 when the financing agreements were completed and the second payment of $3,090,249 was received in 2008. The lease matures December 31, 2105. Assets held for lease included land of $942,485 and building and improvements with a cost of $17,533,059 and accumulated depreciation at December 31, 2008 of $15,407,914.

The Seattle High Rise Phase III Limited Partnership (SHRIIILP) has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $10,510,573 and the first payment of $544,400 was received in December 2007 when the financing agreements were completed. The lease matures December 31, 2106. Assets held for lease included land of $1,088,829 and building and improvements with a cost of $18,335,997 and accumulated depreciation at December 31, 2008 of $15,107,753.

The Authority leased the building and land of the Douglas Apartments to the Douglas Apartments Limited Partnership (DALP) beginning in December 2008. The lease matures December 31, 2083. The lease includes a purchase option in which DALP has the right to require the Authority to convey legal title to the property for a total purchase price of $1 any time after December 31, 2058. The Authority has received all payments required under the terms of the lease. Assets held for lease included land of $813,062 and building and improvements with a cost of $2,885,112 and accumulated depreciation at December 31, 2008 of $137,570.

Unearned lease payments are shown as deferred revenue. The following schedule shows future scheduled payments due and related unearned rental revenue as of December 31, 2008.

	SHRILP	SHRIILP	Total
Remaining payments:			
Fiscal year 2009	$ 7,641,209	2,598,945	10,240,154
Fiscal year 2010	—	7,367,228	7,367,228
	$ 7,641,209	9,966,173	17,607,382

	Original lease amount	Deferred revenue
Ritz Apartments	$ 1,600,000	1,507,556
High Rise Rehabilitation, Phase I	11,434,750	11,088,542
Alder Crest Apartments	1,935,000	1,857,600
High Rise Rehabilitation, Phase II	12,130,203	4,244,404
High Rise Rehabilitation, Phase III	10,510,573	434,111
Douglas Apartments	3,650,000	3,650,000

(9) Pension Plans

Substantially all of the Authority's full-time and qualifying part-time employees participate in the Washington State Public Employees Retirement System (PERS), a defined benefit, cost-sharing, multiple-employer public employee retirement system.

(a) Plan Description

The State legislature established PERS in 1947 under RCW Chapter 41.40. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 50% of PERS members are State employees. PERS contains three tiers (Plans). Participants who joined the system by September 30, 1977 are enrolled in Plan I, while those joining thereafter are enrolled in Plan II. Plan III applies to all employees joining after September 1, 2002 and employees in Plan II were allowed to transfer to Plan III during the period from September 1, 2002 to May 31, 2003. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan I and Plan II are vested after completion of 5 years of eligible service. Plan III members are vested after 10 years for new employees and 5 years for employees transferring from Plan II to Plan III.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years of service, or at the age of 55 with 25 years of service. The annual retirement benefit is 2% of the final average salary per year of service, capped at 60%. Final average salary is based on the 24 consecutive highest-paid months.

Plan II members may retire at the age of 65 with 5 years of service, or at 55 with 20 years of service. The annual retirement benefit is 2% of the final average salary per year of service. Final average salary is based on the 60 consecutive highest-paid creditable months. Plan II retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3% annually.

Plan III members may retire at the age of 65 with at least 10 years of service, or 5 years of service including one year of service after reaching age 55, or 5 years of service under Plan II. The annual retirement benefit is 1% of the final average salary per year of service. Final average salary is based on the 60 consecutive highest-paid creditable months. Plan III retirements prior to age 65 are

actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3% annually. There is also a defined contribution component of this plan, and the amount varies between 5% and 15% depending on the option chosen by the employee.

The Authority's payroll covered under PERS was $29,473,715 for the year ended December 31, 2008. Total payroll for the year ended December 31, 2008 was $30,614,364.

(b) Contributions

Each biennium, the legislature establishes Plan I and Plan III employer contribution rates and Plan II employer and employee contribution rates. Employee contribution rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II and for Plan III are developed by the Office of the State Actuary to fully fund the system. The methods used to determine the contribution requirements were established under State statute. All employers are required to contribute at the level established by the legislature and the Office of the State Actuary.

The actual contribution rates were changed during the year. Effective July 1, 2008, employer rates increased from 6.13% to 8.31% for all three plans. Employee rates for Plan II increased from 4.15% to 5.45%. Employee rates on Plan I have remained at 6.00%.

The Authority's employer and employee contributions expressed as a percentage of total payroll covered by PERS as of December 31, 2008 were:

	PERS Plan I required	PERS Plan II required	PERS Plan III required
Employer	8.31%	8.31%	8.31%
Employee	6.00	5.45	varies
	14.31%	13.76%	8.31%

		PERS Plan I required	PERS Plan II required	PERS Plan III required
Employer	$	71,120	1,837,701	305,429
Employee		59,476	1,226,578	287,964
	$	130,596	3,064,279	593,393

The Authority's actuarially determined employer contribution requirement represents approximately 0.376% of the total for all employees covered by PERS.

The following is a three-year summary of the Authority's employee and employer contributions for payroll covered under PERS:

	Total covered payroll	Required employee contributions	Actual contributions as a percentage of required contributions	Employer contributions	Actual contributions as a percentage of required contributions	Employee contributions as a percentage of covered payroll	Employer contributions as a percentage of covered payroll
2008	$ 29,473,715	$ 1,574,018	100%	$ 2,214,250	100%	5.34%	7.51%
2007 (fifteen months)	36,150,130	1,536,911	100	1,977,849	100	4.25	5.47
2006	26,917,511	862,795	100	740,991	100	3.21	2.75

Six-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS December 31, 2006 combined actuarial valuation report. Such report can be obtained from the Washington State Department of Retirement Systems at 402 Legion Way, Olympia, WA 98504.

(10) Deferred Compensation Plan

The Authority, in conjunction with the State, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is managed by the Washington State Department of Retirement Systems. In June 1998, the State Deferred Compensation Program plan assets were placed into trust for the exclusive benefit of participants and their beneficiaries. Pursuant to GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Authority is not the owner of these assets, the plan assets and liabilities are not reported as part of the Authority.

(11) Other Post Employment Benefits (OPEB)

(a) Plan description and funding policy

The Authority participates in the City Health Care Blended Premium Subsidy, a cost-sharing multiple-employer postemployment healthcare plan administered by the City. Employees who retire from the Authority and spouses of employees who have passed away may continue medical coverage until age 65. Eligible retirees self pay 100 percent of the premium based on blended rates which were established by including the experience of retirees with the experience of active employees for underwriting purposes. The Authority employees are included with the City of Seattle for this plan. The Authority provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay as you go basis. The postemployment benefit provisions are established and may be amended by City Ordinances.

(b) Annual OPEB Cost and Net OPEB Obligation

Based on the actuarial valuation on January 1, 2008, the annual required contribution and the annual OPEB cost for the fiscal year ended December 31, 2008, the amount of expected contribution to the plan and changes in net obligation of the plan are as follows:

Annual required contribution	$	292,683
Interest on net OPEB obligation		—
Adjustment to annual required contribution		—
Annual OPEB cost (expense)		292,683
Expected contribution (employer-paid benefits)		67,253
Increase in net OPEB obligation		225,430
Net OPEB obligation – beginning of year		—
Net OPEB obligation – end of year	$	225,430

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the plan for 2008 are $292,683, 23% and $225,430, respectively.

