



SEATTLE HOUSING AUTHORITY · 2011 ANNUAL REPORT

Leading the Way Home

A MESSAGE FROM TOM TIERNEY, EXECUTIVE DIRECTOR

The Great Recession stubbornly refused to recede during 2011, and low-income residents in our city continued to be hard hit by unemployment. With deficit reduction taking priority in Washington, D.C., funding for low-income housing is shrinking. The challenge of providing affordable housing for everyone has never been greater.

Yet for thousands in our city, Seattle Housing Authority still provides the essential stability of safe, decent and affordable housing. With their housing secured, a family or individual can often navigate their way out of crisis toward a more hopeful future.

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A MESSAGE FROM TOM TIERNEY, CONTINUED...



During 2011—in spite of the challenges—we succeeded in increasing the number of households we served by 858, to an all time high of more than 17,800 households. We added 152 new housing units and 572 rental vouchers to our inventory. In spite of long waiting lists and historically low vacancy rates, we provided affordable housing to more families and individuals this year than ever before. We achieved this by: tenaciously persevering in our commitment to provide housing, working with treasured partners, pursuing every avenue we could identify for funding, applying our skills

and resources with diligence and creativity, and always looking for ways to do more and to be more efficient and effective. The challenges of our work remain daunting into the future. But the commitment and hard work of our staff and board are still our greatest assets, and I am confident about our prospects. Much of our housing stock has been renewed over the past ten years. We are on the cusp of historic new community building efforts at Yesler Terrace, our oldest public housing community. With your continued support and confidence in us, we will continue to lead the way home for thousands of Seattle residents.

—Tom Tierney, Executive Director

2011 Highlights

Several projects made possible by federal Stimulus Funding were completed in 2011, adding significantly to the number of housing units and the safety and security of existing units. One important highlight of the year was the process that led to the

Board of Commissioner's passage of a non-smoking policy for all of Seattle Housing's residential units. Redevelopment of Yesler Terrace took a great step forward with the award of two significant HUD grants, totaling \$13.4 million.

KEY PERFORMANCE INDICATORS

Number of households served	17,822
Increase in households served	858/5.1%
Occupancy rate for public housing units	99%
New special purpose vouchers	572
Residents (smokers and non-smokers) who approve of the agency's new smoke-free housing policies.	74%
Reduction in costs due to workplace injuries (from \$241,495 to \$117,121)	52%
Reduction in cost of damages caused by fires in residents' units (from \$10,732 to \$8,961)	16.5%



New housing at Lake City Court

In August, Seattle Housing Authority opened Lake City Court (pictured on the cover of this report), a new apartment building that provides 86 apartments for low-income residents on a 1.8-acre site rich with urban conveniences and services. This HOPE VI-funded project created 71 jobs, including jobs for 37 low-income residents, and preserved more than 530 jobs overall.

Unlike other HOPE VI communities in Seattle, Lake City Court was not built as replacement for aging housing stock. It was created as new housing for families in the north end of Seattle, in a creative multifamily environment. The federal HOPE VI grant provided \$10.5 million in funding. A stimulus grant under the American Recovery and Reinvestment Act provided \$8 million. Tax-credit equity of

\$12 million was contributed by Enterprise Community Partners.

Lake City Court contains many amenities for residents including community gardens with a tool shed, a playground, and a barbecue and picnic area that is shared with residents from the adjacent Lake City House. A technology center managed by Children's Home Society offers a dozen computers and computer literacy classes. Lake City Court sets a high standard for green building of affordable housing. It is 30 percent more energy-efficient than typical new construction, has an array of solar panels that provide at least ten percent of the building's energy needs and includes a solar hot water system to generate up to half of the building's domestic hot water. Apartments are heated with high efficiency gas-fired hydronic heat.

RESIDENT PROFILE



Jibriil Yusuf was hired by Andersen Construction for the Lake City Court project. Yusuf, a resident of High Point, graduated from the UW in 2010. He was hired as a project engineer through the Housing Authority's "Section 3" program, which requires contractors that do business with the agency to hire low-income residents. Says Yusuf, "I didn't just get a job through this program, I launched a career."

