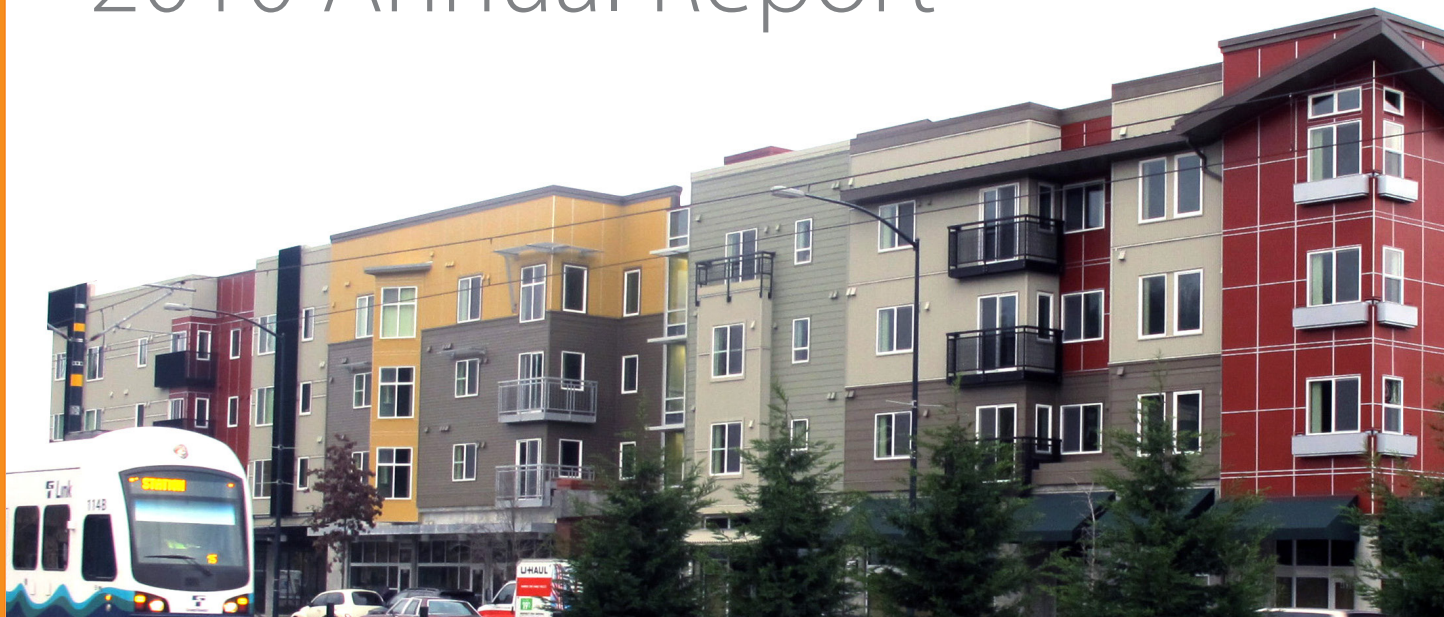


SEATTLE HOUSING AUTHORITY

2010 Annual Report



Tamarack Place, fully leased in December 2010, provides 83 new low-income apartments just a few steps from the train station.

Our partners make all the difference in our success

"We could not do it without you!" That is the message I want to deliver to each and every business, nonprofit and government agency that partners with us. You make a huge difference in our ability to meet our mission of fostering self-sufficiency and creating decent, safe and affordable housing. Together we are building a viable future for Seattle's low-income residents – a future of choice and opportunity where a safe and healthy home is the foundation for success.

As we face tough economic times, the partnerships we have forged over the past several decades allow us to make the most of limited resources. Sometimes we financially support the efforts of our nonprofit partners through rent subsidies and vouchers. At other times, we are the direct recipients of funding and services – from HUD, from the City of Seattle, and from our development partners. We have seen the fruits of our partnerships this year as we opened new housing at Tamarack Place in Rainier Vista, as we

made important capital repairs to buildings such as Denny Terrace and Schwabacher House, and as we provided compassionate assistance to elderly and disabled residents throughout our public housing buildings. Without support from our partners, we simply could not have developed the new and rehabilitated housing we completed in 2010.