(c) Funded Status and Funding Progress

As of December 31, 2008, based on the actuarial valuation dates for each of the plans, the unfunded actuarial accrued liability (UAAL) was equal to the actuarial accrued liability (AAL) due to the Authority's pay-as-you-go policy. Following is the funded status (in thousands) for the plans as of December 31, 2008:

Actuarial valuation date		January 1, 2008
Actuarial value of assets (a)	$	—
Entry age normal AAL (b)		2,386,153
UAAL (b-a)	$	2,386,153
Funded ratio (a/b)		—
Covered payroll		30,614,153
UAAL as a percentage of covered payroll ((b-a)/c)		8%

(d) Actuarial methods and assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the time of the valuation and the pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial

calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of any assets.

In the January 1, 2008, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a discount rate of 4.83% and an annual healthcare cost trend rate of 12% initially, decreasing by 0.5% each year for 12 years until it reaches an ultimate rate of 6.0%. Unfunded actuarial accrued liability is being amortized as a level amount over past and future service. The remaining amortization period at January 1, 2008, was 30 years.

(12) Risk Management

The Authority maintains insurance against most normal hazards. Property insurance coverage is at a limit of $100 million, with a deductible of $50,000. Earthquake insurance coverage is $1 million per occurrence, with a deductible of $100,000 per occurrence. The Authority participates in the Housing Authority Risk Retention Group (HARRG) in order to obtain stable and affordable general liability insurance coverage. General liability coverage provided is $15 million per year, with a deductible of $250,000 per occurrence. The Authority also maintains a number of other insurance policies necessary and appropriate in the normal course of business, including employee fidelity and directors and officers insurance. The amount of settlements has not exceeded insurance coverage for each year of the past three fiscal years.

The Authority's economic risk as a participant in HARRG is limited to the Authority's initial surplus contribution of $90,000 and the payment of annual premiums for its general liability insurance coverage. Although the underwriting experience of HARRG may result in increased annual premium charges and/or assessments against each participant's surplus contribution account, the Authority's exposure to any net loss allocation is restricted to its surplus contribution account balance. Based on the results of HARRG's latest annual independent actuarial study performed in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the level of reserve maintained by HARRG has been determined to be adequate to cover estimated claim liabilities.

The Authority has elected to pay for its employment security coverage via quarterly reimbursements to the Washington State Department of Employment Security. This reimbursable method of payment is in lieu of unemployment taxes and the election is authorized for all political subdivisions under Washington State Law (RCW 50.44.060).

(13) Contingencies

In connection with various federal and State grant programs, the Authority is obligated to administer related programs and spend the grant moneys in accordance with regulatory restrictions, and is subject to audit by the grantor agencies. In cases of noncompliance, the agencies involved may require the Authority to refund program moneys. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amount, if any, to be immaterial.

As of December 31, 2008, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately $16.2 million. These commitments are primarily related to the implementation of redevelopment activities and capital projects funded by federal, State, and local financial assistance, tax-exempt bonds, and tax credit equity contributions.

The Authority is also contingently liable in connection with claims and contracts arising in the normal course of its activities. Authority management is of the opinion that the outcome of such matters will not have a material effect on the accompanying financial statements.

The possibility exists that HUD contributions may decrease in the future. In the event such contributions were significantly reduced, the Authority would need to seek other funding sources to maintain operations at current levels.

(14) Pollution Remediation

During the year, the Authority cleaned up a polluted site at 12th & Yesler in Seattle's Central district. There was ground contamination on the site as a result of a dry cleaning business that previously occupied the property. As of December 31, 2008, all work had been completed and the Authority was negotiating final payment to the vendor. Total estimated cost to complete the cleanup including relocation costs is $1.43 million. The Authority received two grants from the Environmental Protection Agency that total $296,909. Net costs of the cleanup are $1,136,153 and $982,663 was capitalized.

Pollution remediation liabilities that have not yet been recognized because they are not reasonably estimable:

Property Location	**Description**
7301 MLK Jr Way S	Former service station site. Authority is planning to sell this property, and the previous occupant has agreed to pay for cleanup costs
4561 MLK Jr Way S	This property contains five underground storage tanks and the Authority is planning to sell this property, and the previous occupant has agreed to pay for cleanup costs.

The Authority has one property that meets the capitalization criteria and therefore will capitalize the actual amounts when goods and services are acquired in accordance with the standard.

(15) General Revenue Pledge

The Authority issues certain bonds and short term borrowings that are backed by the general revenues of the Authority. The Authority also backs certain bonds issued by its discretely presented component units. Total pledged revenues as of December 31, 2008 are as follows:

Description of debt	Purpose of debt	Year issued	Total future revenues pledged	Proportion of annual debt service pledged to 2008 general revenue	Term of commitment
Fixed rate bonds	Purchase of Villa Park Townhomes	1996	$ 2,668,333	0.15%	2026
Fixed rate bonds	Purchase of medical office for redevelopment at Wallingford site	2000	399,435	0.06	2015
Variable rate, long-term line of credit	Finance Porchlight office building improvements	2000	90,887	0.09	2009
Fixed rate bonds	Purchase of Telemark Apartments, Stone Ave N and N 104th St properties	2001	5,186,086	0.20	2031
Variable rate bonds	Purchase Wedgewood Estates Apartment complex	2001	3,580,600	0.27	2036
Fixed rate bonds	Purchase of Montridge Arms Apartments	2002	3,115,570	0.13	2032
Fixed rate bonds	Purchase of Porchlight Office building and refunding of Wakefield office building	2002	14,484,000	0.58	2032
Fixed rate bonds	Purchase of Market Terrace Apartments and Mary Avenue Townhomes	2002	5,661,767	0.21	2032
Fixed rate bonds	Purchase of various properties acquired to replace units demolished related to Hope VI redevelopments	2002	17,670,184	0.71	2032
Operating line of credit, $6 million	Short-term financing for general operations of the Authority	2002	5,115,270	0.26	2009
Fixed rate bonds	Purchase of Longfellow Creek Apartments	2003	6,174,725	0.24	2033
Real estate line of credit, $15 million	Purchase real estate for affordable housing	2003	9,836,510	0.56	2009
Infrastructure line of credit $30 million	Construction of infrastructure Rainier Vista and High Point redevelopments	2003	29,897,589	0.46	2009

Description of Debt	Purpose of Debt	Year issued	Total future revenues pledged	Proportion of annual debt service pledged to 2008 general revenue	Term of commitment
Fixed rate bonds	Purchase of Yesler Court and Main Street Place Apartments	2004	$ 3,856,612	0.12%	2034
Fixed rate bonds	Refinancing of Bayview Tower and construction at Lake City Commons	2004	6,715,038	0.25	2034
Taxable short term line of credit, $7 million	Purchase commercial properties	2004	5,331,317	0.36	2009
Fixed rate taxable bonds	Purchase of condominium units at Gamelin and Gennesse mixed use buildings	2005	7,332,715	0.24	2035
Obligations of the Authority for component units:					
Fixed rate bonds	Construction of housing units at NewHolly redevelopment, Phase I	1998	8,479,912	0.36	2030
Fixed rate bonds	Construction of housing units at NewHolly redevelopment, Phase II	2000	4,638,675	0.19	2032
Fixed rate bonds	Construction of housing units at Rainier Vista redevelopment, Phase I	2003	10,857,488	0.20	2036
Fixed rate bonds	Construction of housing units at NewHolly redevelopment, Phase III	2003	15,791,073	0.56	2035
Fixed rate bonds	Construction of housing units at High Point redevelopment, Phase I	2004	19,399,939	0.68	2036
Fixed rate bridge bonds	Rehab Public Housing High Rise properties, Phase II	2006	12,566,080	12.14	2009
Variable rate bonds early redemption after tax credit investment received	Construction of housing units at High Point redevelopment, Phase II	2007	49,103,310	0.71	2039