All Seattle Housing buildings now smoke-free

In November, the Board of Commissioners passed a policy prohibiting smoking in all buildings owned or operated by the Housing Authority. The new policy took effect in February 2012. The agency was assisted in the process by a \$150,000 two-year grant from Public Health – Seattle & King County. The grant allowed for the hiring of Thai Nguyen, who worked closely with residents throughout the

process to understand their issues and assist them in adjusting to the change. Cessation support was a key ingredient of the assistance. Surveys of residents throughout the process showed a majority of smokers and non-smokers prefer freedom from second-hand smoke within their apartments. A post-implementation survey showed that 74 percent of respondents approve of the new policies. Even

better, 25 percent of smokers report they now smoke less often and 16 percent say they quit smoking because of the policies. While a side-benefit of the change will be lower maintenance costs and reduced fire risk, the primary reason for pursuing the new policy related to issues of social justice: to protect the right to clean air for everyone living and working in Seattle Housing Authority buildings.

Yesler Terrace celebrates important milestones

Seattle Housing marked several key milestones in 2011 along the road toward a redeveloped Yesler Terrace. In April, the agency, together with the City of Seattle Human Services Department, issued the Final Environmental Impact Statement (EIS) for proposed redevelopment. This followed a comprehensive year-long environmental review carried out by a team of agency staff, consultant engineers,

scientists, designers and others. In May, following the Final EIS, Seattle Housing's Board of Commissioners adopted a Yesler Terrace development plan. Also in May, the agency was awarded \$3.1 million to rehab the historic Steam Plant on Ninth Ave. near Harborview Medical Center. Construction will start in 2012 and will convert the interior of the building to an early Head Start and education center.

In August, HUD notified Seattle Housing of the award of a \$10.27 million Choice Neighborhoods Initiative grant. This grant will allow neighborhood redevelopment to proceed with new housing and new services for residents. Late in 2011, the Housing Authority applied for a second Choice Neighborhoods grant to fund further redevelopment activities.

LEADING WITH NEW HOUSING, NEW PROGRAMS, AND NEW OPPORTUNITIES

Housing Choice Vouchers provide flexibility for special needs

One of Seattle Housing's formulas for success is to take every opportunity available to apply for new vouchers as they are offered through the Department of Housing and Urban Development. Vouchers make it possible to partner with other agencies to serve populations as diverse as homeless veterans, foster children and low-income residents of buildings that are otherwise losing federal subsidy.

In 2011, the agency was awarded 37 Veterans Affairs Supportive Housing (VASH) vouchers. These vouchers are targeted to homeless veterans, and are paired with services to help them succeed in new housing. These vouchers have become a life-saver for many troubled vets. One hundred vouchers were awarded to Seattle Housing this year through HUD's Family Unification Program (FUP). These vouchers are designed to assist families

and youth in danger of being separated because of a housing crisis. Their use has helped youth who are aging out of foster care to secure their all-important first apartment. They have also provided support for families that would otherwise have to surrender their children to foster care because they were about to become homeless. These vouchers are truly leading the way home to some of Seattle's neediest residents.

Several large buildings in Seattle converted this year from special HUD-subsidized mortgages to more traditional forms of ownership. With HUD's help, Seattle Housing provided special "conversion" vouchers to 435 tenants. The Downtowner, located east of Pioneer Square near the International District, and Four Freedoms in north Seattle, were two buildings that converted from HUD support in 2011.

Seattle Senior Housing Program receives new subsidy

The Seattle Senior Housing Program (SSHP), established by voters through a bond issue in 1981, has operated without federal operating subsidy for many years. As the buildings have aged, managers have struggled to fund capital repairs from rental income alone.

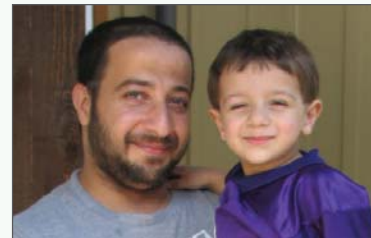
In 2011, Seattle Housing introduced public housing subsidy to 894 SSHP units, securing federal funding for needed repairs. Even with the addition of this federal subsidy, the program continues to operate as a separate program providing affordable housing for seniors.