I wish we could name and recognize each one of our supporters and partners, but we have space in this report to specifically name only a few. Even so, both our board and staff extend our sincere appreciation for all of the ways that our committed partners share in our dedication to serving Seattle's low-income residents.



Tom Tierney

2010 Highlights

LAKE CITY COURT TAKES SHAPE

Due for completion in 2011, Lake City Court features solar collectors to supplement the hot water supply, photovoltaic panels to create electricity from the sun, and additional insulation and material choices made with sustainability in mind.

Located just north of NE 125th St, between 33rd and 35th Ave NE, the project is built on the site of the former Lake City Village, a group of 16 townhomes built in the 1960s. Plagued by chronic flood conditions, the townhomes were demolished a decade ago. Drainage problems have been corrected, and the new housing is being built around a courtyard, with a nearby computer lab and play areas for children.

The project received \$8 million in ARRA funding and a HUD grant of \$10.5 million. Enterprise Community Partners has provided the balance of the financing. The 4-story elevator-equipped Lake City Court building will be comprised of 1-, 2-, 3- and 4-bedroom units and will be completely non-smoking. Parking options will include an underground parking garage for 90 vehicles as well as indoor and outdoor covered bicycle parking.



One very noticeable feature at Lake City Court is the array of solar panels on the roof. They will produce ten percent of the building's energy needs.



PARTNER PROFILE

Andersen Construction has been an ideal partner for this construction job, according to Seattle Housing Construction Manager Frank Burns:

"They have kept the project moving ahead in spite of bad weather conditions, and have kept us on budget. Their commitment to creating jobs for low-income residents has been stellar – they have hired 37 new employees through our jobs program."

KEY PERFORMANCE INDICATORS

100%

Percent of Housing Choice Vouchers in use
serving tenants at the end of 2010.

KEY PERFORMANCE INDICATORS FOR 2010

28,000+	Number of people served
16,984	Number of households served
185/1.1%	Increase in households served
4,679/38%	Increase in households served since 1998
2%	Vacancy rate in Public Housing
869	New waiting-list applicants per month
162	Job placements through The Job Connection

MEETING THE BEDBUG CHALLENGE

As bedbug problems have surfaced nationwide, Seattle Housing has taken an aggressive approach to treatment, which has included the use of a bedbug-sniffing dog, advanced heat treatment equipment, and assistance to residents.

An integrated pest management strategy has coordinated efforts to ensure that all bedbugs are eradicated and a resurgence of the infestation is prevented. As part of this effort, Seattle Housing Authority provided 378 hours of support to tenants through a contract with Full Life Care.

MOVING TOWARD SMOKE-FREE HOUSING

Cigarette smoking was banned in all Seattle Senior Housing Program apartment buildings beginning in August 2010. A large majority of residents (71 percent) favored the change. The transition has gone smoothly, with relatively few enforcement problems.

In October, Seattle Housing was awarded a \$150,000 two-year grant from Public Health – Seattle & King County to explore extending these non-smoking policies to

up to 6,500 additional housing units. Seattle Housing is using the grant to investigate what it would take to implement a 100 percent non-smoking policy.

The agency hired a coordinator to implement the program and spearhead stakeholder involvement. Surveys and meetings throughout Seattle Housing developments will provide an opportunity for residents to participate in policy formation.



71%

A survey of all Seattle Senior Housing Program residents established that 71 percent support a no-smoking policy in their building. Nearly two-thirds of residents completed the survey.