Description of Debt	Purpose of Debt	Year issued	Total future revenues pledged	Proportion of annual debt service pledged to 2008 general revenue	Term of commitment
Fixed rate bridge bonds	Rehab Public Housing High Rise properties, Phase III	2007	$ 8,866,972	0.33%	2010
Fixed rate bonds	Construction of housing units at High Point redevelopment, Phase II	2007	16,984,590	0.25	2039

(16) Discretely Presented Component Units Condensed Financial Information

The following tables reflect the condensed balance sheets and statements of revenues, expenses, and changes in net assets as of and for the year ended December 31, 2008:

	Condensed Balance Sheet				
	Holy Park Limited Partnership	Ravenna School Limited Partnership	Othello Street Limited Partnership	Desdemona Limited Partnership	Escallonia Limited Partnership
Total assets	$ 31,352,653	1,156,771	14,213,866	39,858,639	35,741,431
Current receivables from primary government	106,594	6,683	185,389	362,908	57,264
Capital assets, net	27,374,404	956,645	12,598,806	37,447,322	34,668,811
Total liabilities	26,356,105	745,888	11,454,526	30,191,327	31,426,864
Current payables due to primary government	993,582	154,508	59,623	769,230	168,137
Long-term payables to primary government	18,440,699	579,830	6,724,028	17,001,043	25,310,804
Bonds and other long-term liabilities outstanding	6,360,000	—	4,215,000	11,566,671	5,035,000
Net assets invested in capital assets	7,118,705	426,918	2,148,422	12,754,984	6,286,717
Net assets restricted for debt service	2,588,322	137,572	517,124	661,792	132,286
Unrestricted net assets	(4,710,479)	(153,607)	(2,121,206)	(3,749,464)	(2,104,436)
Total net assets	4,996,548	410,883	544,340	9,667,312	4,314,567

	Condensed Balance Sheet				
	High Point North Limited Partnership	**High Point South Limited Partnership**	**Ritz Apts Limited Partnership**	**Alder Crest Limited Partnership**	**Douglas Apts Limited Partnership**
Total assets	$ 62,070,505	55,083,698	2,820,436	7,012,884	9,768,426
Current receivables from primary government	135,957	8,549	—	102,632	210,602
Capital assets, net	57,146,644	54,355,793	2,671,809	6,602,269	4,428,891
Total liabilities	42,750,748	59,697,275	2,341,633	2,647,064	9,593,326
Current payables due to primary government	547,087	4,784,987	67,880	31,393	339,664
Long-term payables due to primary government	29,797,002	9,704,998	493,263	340,646	5,703,662
Bonds and other long-term liabilities outstanding	12,031,939	38,000,000	1,627,745	2,183,782	3,550,000
Net assets invested in capital assets	19,793,501	10,269,534	761,127	4,187,279	—
Net assets restricted for debt service	2,172,022	406,048	48,241	185,769	
Unrestricted net assets	(2,645,766)	(15,289,159)	(330,565)	(7,228)	175,100
Total net assets	19,319,757	(4,613,577)	478,803	4,365,820	175,100

	Condensed Balance Sheet				
	High Rise Rehab Phase I Limited Partnership	**Seattle High Rise Rehab Phase II Limited Partnership**	**Seattle High Rise Rehab Phase III Limited Partnership**	**Tamarack Place Limited Partnership**	**Total**
Total assets	$ 33,740,333	40,825,248	31,598,096	2,242,456	367,485,442
Current receivables from primary government	—	1,050,705	349,374	—	2,576,657
Capital assets, net	30,815,630	37,425,087	22,491,307	2,236,825	331,220,243
Total liabilities	25,339,068	38,913,966	31,581,536	2,242,456	315,281,782
Current payables due to primary government	172,369	1,100,000	—	—	9,188,460
Long-term payables due to primary government	24,844,250	28,958,988	20,228,949	2,242,456	190,370,618
Bonds and other long-term liabilities outstanding	—	—	7,367,228	—	91,937,365
Net assets invested in capital assets	6,815,630	3,159,827	1,023,199	—	74,740,212
Net assets restricted for debt service	2,165,679	1,500,864	8,627,634	—	19,143,353
Unrestricted net assets	(580,044)	(2,749,409)	(9,634,273)	—	(41,679,905)
Total net assets	8,401,265	1,911,282	16,560	—	52,203,660

(Continued)

	Statement of Revenues, Expenses, and Changes in Net Assets				
	Holy Park Limited Partnership	**Ravenna School Limited Partnership**	**Othello Street Limited Partnership**	**Desdemona Limited Partnership**	**Escallonia Limited Partnership**
Operating revenues	$ 2,527,515	225,724	760,452	2,124,408	1,375,921
Operating expenses	3,687,504	269,906	954,453	2,703,149	2,319,569
Depreciation/amortization	1,134,959	54,179	426,002	1,293,193	1,255,454
Operating loss	(1,159,989)	(44,182)	(194,001)	(578,741)	(943,648)
Nonoperating expenses	(406,379)	(6,854)	(227,633)	(778,963)	(785,266)
Change in net assets	(1,566,368)	(51,036)	(421,634)	(1,357,704)	(1,728,914)
Beginning net assets	6,562,916	461,919	3,180,974	11,025,016	6,043,481
Ending net assets	4,996,548	410,883	2,759,340	9,667,312	4,314,567

	Statement of Revenues, Expenses, and Changes in Net Assets				
	High Point North Limited Partnership	**High Point South Limited Partnership**	**Ritz Apts Limited Partnership**	**Alder Crest Limited Partnership**	**Douglas Apts Limited Partnership**
Operating revenues	$ 2,989,200	283,347	197,245	243,150	15,328
Operating expenses	4,349,846	494,247	236,171	477,713	25,000
Depreciation/amortization	2,136,813	228,876	114,924	254,978	—
Operating loss	(1,360,646)	(210,900)	(38,926)	(234,563)	(9,672)
Nonoperating expenses	(721,732)	(3,174,070)	(68,309)	(19,220)	—
Change in net assets	(530,157)	(3,384,970)	(37,235)	(253,783)	190,428
Beginning net assets	19,849,914	(1,228,607)	516,038	4,257,763	(15,328)
Ending net assets	19,319,757	(4,613,577)	478,803	4,003,980	175,100

	Statement of Revenues, Expenses, and Changes in Net Assets			
	High Rise Rehab Phase I Limited Partnership	**High Rise Rehab Phase II Limited Partnership**	**High Rise Rehab Phase III Limited Partnership**	**Total**
Operating revenues	$ 4,438,714	4,294,937	3,318,474	22,794,415
Operating expenses	4,617,870	5,018,348	3,521,005	28,674,781
Depreciation/amortization	854,169	1,118,602	280,962	9,178,111
Operating loss	(179,156)	(723,411)	(202,531)	(5,880,366)
Nonoperating expenses	(598,201)	(1,191,719)	(314,637)	(8,292,983)
Change in net assets	7,113,429	1,883,249	(517,168)	(300,023)
Beginning net assets	1,287,836	28,033	533,728	52,503,683
Ending net assets	8,401,265	1,911,282	16,560	52,203,660