Denny Terrace – safer, more comfortable, more energy efficient

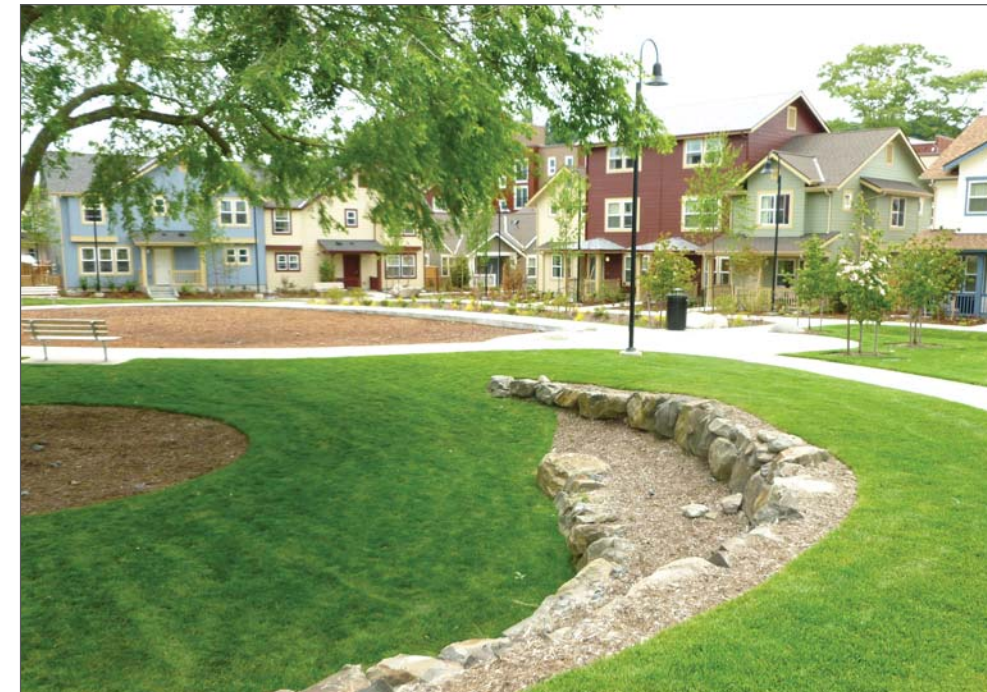
A \$10 million ARRA grant helped fund rehabilitation of Denny Terrace to increase energy conservation to the highest possible level and replace and update major building systems that had reached the end of their useful life.

This 221-unit, 40-year-old concrete and brick public-housing high-rise is located next to Interstate 5 in central Seattle. Its residents are primarily people with disabilities and the elderly. The rehabilitation of Denny Terrace included new ventilation improvements, replacement of hot water lines, new windows, new exterior siding, and common area upgrades.

RESIDENT PROFILE



Amer Kuba (shown here with his son Haidara) is a refugee from Iraq, where he was a resident of Baghdad and a successful electronics store owner. He was threatened, then kidnapped, for selling to American service personnel. He escaped his kidnapers, fled to Syria, and came to Seattle as a refugee. Suffering from PTSD, diabetes, high blood pressure and heart problems, he is unable to work. Before moving to Lake City Court a year ago, he lived with his family in his car for three months. He talks about his home at Lake City Court with obvious gratitude. "I love it here," he says. "Finally, I feel safe."



Vision takes shape at Rainier Vista

Gradually throughout 2011, the promise of a vibrant urban neighborhood came to fruition on the east side of MLK Jr. Way S at Rainier Vista. With lease-up of the commercial space in early 2011, Tamarack Place became fully operational. It now provides a thriving mix of residential units and retail just steps away from the Link light rail station.

Meanwhile, construction continued on the rest of the site, and by late fall, residents had moved into 66 new affordable units at Rainier Vista. The recession eased enough to interest home builders in Rainier Vistas and construc-



tion began on market-rate single-family and town homes.

With the completion of Rainier Vista in sight, Seattle Housing will transfer rights-of-way from High Point and Rainier Vista to the City of Seattle. An estimated \$100 million in public right-of way infrastructure will go into City ownership – roads, sewers, water lines, electrical systems, including streetlights, sidewalks, landscaping, irrigation, and parks and open space. All of these public assets were financed by Seattle Housing, not by local taxpayers, a fact often overlooked in discussions of public finance.