SMOKE-FREE INITIATIVE

INCREASES IN HOUSING STOCK

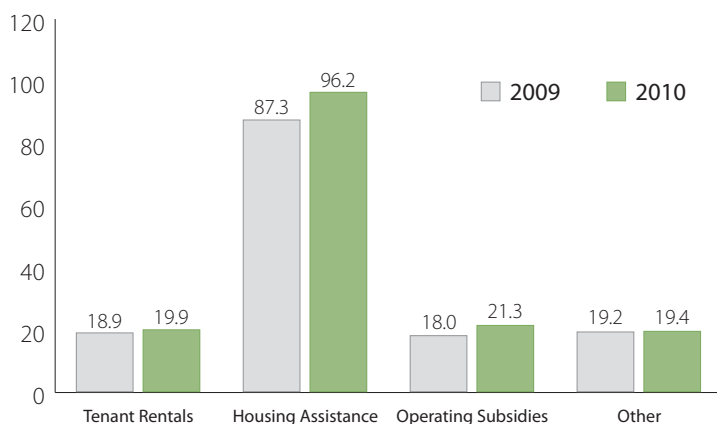
With the completion of Tamarack Place at Rainier Vista, Seattle Housing Authority added 83 units of affordable housing in 2010. Of these, 51 are public housing units and 32 are affordable tax-credit units. Under its program to increase the number of units that meet Uniform Federal Accessibility Standards, Seattle Housing created or modified an additional 25 units.

NEW SPECIAL PURPOSE VOUCHERS ADDED

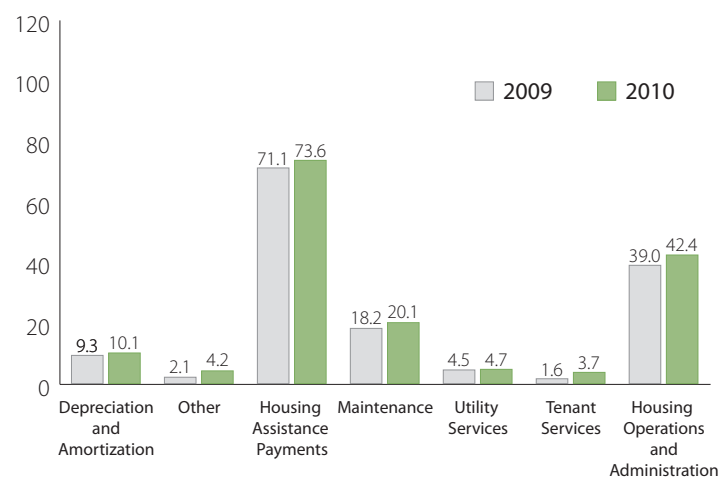
Seattle Housing Authority received 165 new special purpose vouchers in 2010. One hundred of these are “Family Unification Program” vouchers and 20 of these are earmarked for young adults who are aging out of the foster care system and may face homelessness. The other 80 will be made available to families whose inadequate housing is the primary cause of separation

or near-separation from their children. An additional 60 vouchers were awarded through the Veterans Assistance Supportive Housing program. Through this program, the agency works with Veterans Affairs, which identifies homeless veterans who can benefit from housing assistance and provide them clinical and supportive services before and after they’re housed.

Because of continued federal support for low-income housing and stimulus funding, Seattle Housing experienced increases in revenues and expenses from 2009 to 2010. Operating revenues increased by 9.3 percent or \$13.4 million, and operating expenses increased by 8.9 percent or \$13.0 million.



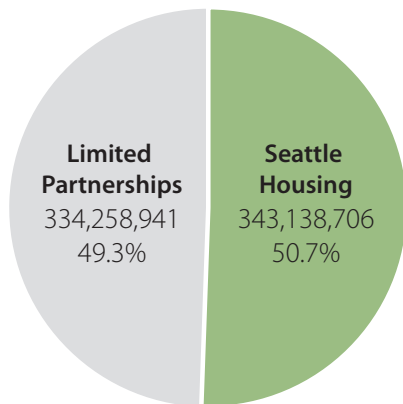
Operating Revenues (in millions)



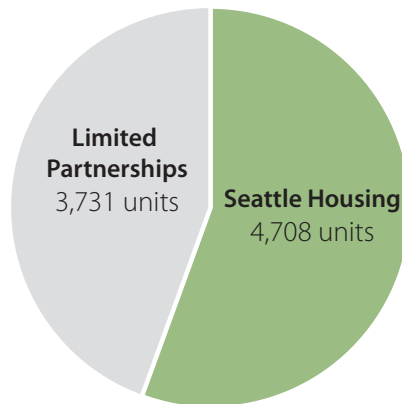
Operating Expenses (in millions)

Building Wi

By working with partners through the Low-Income Tax Credit program, Seattle Housing has leveraged its own resources to build 1,605 new housing units and make major repairs to 2,126 existing units.