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Cost Certificates

Actual Comprehensive Grant Cost Certificate

Comprehensive Grant Program (CGP)

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157
(Exp. 09/30/2005)

PHA/IHA Name	Comprehensive Grant Number
SEATTLE HOUSING AUTHORITY	WA19P001501-04
	FFY of Grant Approval: 2004

The PHA/IHA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Comprehensive Grant, is as shown below:

A. Original Funds Approved	$ 11,649,867.00
B. Revised Funds Approved	$ 11,649,867.00
C. Funds Advanced	$ 11,649,867.00
D. Funds Expended (Actual Modernization Cost)	$ 11,649,867.00
E. Amount to be Recaptured (A–D)	$ 0
F. Excess of Funds Advanced (C–D)	$ 0

2. That all modernization work in connection with the Comprehensive Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the PHA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature	Date
Thomas M Tierney THOMAS TIERNEY, EXECUTIVE DIRECTOR	April 24th, 2006

For HUD Use Only

The Cost Certificate is approved for audit.

Approved for Audit (Director, Public Housing Division)	Date
Vey McCray, Acting	5/16/06

The audited costs agree with the costs shown above.

Verified (Director, Public Housing Division)	Date

Approved (Field Office Manager)	Date

form HUD-52839 (2/92)
ref Handbook 7485.3

Actual Modernization Cost Certificate

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

OMB Approval No. 2577-0157 (exp. 3/31/2010)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19R001501-04

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	$ 1,924,591.00
B. Funds Disbursed	$ 1,924,591.00
C. Funds Expended (Actual Modernization Cost)	$ 1,924,591.00
D. Amount to be Recaptured (A–C)	$ 0.00
E. Excess of Funds Disbursed (B-C)	$ 0.00

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X Thomas Tierney — JULY 14th, 2008

THOMAS TIERNEY, EXECUTIVE DIRECTOR — DATE

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator) — Date:

X — 7/23/08

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official) — Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator) — Date:

X

form **HUD-53001** (10/96)
ref Handbooks 7485.1 &.3

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-5000

October 28, 2004

RECEIVED
NOV 1 - 2004
By

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

Mr. Thomas M. Tierney
Executive Director
Seattle Housing Authority
P.O. Box 19028 / 120 6th Avenue, North
Seattle, WA 98109-1028

Subject: Approval of Final HOPE VI Budget for Roxbury House and Village
Approval of Termination of Disbursements
HOPE VI Grant: WA19URD001I198

Dear Mr. Tierney:

The Department of Housing and Urban Development (the Department) hereby approves the Seattle Housing Authority's (SHA) request of April 14, 2004 for the approval of a final budget for Roxbury House and Village.

The final budget provides for minor adjustments in the funds disbursed for Fees and Costs, Site Improvements, Dwelling Structures, Dwelling Equipment, Nondwelling Structures, Nondwelling Equipment, and Relocation. The funds will be entered into LOCCS as set out below:

BLI	Description	Current HOPE VI Budget	Current Spread In LOCCS	Increase/ Decrease	Revised Spread In LOCCS
1408	Management Improvements	$825,288	$825,288		$825,288.00
1410	Administration	$1,021,253	$1,021,253		$1,021,253.00
1430	Fees and Costs	$780,101	$780,101	($1,174.67)	$778.926..33
1440	Site Acquisition	$5,568,799	$5,568,799		$5,568,799.00
1450	Site Improvements	$723,843	$723,843	($0.17)	$723,842.83
1460	Dwelling Structures	$7,477,989	$7,477,989	($1,404.97)	$7,476,584.03
1465	Dwelling Equipment	$17,289	$17,289	($0.32)	$17,288.68
1470	Nondwelling Structures	$433,065	$433,065	$2,581.01	$435,646.01
1475	Nondwelling Equipment	$76,896	$76,896	($0.72)	$76,895.28
1485	Demolition	$0	$0		$0
1495	Relocation Cost	$96,357	$96,357	($0.16)	$93,356.84
Total		$17,020,880	$17,020,880	$0.00	$17,020,880.00
2000	Unavailable	$0			$0.00
TOTAL		$17,020,880			$17,020,880.00

Enclosed please find a copy of the approved final HOPE VI budget for your records.

This office is also in receipt of SHA's Termination of Disbursements letter, dated April 2, 2004, Final Financial Report (Form SF-269-A) and the Actual HOPE VI Cost Certificate (AHCC) (Form HUD-53001-A). We have entered the date of this letter as the Pre-Audit End Date in LOCCS. This action will prevent further disbursements and will stop LOCCS from automatically sending Quarterly Report reminder letters to you.

You should now proceed to conduct an audit in accordance with the requirements of 24 CFR 85.26.

Congratulations on reaching this major milestone in the redevelopment of the Roxbury House and Village HOPE VI. We look forward to working with you on the final close out. If you have any questions, please contact Eugene Geritz, Grant Manager, at (303) 672-5372, extension 1234.

Sincerely,

Dominique Blom
Director
Office of Urban Revitalization

Enclosure

cc: Harlan Stewart, Office of Public Housing, Seattle Regional Office
Eugene Geritz, Office of Public Housing Investments, Denver Regional Office

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statistical Section
(Unaudited)

Section III

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statistical Section

This section provides additional information regarding the Authority in the following categories:

Financial Trends	show how the Authority's financial position has changed over time	Tables 1 – 2
Revenue Capacity	the tables in this section show the Authority's ability to generate revenue	Tables 3 – 4
Debt Capacity	shows the Authority's debt burden over time and provide information on the ability to issue debt	Tables 5 – 6
Demographics and Economic Statistics	the tables in this section portray the socioeconomic environment and provide information to allow comparisons over time and comparisons to other governments	Table 7 – 9
Operating Information	the purpose of these tables is to show the Authority's operations and provide information to assess the government's economic condition	Tables 10 – 12

Table 1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Net Assets by Component – Primary Government

Last Ten Fiscal Years (Unaudited)

Fiscal year ended September 30 (b)	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
1999 (a)	$ 279,806,487	6,815,997	71,789,278	358,411,762
2000 (a)	284,139,533	9,145,030	85,032,055	378,316,618
2001 (a)	296,649,495	10,610,581	84,302,659	391,562,735
2002	163,706,669	8,830,581	75,745,049	248,282,299
2003	177,298,605	5,192,219	76,931,411	259,422,235
2004	204,283,445	7,788,390	71,066,202	283,138,037
2005	223,381,297	5,194,324	101,203,466	329,779,087
2006	174,593,252	5,448,150	144,625,694	324,667,096
2007 (b)	211,875,842	9,725,557	132,651,693	354,253,092
2008 (b)	222,001,336	5,326,536	142,674,746	370,002,618

Notes: (a) In fiscal year 2002, the Authority adopted the new government reporting model as required by GASB Statement No. 34 and made an adjustment to record depreciation for assets not previously depreciated.

(b) Beginning in fiscal year 2007, the Authority's fiscal year-end date changed to December 31 from September 30.