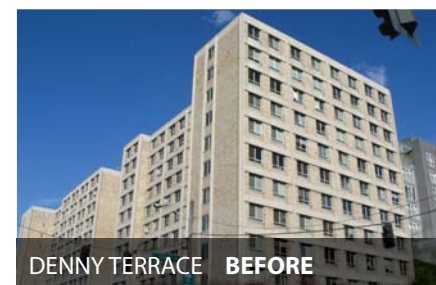
Respite care comes to Jefferson Terrace

In a project that exemplified remarkable cooperation, Seattle Housing converted one floor of Jefferson Terrace to institutional space for a new Respite Center. Operated by Public Health – Seattle & King County and staffed by Harborview Hospital, the center provides a place for homeless people who have been hospitalized to recover.

The respite care facility is a stand-alone program within the walls of Jefferson Terrace. There are separate entrances, dedicated staff and a distinct mission. Traditional public housing has been offered here since the building opened in 1967.

The construction, which converted 22 studio apartments on the 7th floor of this 17-story building, began in March 2011. Building residents were involved throughout the planning and construction process to make sure that the blend of services in the building would be workable for all residents. The units were redesigned to offer temporary sleeping and recuperation quarters in a semi-private configuration with more than one occupant per room.

A capital grant from the U.S. Health Resources and Services Administration (HRSA) provided the seed money to fund the conversion, along with contributions from the King County Mental Health Fund. Operating costs will be covered by a consortium of King County hospitals that will refer clients discharged from hospitals or emergency room treatment to the program.



Major capital repairs

Major capital repairs were undertaken in 2011 at Wedgewood Estates and in four Seattle Senior Housing Program buildings—Olmsted Manor near Green Lake, Bitter Lake Manor in North Seattle, Blakeley Manor near the University of Washington and Nelson Manor in Ballard.



At Wedgewood Estates, located in north-east Seattle, the agency addressed weather damage with repairs to framing, siding, sidewalks, decks, and new windows. The City of Seattle made \$3 million available for repairs to the four Senior Housing buildings through its 2009 Housing Levy capital funds.

This funding was matched from Seattle Housing Authority's reserves for the Senior Housing program. Substantial repairs in all four buildings were aimed at extending their useful life, correcting problems of aging and water intrusion, and improving the energy

efficiency of these buildings constructed in the mid-1980s.

All four buildings received new exterior surface systems with rain screen technology in order to increase their ability to keep out Northwest moisture. These systems allow the addition of a new layer of insulation that will reduce heating costs and improve comfort for residents. Related sheet metal and flashing work was also performed, and new windows were installed.

Exterior painting, new energy-efficient outdoor light fixtures, new entry doors

and roof repairs were also included in the upgrades. Interior repairs included drywall patching, painting, and the installation of new window sills and blinds. Elevators were upgraded and new smoke detectors that also detect carbon monoxide were installed.

Reducing risks and safety hazards

Over the past three years, Seattle Housing has placed increased emphasis on both workplace safety and issues of risk and safety throughout its housing portfolio.

As a result of this work, costs due to workplace injuries have decreased by 52 percent over the last year and the cost of damages caused by fires in residents' units has decreased by 16.5 percent.

Safety Coordinator Rich Needham has ini-

tiated safety audits in the larger apartment buildings to identify and reduce risks and safety hazards. Walking through the buildings with property managers, Rich's trained eye is able to identify potential trouble spots and help managers safety-proof their buildings.

Additionally, free fire safety trainings for both residents and staff are raising awareness of how to keep life and property secure from the dangers of fire.