Capital Assets



Unit Breakdown

The Low-Income Tax Credit program pairs builders of low-income housing with investors seeking to offset their federal tax obligations. Participating investors receive an income tax credit by becoming owners of low-income housing developments in partnership with the organization that builds and operates the housing.

Since its creation by Congress as part of the Tax Reform Act of 1986, the program has been the federal government's major method of funding new developments and major renovations of housing for low- and moderate-income households. Seattle Housing began using the program in the late 1990s. It has been instrumental in the

redevelopment and creation of new public housing at NewHolly, Rainier Vista, High Point and Lake City Court. The program has also been used to fund major repairs at public housing high-rises through the homeWorks project, which updated 21 buildings including 1,977 units.

Seattle Housing is the general partner in 15 real estate limited partnerships. As the general partner, the agency retains overall control of the maintenance and management of the properties, and works with the limited partners to satisfy the legal obligations of the partnership. This typically involves certifying resident eligibility annually and hosting inspections of the



PARTNER PROFILE

DKA Architecture is responsible for designing the high-rise rehabs for the homeWorks program. Donald King, the firm's principal, has been closely involved, demonstrating his commitment to high quality public housing. According to Seattle Housing Senior Manager Tracey Locke:

“DKA staff has consistently gone out of their way to make sure we deliver the best projects possible within our budget. They have been terrific partners in our work.”

buildings periodically to ensure tax credit regulations are being met. The tax advantages of participating in a low-income partnership expire after about 15 years, at which time full ownership of the property can revert back to the general partner. This year, the Holly Park Limited Partnership was dissolved. The full value of the property – \$25.5 million – is now reflected on the Housing Authority's books.

“Our tax credit partners share our commitment to high quality housing, and the strict requirements of the program reinforce our own commitment to being excellent managers.”

— Ann-Marie Lindboe, Director of Housing Finance and Asset Management

With Partners



PARTNER PROFILE

The City of Seattle's Office of Housing manages Seattle's housing levy and other City-funded affordable housing programs, including first-time home-buyer assistance and weatherization. According to Seattle Housing's Executive Director Tom Tierney:

"Working together we are able to make the most of what each agency has to offer. Our mutual goal is the same – house as many low-income residents as possible."

City of Seattle provides \$3 million for renovations

The City of Seattle's Office of Housing awarded \$3 million for the renovation of four properties in the Seattle Senior Housing Programs. These apartments for low-income seniors were built in the 1980s, and a recent assessment showed several buildings were suffering from serious water intrusion problems.

The four properties include Olmsted Manor near Green Lake, Bitter Lake Manor in North Seattle, Blakely Manor near the University of Washington and Nelson Manor in Ballard. The \$3 million in capital funding will be matched with Seattle Housing Authority funds. Substantial repairs in all four buildings are aimed at extending their useful life, correcting problems of aging and water intrusion, and improving their energy efficiency.

The funding is made available through the 2009 Housing Levy capital funds. Along



with the \$3 million to Seattle Housing Authority, the Office of Housing provided an additional \$20 million to other housing developers to support the preservation or development of affordable multifamily rental housing.

Tamarack Place added 83 low-income apartments near Link light rail

Construction on Tamarack Place began in September 2009 after an infusion of \$3.2 million in stimulus funding. The building was completed in November 2010 and all apartments were rented by the year's end. The new mixed-use, four-story building offers 7,600 square feet of ground floor retail space and 83 low-income apartments ranging from one to three bedrooms.

The total project cost of \$17.1 million provides a great example of the power of building with partners. The breakdown of funding includes \$3.2 million in ARRA funds, \$3.0 million in HOPE VI funds, \$4.2 million in Seattle Housing Author-



Executive Director Tom Tierney speaks to a crowd gathered at the Tamarack Place Grand Opening. Photo courtesy Tom Long, Sound Transit

ity funds, \$3.4 million in Low-Income Housing Tax Credit funding provided by Boston Capital, a \$1.9 million Seattle Housing Authority commercial loan,

funding of \$1.4 million from other sources. During construction, Chase Bank provide a \$10.9 million loan.