Table 2

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Changes in Net Assets – Primary Government

Last Ten Fiscal Years (Unaudited) (a)

	2002	2003	2004	2005	2006	2007 (b)	2008 (b)
Operating revenues:							
Tenant rentals and sales	$ 17,198,871	18,776,018	19,990,759	20,697,641	19,888,907	23,958,442	18,548,105
Housing assistance payment subsidies	67,010,540	71,278,909	75,725,763	80,263,996	77,907,735	107,528,715	84,099,962
Other	6,079,556	5,622,755	13,619,504	49,240,885	21,232,065	35,381,503	22,594,560
Total operating revenues	90,288,967	95,677,682	109,336,026	150,202,522	119,028,707	166,868,660	125,242,627
Operating expenses:							
Housing operations and administration	28,309,341	28,035,895	26,024,065	29,152,797	30,248,810	46,408,207	41,515,711
Tenant services	2,975,192	2,877,693	2,242,826	2,436,512	2,750,585	3,171,644	1,307,592
Utility services	5,781,141	5,254,899	5,177,870	4,922,362	4,827,108	5,252,632	4,092,002
Maintenance	15,054,315	16,275,910	18,133,133	17,281,723	16,388,539	21,461,247	17,053,995
Housing assistance payments	53,824,569	65,156,211	71,889,208	68,212,519	62,296,993	80,300,757	64,270,568
Other	3,909,637	8,436,704	1,712,092	3,413,099	6,031,825	2,585,630	2,767,976
Depreciation and amortization	9,809,050	10,199,726	11,166,605	11,656,022	11,929,183	15,155,490	10,299,572
Total operating expenses	119,663,245	136,237,038	136,345,799	137,075,034	134,473,043	174,335,607	141,307,416
Operating income (loss)	(29,374,278)	(40,559,356)	(27,009,773)	13,127,488	(15,444,336)	(7,466,947)	(16,064,789)
Nonoperating revenues (expenses):							
Intergovernmental	17,954,601	17,701,294	17,347,758	16,668,848	16,038,328	19,109,472	17,523,075
Interest expense	(3,330,981)	(4,002,391)	(4,811,281)	(5,510,982)	(7,849,402)	(10,755,826)	(8,532,367)
Interest income	3,295,317	2,079,480	1,450,061	3,190,698	5,625,496	7,637,844	6,547,470
Change in fair value of investments	—	—	972,676	(718,763)	(273,517)	140,142	(332,725)
Loss on investment in limited partnerships	—	—	—	—	—	—	(1,505,687)
Disposition of assets	—	(9,272,216)	(5,070,867)	(1,932,491)	(13,426,642)	(6,673,827)	(1,735,402)
Total nonoperating revenues	17,918,937	6,506,167	9,888,347	11,697,310	114,263	9,457,805	11,964,364
Change in net assets before contributions	(11,455,341)	(34,053,189)	(17,121,426)	24,824,798	(15,330,073)	1,990,858	(4,100,425)
Capital contributions	23,843,896	45,193,125	40,837,228	21,816,252	10,218,082	27,595,138	19,849,951
Increase (decrease) in net assets	12,388,555	11,139,936	23,715,802	46,641,050	(5,111,991)	29,585,996	15,749,526
Net assets at beginning of year	235,893,744	248,282,299	259,422,235	283,138,037	329,779,087	324,667,096	354,253,092
Net assets at end of year	$ 248,282,299	259,422,235	283,138,037	329,779,087	324,667,096	354,253,092	370,002,618

Notes: (a) Ten years of data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34 in 2002.

(b) Fiscal years 2002 through 2006 represent a year end date of September 30. Beginning in 2007, the fiscal year end date is December 31 and in 2007 the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.

Table 3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Revenue Capacity

Operating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited) (a)

	Tenant rentals and sales		Housing assistance payment subsidies		Other		Total	
Year (b)	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Percentage of total**	**Amount**	**Total**
2002	$ 17,198,871	19.0%	$ 67,010,540	74.3%	$ 6,079,556	6.7%	$ 90,288,967	100.0%
2003	18,776,018	19.6	71,278,909	74.5	5,622,755	5.9	95,677,682	100.0
2004	19,990,759	18.3	75,725,763	69.2	13,619,504	12.5	109,336,026	100.0
2005	20,697,641	13.8	80,263,996	53.4	49,240,885	32.8	150,202,522	100.0
2006	19,888,907	16.7	77,907,735	65.5	21,232,065	17.8	119,028,707	100.0
2007	23,958,442	14.4	107,528,715	64.4	35,381,503	21.2	166,868,660	100.0
2008	18,548,105	14.8	84,099,962	67.1	22,594,560	18.0	125,242,627	100.0

Notes: (a) Ten years of data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34 in 2002.

(b) Fiscal years 2002 through 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.

Table 4

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Revenue Capacity

Nonoperating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited) (a)

	Intergovernmental		Interest income		Change in fair value of investments		Total	
Year (b)	**Amount**	**Percent of total**	**Amount**	**Percent of total**	**Amount**	**Percent of total**	**Amount**	**Total**
2002	$ 17,954,601	84.5%	$ 3,295,317	15.5%	$ —	—%	$ 21,249,918	100.0%
2003	17,701,294	89.5	2,079,480	10.5	—	—	19,780,774	100.0
2004	17,347,758	87.8	1,450,061	7.3	972,676	4.9	19,770,495	100.0
2005	16,668,848	87.1	3,190,698	16.7	(718,763)	(3.8)	19,140,783	100.0
2006	16,038,328	75.0	5,625,496	26.3	(273,517)	(1.3)	21,390,307	100.0
2007	19,109,472	71.1	7,637,844	28.4	140,142	0.5	26,887,458	100.0
2008	17,523,075	73.8	6,547,470	27.6	(332,725)	(1.4)	23,737,820	100.0

Notes: (a) Ten years of data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34 in 2002.

(b) Fiscal years 2002 through 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.

Table 5

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Debt Capacity

Schedule of General Revenue Bond Coverage

Last Ten Fiscal Years (Unaudited)

Fiscal year	Debt service Principal	Debt service Interest	Total debt service	General expense (b)	Ratio of debt service to general expenses
Villa Park 1996 Bonds:					
1999	$ 25,000	120,126	145,126	224,131	0.6
2000	30,000	118,740	148,740	427,576	0.3
2001	30,000	117,275	147,275	466,989	0.3
2002	30,000	116,103	146,103	1,667,735	0.1
2003	30,000	114,873	144,873	178,085	0.8
2004	35,000	113,147	148,147	179,791	0.8
2005	35,000	110,406	145,406	190,861	0.8
2006	40,000	106,550	146,550	337,199	0.4
2007 (a)	50,000	133,255	183,255	282,354	0.6
2008	45,000	102,534	147,534	252,675	0.6
Wakefield 2000 Bonds for Wallingford:					
2000	15,468	27,676	43,144	8,231	5.2
2001	24,588	40,128	64,716	14,450	4.5
2002	26,353	38,363	64,716	12,811	5.1
2003	28,236	36,480	64,716	7,490	8.6
2004	30,299	34,417	64,716	16,021	4.0
2005	32,491	32,225	64,716	23,470	2.8
2006	34,840	22,636	57,476	18,115	3.2
2007 (a)	47,093	33,620	80,713	15,327	5.3
2008	40,749	24,278	65,027	6,070	10.7
Telemark 2001 Bonds:					
2001	—	48,753	48,753	66,129	0.7
2002	25,000	173,479	198,479	119,772	1.7
2003	30,000	172,896	202,896	89,037	2.3
2004	30,000	171,756	201,756	128,387	1.6
2005	35,000	170,556	205,556	222,399	0.9
2006	35,000	168,544	203,544	111,717	1.8
2007 (a)	50,000	208,287	258,287	112,065	2.3
2008	40,000	164,536	204,536	112,669	1.8
Wedgewood 2001 Variable Rate Bonds:					
2001	—	20,153	20,153	192,937	0.1
2002	130,000	59,814	189,814	1,241,767	0.2
2003	130,000	44,802	174,802	979,865	0.2
2004	135,000	39,831	174,831	897,686	0.2
2005	140,000	74,056	214,056	963,775	0.2
2006	150,000	105,939	255,939	943,339	0.3
2007 (a)	187,500	151,700	339,200	922,274	0.4
2008	160,000	69,529	229,529	808,109	0.3
Wakefield/PorchLight 2002 Bonds:					
2002	—	218,151	218,151	1,330,338	0.2
2003	100,000	479,398	579,398	773,846	0.7
2004	130,000	477,972	607,972	854,780	0.7
2005	130,000	471,191	601,191	823,119	0.7
2006	135,000	350,194	485,194	729,875	0.7
2007 (a)	175,000	576,430	751,430	730,729	1.0
2008	145,000	455,540	600,540	902,813	0.7
Mary Avenue 2002 Bonds:					
2002	—	12,185	12,185	58,510	0.2
2003	45,000	164,663	209,663	146,551	1.4
2004	45,000	169,719	214,719	141,603	1.5
2005	45,000	168,292	213,292	149,021	1.4
2006	50,000	166,827	216,827	152,883	1.4
2007 (a)	62,500	165,847	228,347	231,906	1.0
2008	55,000	175,305	230,305	178,955	1.3

(Continued)

Table 5

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Debt Capacity

Schedule of General Revenue Bond Coverage

Last Ten Fiscal Years (Unaudited)

Fiscal year	Debt service Principal	Debt service Interest	Total debt service	General expense (b)	Ratio of debt service to general expenses
Montridge Arms 2002 Bonds:					
2002	$ —	65,290	65,290	53,879	1.2
2003	25,000	103,690	128,690	97,468	1.3
2004	25,000	102,965	127,965	105,846	1.2
2005	30,000	101,782	131,782	110,403	1.2
2006	30,000	100,430	130,430	112,855	1.2
2007 (a)	37,500	123,911	161,411	117,360	1.4
2008	30,000	97,615	127,615	133,722	1.0
Longfellow Creek 2003 Bonds:					
2003	—	47,745	47,745	87,830	0.5
2004	—	143,739	143,739	496,191	0.3
2005	15,000	180,645	195,645	476,275	0.4
2006	65,000	179,215	244,215	255,770	1.0
2007 (a)	87,500	221,437	308,937	428,712	0.7
2008	70,000	175,085	245,085	282,268	0.9
HOPE VI Replacement Housing Bonds:					
2003	125,000	597,188	722,188	640,643	1.1
2004	125,000	608,672	733,672	674,351	1.1
2005	130,000	598,208	728,208	454,761	1.6
2006	140,000	589,735	729,735	508,423	1.4
2007 (a)	188,750	690,082	878,832	603,954	1.5
2008	165,000	569,624	734,624	724,984	1.0
Bayview/Lake City Commons 2004 Bonds:					
2004	—	30,850	30,850	554,377	0.1
2005	60,000	192,915	252,915	460,249	0.5
2006	65,000	195,575	260,575	497,517	0.5
2007 (a)	81,250	222,891	304,141	680,237	0.4
2008	65,000	192,216	257,216	544,688	0.5
Yesler Community Replacement Bonds					
2004	—	50,568	50,568	23,565	2.1
2005	15,000	109,504	124,504	68,783	1.8
2006	15,000	109,144	124,144	64,738	1.9
2007 (a)	18,750	135,850	154,600	88,859	1.7
2008	20,000	107,832	127,832	76,361	1.7
Gamelin/Genesse Bonds:					
2006	21,000	171,911	192,911	158,083	1.2
2007 (a)	30,000	288,150	318,150	37,079	8.6
2008	17,000	229,901	246,901	58,525	4.2
Seattle High Rise Rehab Phase II Bridge Bonds:					
2007 (a)	—	634,400	634,400	3,785,140	0.2
2008	—	595,600	595,600	4,490,793	0.1
Seattle High Rise Rehab Phase III Bridge Bonds:					
2007 (a)	—	11,228	11,228	181,521	0.1
2008	—	338,660	338,660	3,350,727	0.1

Note: (a) 2007 Interest and principal payments reflect a fifteen-month year as a result of the fiscal year-end change.

(b) General expenses include all operating expenses except for depreciation and amortization.

Table 6

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Debt Capacity

Ratio of Debt to Capital Assets – Primary Government

Last Ten Fiscal Years (Unaudited)

Fiscal year ended September 30 (a)	Bonds payable	Notes payable	Short-term borrowings	Total debt	Capital assets, net	Ratio of total debt to capital assets
1999	$ 8,234,902	12,592,864	2,883,613	23,711,379	350,272,192	6.77
2000	16,222,261	14,084,013	3,087,598	33,393,872	284,139,533	11.75
2001	32,093,074	33,244,519	2,577,527	67,915,120	386,381,956	17.58
2002	40,718,092	35,163,081	2,179,574	78,060,747	241,767,416	32.29
2003	57,620,244	41,966,362	3,609,826	103,196,432	280,495,038	36.79
2004	62,439,614	35,539,012	20,132,303	118,110,929	300,731,249	39.27
2005	60,277,566	34,244,424	17,071,307	111,593,297	314,126,900	35.52
2006	85,476,724	33,750,623	31,154,788	150,382,135	304,561,566	49.38
2007	130,867,182	33,016,355	45,212,312	209,095,849	329,120,245	63.53
2008	123,459,433	32,485,160	48,603,302	204,547,895	337,110,417	60.68

Note: (a) The Authority changed its fiscal year-end date from September 30 to December 31 beginning in fiscal year 2007.