Yesler Terrace / ARRA

Yesler Terrace planning work moves forward



Planning work for Yesler Terrace redevelopment moved steadily forward in 2010. Working closely with neighbors and the Citizen Review Committee, staff developed site concepts and received feedback on them. A significant milestone was reached in October with the publication of the Draft Environmental Impact Statement. Based on more than 40 comments received, staff proposed a preferred alternative to the Board of Commissioners. The preferred alternative provides a framework for development over the next 15 years. It proposes a maximum of 5,000 units of housing to serve residents across a range of income levels. Office uses, neighborhood retail, parks and services will round out the neighborhood.

In November, the agency submitted a grant application for \$24 million under HUD's Choice Neighborhoods program. If the initial investment is secured, Seattle Housing will join a partner coalition to transform the neighborhood stretching east from the current Yesler Terrace to 14th Ave. Key partners include Seattle University, King County, Seattle Public Schools, the Workforce Development Council, Neighborcare Health, Neighborhood House, the Seattle Department of Transportation and Historic Seattle.

115

Federal stimulus funding awarded to Seattle Housing has created 115 new jobs and retained a total of 973 existing jobs in 2009 and 2010.

NEW JOBS CREATED

ARRA funds make new housing possible

The Seattle Housing Authority has received more than \$45 million in American Recovery and Reinvestment Act (ARRA) funding as a result of stimulus funding passed by Congress in 2009. This money has been used exclusively for public housing capital projects. By the end of 2010, the results of this investment were nearly complete. Of the ARRA totals, \$23.2 million was applied in 2010, and all will be fully expended by the end of the second quarter of 2011. Overall, this stimulus money has created a total of 115 jobs in 2009 and 2010.

Specifically, 2010 saw the completion of Tamarack Place, where stimulus dollars played a key leveraging role in getting this project off the ground. At Lake City Court,

\$8 million in ARRA funding has allowed Seattle Housing to increase the use of green technologies and dramatically lower energy use in this 86-unit building.

Denny Terrace, a highly visible 218-unit public housing building just off the I-5 freeway on the west slope of Capitol Hill, was the beneficiary of \$10 million in ARRA funding. The careful rehab of this building has involved replacing all windows and applying a new coating to the exterior to make it water tight again. The Denny Terrace rehab has required close coordination with tenants, since installation of windows required that each tenant be relocated to a nearby hotel while their apartments were being worked on.



PARTNER PROFILE

Seattle University is uniting with the Yesler Terrace community to support low-income youth and families. They have committed to improve the academic achievement of low-income youth and assist vulnerable families. Senior Manager John Forsyth notes:

"Having Seattle U as a key partner brightens the future of those who live at Yesler Terrace. The compassion and resources they bring to the table are priceless."

The Seattle Housing Authority made significant progress in 2010 in bringing down its total debt, which decreased by \$8.6 million.

The largest single decrease in debt resulted from paying off a bridge bond for Phase III of the homeWorks project, in the amount of \$8.2 million. During 2010, the percentage of total debt to net capital assets decreased from 55.1 percent to 51.7 percent. Total net assets of the organization increased by \$22.4 million or 5.8 percent. This was chiefly the result of two factors: contributions of stimulus funding from HUD, which was used for building rehab and construction, and increased funding for the Housing Choice Voucher program.

During 2010, Seattle Housing decreased by \$11 million its current liabilities (defined as obligations due within the next 12 months). This resulted in an improvement in the agency's current ratio, from 1.22 to 1.40. The current ratio is a financial ratio that indicates the ability of an organization to meet its financial obligations within the next year.