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

		Public Housing Program			
Calendar year (a)	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly handicapped/ disabled**
1999	5,569	1,679	3,921	11,169	3,231
2000	5,641	1,642	4,014	11,297	3,164
2001	5,109	1,589	3,346	10,044	3,047
2002	5,214	1,875	2,583	9,672	1,993
2003	5,024	1,354	2,936	9,314	1,899
2004	5,308	1,406	2,945	9,659	1,818
2005	5,393	1,440	3,287	10,120	1,977
2006	5,361	1,227	3,539	10,127	1,902
2007	5,363	1,488	3,519	10,370	1,840
2008	5,478	1,551	3,642	10,671	1,756

		Section 8 Program (b)			
Calendar year (a)	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly handicapped/ disabled**
1999	3,751	890	4,499	9,140	1,756
2000	4,304	963	4,445	9,712	1,513
2001	4,940	1,003	5,218	11,161	1,697
2002	6,089	1,250	5,300	12,639	2,202
2003	7,362	1,446	2,838	11,646	2,665
2004	7,631	1,501	5,933	15,065	2,718
2005	7,149	1,421	5,636	14,206	2,615
2006	7,209	1,857	5,102	14,168	2,727
2007	7,426	1,801	5,311	14,538	2,863
2008	7,616	1,970	5,258	14,844	3,044

(Continued)

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

	Senior and Local Housing Programs				
Calendar year (a)	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly handicapped/ disabled**
1999	319	927	—	1,246	413
2000	349	903	—	1,252	461
2001	195	884	—	1,079	404
2002	276	761	—	1,037	147
2003	572	867	186	1,625	266
2004	596	899	222	1,717	240
2005	640	903	746	2,289	196
2006	661	904	278	1,843	192
2007	723	913	345	1,981	186
2008	711	906	310	1,927	170

	Agencywide Totals				
Calendar year (a)	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly handicapped/ disabled**
1999	9,639	3,496	8,420	21,555	5,400
2000	10,294	3,508	8,459	22,261	5,138
2001	10,244	3,476	8,564	22,284	5,148
2002	11,579	3,886	7,883	23,348	4,342
2003	12,958	3,667	5,960	22,585	4,830
2004	13,535	3,806	9,100	26,441	4,776
2005	13,182	3,764	9,669	26,615	4,788
2006	13,231	3,988	8,919	26,138	4,821
2007	13,512	4,202	9,175	26,889	4,889
2008	13,805	4,427	9,210	27,442	4,970

Notes: (a) 2001 data is presented on a fiscal year basis rather than calendar year.

(b) Includes port-ins and excludes port-outs and participants living in the Authority's Senior Housing program.

Table 8

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics

Regional Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Year	King County (a)	Seattle population (a)	Per capita income King County (b)	Per capita income King region (b)	Public school enrollment (c)	King County average annual unemployment rate (d)
1999	1,712,122	556,573	$ 44,719	$ 39,880	47,453	2.7
2000	1,737,034	563,374	45,536	40,686	46,932	3.6
2001	1,758,300	568,100	45,965	41,229	46,796	5.1
2002	1,774,300	570,800	44,135	40,735	46,901	6.5
2003	1,779,300	571,900	45,334	41,778	46,699	6.8
2004	1,788,300	572,600	49,118	45,122	46,420	4.6
2005	1,808,300	573,000	48,116	45,242	46,239	4.8
2006	1,835,300	578,700	52,655	48,522	45,634	4.2
2007	1,861,300	586,200	N/A	N/A	45,276	4.5
2008	1,884,200	592,800	N/A	N/A	45,572	5.7

Notes: (a) As of April 1, source: Washington State Office of Financial Management, 2007 Population Trends for Washington State estimates only.

(b) Source: U.S. Bureau of Economic Analysis, 2005 most current available.

(c) Seattle Public Schools

(d) Preliminary source: Washington State Employment Security Department.

Table 9

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics

Principal Industries

Last Ten Fiscal Years (Unaudited)

	2008		2007		2006	
Industry	**Number of employees**	**Rank**	**Number of employees**	**Rank**	**Number of employees**	**Rank**
Retail Trade	116,900	1	119,800	1	120,900	1
Professional and Technical Services	100,600	2	94,700	2	88,600	2
Local Government	89,500	3	87,300	3	86,000	4
Manufacturing Durable Goods	83,700	4	86,900	4	87,200	3
Food Services and Drinking Places	77,700	5	77,100	5	75,900	5
Administrative and Waste Services	72,500	6	73,900	6	75,000	6
Wholesale trade	63,400	7	64,200	7	64,700	7
State Government	57,100	8	55,300	8	55,400	8
Software Publishers	51,200	9	46,100	11	44,700	11
Finance and Insurance	49,000	10	50,600	9	51,400	9
Transportation and Warehousing	46,600	11	48,700	10	47,900	10

	2005		2004		2003	
Industry	**Number of employees**	**Rank**	**Number of employees**	**Rank**	**Number of employees**	**Rank**
Retail Trade	123,000	1	121,600	1	121,500	1
Professional and Technical Services	84,700	3	79,700	3	78,800	3
Local Government	85,800	2	85,700	2	87,800	2
Manufacturing Durable Goods	83,800	4	77,900	4	77,200	4
Food Services and Drinking Places	74,100	5	70,200	5	69,600	5
Administrative and Waste Services	71,300	6	65,900	6	61,800	7
Wholesale trade	63,900	7	63,500	7	62,300	6
State Government	55,000	8	55,100	8	54,800	8
Software Publishers	40,800	11	38,300	12	36,900	12
Finance and Insurance	53,000	9	52,700	9	53,700	9
Transportation and Warehousing	46,000	10	47,500	10	46,700	10

	2002		2001		2000	
Industry	**Number of employees**	**Rank**	**Number of employees**	**Rank**	**Number of employees**	**Rank**
Retail Trade	120,500	1	123,200	1	129,500	1
Professional and Technical Services	79,200	4	84,600	4	94,400	3
Local Government	86,700	2	86,000	3	82,400	4
Manufacturing Durable Goods	86,200	3	98,200	2	103,900	2
Food Services and Drinking Places	68,500	5	68,200	5	70,900	6
Administrative and Waste Services	60,000	7	59,800	7	76,600	5
Wholesale trade	61,700	6	64,500	6	67,700	7
State Government	53,800	8	54,000	9	51,900	10
Software Publishers	35,500	12	35,400	12	32,600	13
Finance and Insurance	53,000	9	54,200	8	52,100	9
Transportation and Warehousing	47,100	10	48,600	10	53,700	8

Source: Washington Employment Security Department Labor Market and Economic Analysis. Data prior to 2000 not available.

Data provided for King County, which includes the Seattle Metropolitan Area and other surrounding communities.

Table 10

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Last Ten Fiscal Years (Unaudited)

Number of Units by Program

Fiscal year	Public housing	Section 8	Senior housing (a)	Other housing programs (a)	Hope IV nonpublic units	Total
1999	6,232	5,335	1,199	354	178	13,298
2000	6,232	5,583	1,199	354	178	13,546
2001	6,294	6,299	994	413	178	14,178
2002	5,981	8,116	994	471	178	15,740
2003	5,380	8,464	994	810	178	15,826
2004	5,481	8,758	993	870	190	16,292
2005	5,441	9,199	993	875	290	16,798
2006	5,432	9,199	993	902	423	16,949
2007	5,250	9,202	993	1,008	423	16,876
2008	5,263	9,260	993	971	539	17,026

Note: (a) Unit counts for senior housing and local housing were restated for consistency. There were no changes to total unit counts for prior years.

Households served and waiting list data

Fiscal year	Total households served (b)	Total households on waiting lists (c)
1999	11,076	14,930
2000	10,706	13,506
2001	10,828	12,833
2002	10,889	11,516
2003	11,677	13,819
2004	12,027	8,546
2005	11,861	11,074
2006	11,869	12,284
2007	12,077	3,850
2008	12,359	6,879

Notes: (b) Excludes Mod rehab, outgoing portable vouchers, nonpublic housing tax credits, and local programs, but includes incoming portable vouchers.

(c) For years 1999 – 2003, waiting list figures include duplicates if applicant applied for more than one program. 2004 – 2008 reflects unique households.

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2008 (Unaudited)

Public housing

Name of development	Address	Number of units	Year built or acquired
Ballard House	2445 NW 57th Street	79	1969
Barton Place	9201 Rainier Avenue S.	90	1971
Beacon Tower	1311 S. Massachusetts	108	1971
Bell Tower	2215 1st Avenue	119	1970
Cal-Mor Circle	6420 California Avenue SW	75	1969
Capitol Park	525 14th Avenue E.	125	1971
Cedarvale House	11050 8th Avenue NE	118	1971
Cedarvale Village	11050 8th Avenue NE	24	1971
Center Park	2121 26th Avenue S.	137	1969
Center West	533 3rd Avenue W.	91	1969
Denny Terrace	100 Melrose Avenue E.	221	1969
Green Lake Plaza	505 NE 70th Street	130	1970
Harvard Court	610 Harvard Avenue E.	81	1969
High Point	3000 SW Graham Street	224	2006 – 2008
Holly Court	3804 S. Myrtle	97	1979
International Terrace	202 6th Avenue S.	100	1972
Jackson Park House	14396 30th Avenue NE	71	1970
Jackson Park Village	14396 30th Avenue NE	41	1970
Jefferson Terrace	800 Jefferson Street	299	1967
Lake City House	12546 33rd Avenue NE	115	1971
Lictonwood	9009 Greenwood Avenue N.	81	1971
Longfellow Creek	5915 Delridge Way SW	30	2003
New Holly	7050 32nd Avenue S.	400	1999 – 2005
Olive Ridge	1700 17th Avenue	105	1969
Olympic West	110 W. Olympic Place	75	1971
Partnership units	Various	50	various
Queen Anne Heights	1212 Queen Anne Avenue N.	53	1971
Rainier Vista	2917 S Snoqualmie St	125	2005
Ross Manor	1420 Western Avenue	100	1983
Roxhill Court Apartments	9940 27th Ave SW	13	2002 – 2003
Scattered Sites	Various	741	various
Stewart Manor	6339 34th Avenue	74	1969
Tri-Court	720 N. 143rd	87	1971
University House	4700 12th Avenue NE	101	1972
University West	4544 7th Avenue NE	113	1971
West Town View	1407 2nd Avenue W	59	1978
Westwood Heights	9455 27th Avenue SW	130	1971
Wisteria Court	7544 24th Ave SW	20	2003
Yesler Terrace	903 E. Yesler Way	561	1941
	Total units – Public Housing	5,263	

(Continued)

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2008 (Unaudited)

Section 8

Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers	Various	8,401	various
Moderate Rehabilitation	Various	759	various
Bay View Tower	2614 4th Ave	100	1978
	Total number of Section 8 units	9,260	

Senior housing

Name of development	Address	Number of units	Year built or acquired
Bitter Lake Manor	620 N. 130th	72	1984
Blakeley Manor	2401 NE Blakeley	70	1984
Carroll Terrace	600 5th Avenue W.	26	1985
Columbia Place	4628 S. Holly	65	1984
Fort Lawton Place	3401 W. Government Way	24	1984
Fremont Place	4601 Phinney Avenue N.	31	1984
Gideon-Mathews Gardens	323 25th Avenue S.	45	1986
Island View	3031 California Avenue SW	48	1984
Leschi House	1011 S. Weller	34	1988
Michaelson Manor	320 W. Roy	57	1985
Nelson Manor	220 NW 58th	32	1985
Olmsted Manor	501 NE Ravenna Blvd.	35	1985
Phinney Terrace	6561 Phinney Avenue N.	51	1984
Pinehurst Court	12702 15th Avenue NE	73	1983
Pleasant Valley Plaza	3801 34th Avenue W.	41	1984
Primeau Place	308 14th Avenue E.	53	1984
Ravenna School Apartments	6564 Ravenna Avenue NE	39	1986
Reunion House	530 10th Avenue E.	28	1984
Schwabacher House	1715 NW 59th Street	44	1984
South Park Manor	520 S. Cloverdale	27	1984
Sunrise Manor	1530 NW 57th Street	32	1985
Wildwood Glen	4501 SW Wildwood	24	1983
Willis House	6341 5th Ave NE	42	1984
	Total number of senior housing units	993	

(Continued)

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2008 (Unaudited)

Other housing programs

Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th	3	2001
5983 Rainier Ave S	5983 Rainier Ave S	12	2006
924 MLK Jr Way S	924 MLK Jr Way S	5	2006
Alder Crest Apartments	6520 35th Ave SW	36	2004
Baldwin Apartments	124 13th Ave	31	2007
Beacon House	1545 12th Ave S	1	1993
Coach House	1056 N 35th Street	8	1997
Daybreak	1515 2nd Ave N.	3	1986
Delridge Triplexes	8136 and 8144 Delridge Way SW	6	2006
Douglas Apartments	4811 S Henderson	44	2007
Fir Street Townhomes	Various	7	2003
Heritage House	1533 Western Avenue	62	1990
Keystone House	3515 Woodland Park N.	32	1986
Lake City Commons	12745 30th Ave NE	15	2003
Lam Bow Apartments	6935 Delridge Way SW	51	2003
Levy Program	Various	19	various
Longfellow Creek Apartments	5915 Delridge Way SW	54	2003
Main Place II	308 22nd Ave S	25	2004
Main Street Apartments	2035 S Main St	11	2004
Market Terrace	1115 NW Market St	30	2002
Mary Avenue Townhomes	8550-84 Mary Ave NW	8	2002
MLK Townhomes	Various	6	2003
Montridge Arms Apartments	9000 27th Ave SW	33	2002
Norman Street Townhomes	Various	15	2003
Referendum 37	Various	2	various
Ritz Apartments	1302 E Yesler Way	30	2004
Roxhill Court Apartments	9940 27th Ave SW	11	2002 – 2003
Spruce Street Townhomes	Various	10	2003
Stone Ave Townhomes	8514 Stone Ave N	4	2001
Telemark Apartments	2850 NW 56th St	24	1999
Villa Park Townhomes	9111 50th Avenue S.	43	1995
Wedgewood Estates	3716 NE 75th	203	2001
Westwood Heights East Apts	9440 27th Ave SW	42	2003
Wisteria Court	7544 24th Ave SW	76	2003
Yesler Court	114 23rd Ave	9	2004
	Total other housing units	971	
HOPE VI nonpublic housing units:			
High Point		260	2006 – 2008
NewHolly		220	1999 – 2005
Rainier Vista		59	2006
	Total HOPE VI Nonpublic housing	539	
	Total units - All programs (a)	17,026	

Note: (a) Includes overlap of 270 other housing program units and 150 senior housing units which also have project-based and program-based Housing Choice Vouchers.

Table 12

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Regular Staff Headcount by Department

Last Ten Fiscal Years (Unaudited)

Fiscal year	Executive	Development and Asset management	Housing operations	Admissions and Section 8	Finance and Administrative services	Information systems	Human resources	Total
1999	(a)	(a)	(a)	(a)	(a)	(a)	(a)	—
2000	16	26	365	52	40	12	13	524
2001	17	33	376	58	48	11	13	556
2002	10	35	374	63	49	10	10	551
2003	10	35	355	57	48	10	10	525
2004	12	37	347	53	47	10	10	516
2005	11	35	342	51	43	11	8	501
2006	13	37	333	56	44	14	7	504
2007	15	36	352	51	43	17	8	522
2008	16	31	362	60	42	18	10	539

Note: (a) Headcount information not available by department prior to 2000.

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