REVENUES, CONTRIBUTIONS, EXPENSES AND CHANGE IN NET ASSETS

	Seattle Housing Authority	Tax credit partnerships
Revenues & contributions		
Tenant rentals	\$ 19,853,164	\$ 22,156,568
Housing assistance payment subsidies	96,202,546	—
Operating subsidies and grants	21,258,217	—
Interest income	5,257,848	89,562
Capital contributions	46,544,071	7,687,976
Other revenues	19,480,446	725,140
Total revenues and contributions	\$208,596,292	\$ 30,659,246
Expenses		
Housing operations and administration	\$ 42,453,709	\$ 8,365,736
Tenant services	3,729,452	—
Utility services	4,718,662	2,818,777
Maintenance	20,082,664	6,364,747
Housing assistance payments	73,550,131	—
Interest expense	7,479,432	6,675,583
Change in fair value of investments	(44,842)	824,166
Disposition of assets	19,878,330	—
Depreciation and amortization	10,059,962	11,170,602
Other	4,277,224	1,775,766
Total expenses	\$186,184,724	37,995,377
Change in net assets	\$ 22,411,568	\$ (7,336,131)

In addition, one of the authority's component units, the Holly Park Limited Partnership was dissolved during the year. This was a partnership formed in connection with the use of Low-Income Tax Credits when Phase I of NewHolly was redeveloped. All assets and liabilities of the partnership were assumed by the agency. The transaction resulted in a net gain of \$3.2 million.

ASSETS

	Seattle Housing Authority	Tax credit partnerships
Cash equivalents and investments	\$ 54,001,018	\$ 22,549,273
Accounts receivable	29,980,304	1,574,201
Inventory and prepaid items	834,533	910,740
Restricted investments	22,748,001	925,332
Deferred charges	1,798,791	5,495,946
Other	1,487,261	218,830
Capital assets, net of depreciation	343,138,706	334,258,941
Notes receivable	194,513,058	—
Total assets	\$648,501,672	\$365,933,263

LIABILITIES AND NET ASSETS

	Seattle Housing Authority	Tax credit partnerships
Liabilities		
Accounts payable	\$ 10,670,669	\$ 29,634,604
Accrued liabilities	3,635,851	4,661,334
Short-term borrowings	16,077,424	83,272
Security deposits	1,486,232	960,283
Deferred revenue	45,470,449	28,951
Long-term debt	161,228,794	254,757,156
Accrued compensated absences	3,093,005	—
Total liabilities	\$241,662,424	\$290,125,600
Net assets		
Investment in capital assets	\$ 229,826,301	\$ 86,364,855
net of related debt		
Restricted for debt service and other purposes	6,486,917	20,536,894
Unrestricted	170,526,030	(31,094,086)
Total net assets	\$406,839,248	\$ 75,807,663
Total liabilities and net assets	\$648,501,672	\$365,933,263

This financial data is intended to provide a big picture overview of key financial data and is presented differently than the financial statements in our Comprehensive Annual Financial Report (CAFR). It does not include the notes to the financial statements. The Housing Authority of the City of Seattle is audited annually and prepares a GAAP-based (Generally Accepted Accounting Principles) CAFR. The latest report is available on our website at www.seattlehousing.org/news/financial.

Our Mission

Seattle Housing Authority's 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 incomes.

Seattle Housing's 2010–2015 Strategic Plan

Five strategic directions over the next five years:

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

Expand housing access and choice for low-income residents using Housing Choice vouchers.

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

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

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

In September, a new strategic plan was adopted that affirms the housing authority's core commitments, addresses foreseeable challenges and opportunities, and maps the agency's course for the next five years.

Three management strategies to succeed in following the strategic directions:

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

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

Promote a healthy, engaged and productive workforce.

Recognition for development, best practices

The Yesler Terrace redevelopment project received a Recognition Award for promoting sustainable growth from the Quality Growth Alliance.

The Rainier Vista redevelopment project received a Merit Award from the American Institute of Architects for the high quality of its overall design.

Seattle Housing won a Merit Award from the National Association of Housing and Redevelopment Officials (NAHRO) for policies and materials developed to serve clients with limited English proficiency.

The Housing Authority Insurance Group presented the agency with a 2010 Best Practice Award for the Safety Hot Topic Program, which is a communication program aimed at reducing work-related accidents and worker compensation costs.

For the thirteenth year in a row, the agency received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the U.S. and Canada for the 2009 fiscal year.

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