RESIDENT PROFILE

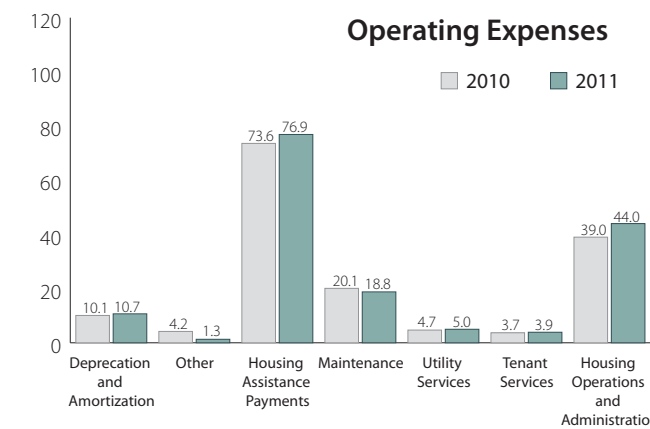
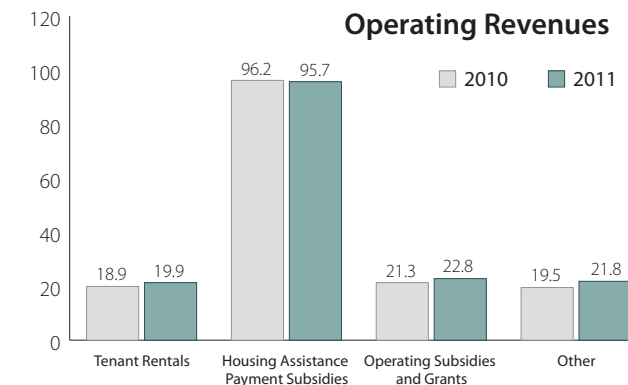


Pat Humphrey has been a resident of Schwabacher House for 18 years. Before she retired in the early 1990s she operated a day-care center from her rental home. "I heard about the Seattle Senior Housing Program before I retired, and I knew it would be a good place to live. It has been a great situation for me. It's safe and secure, which is important when you live alone. I know that I couldn't afford to rent anywhere else. This has worked out really well for me."

Financials

During 2011, Seattle Housing continued to make substantial progress in bringing down its total debt and improving its current ratio.

Total debt decreased by approximately \$30.3 million as a result of three major actions: Payment of Wedgewood bonds related to refinancing the mortgage, partial payment of bonds when the central office building was sold, and a scheduled payment of an infrastructure note. As a result, the percentage of total debt to net capital assets decreased from 51.7 percent at December 31, 2010 to 45.6 percent at December 31, 2011. Total net assets increased by \$13.0 million or 3.2 percent. This increase is primarily attributed to increased capital contributions, which included funds received from stimulus funding from HUD, and to an increase in operating income. During 2011, Seattle Housing increased its current assets by \$5 million, defined as assets expected to convert to cash within the next 12 months. This resulted in an improvement in the agency's current ratio, from 1.40 percent to 1.52 percent. This increase was primarily a result of higher current cash and investment levels. 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	\$ 21,338,005	\$ 22,285,813
Housing assistance payment subsidies	95,645,677	—
Operating subsidies and grants	22,814,568	—
Interest income	1,536,648	53,218
Capital/partners' contributions	34,675,050	3,430,895
Other revenues	21,762,895	802,398
Total revenues and contributions	\$197,772,843	\$ 26,572,324
Expenses		
Housing operations and administration	\$ 43,986,025	\$ 7,371,134
Tenant services	3,937,994	—
Utility services	4,998,955	2,740,158
Maintenance	18,824,304	5,751,734
Housing assistance payments	76,942,437	—
Interest expense	6,887,452	6,660,669
Change in fair value of investments	(68,742)	1,997,746
Disposition of assets	16,774,091	—
Depreciation and amortization	10,676,293	10,996,661
Other	1,799,110	2,886,198
Total expenses	\$184,757,919	38,404,300
Change in net assets	\$ 13,014,924	\$(11,831,976)

ASSETS

	Seattle Housing Authority	Tax credit partnerships
Cash equivalents and investments	\$ 59,913,893	\$ 16,714,779
Accounts receivable	30,234,279	1,443,285
Inventory and prepaid items	668,988	731,764
Restricted investments	6,713,160	896,512
Deferred charges	1,168,619	5,098,253
Other	1,497,051	126,747
Capital assets, net of depreciation	322,532,095	353,850,772
Notes receivable, net of allowance	206,439,967	—
Total assets	\$629,168,052	\$378,862,112

LIABILITIES AND NET ASSETS

	Seattle Housing Authority	Tax credit partnerships
Liabilities		
Accounts payable	\$ 6,404,147	\$ 32,906,546
Accrued liabilities	3,924,548	6,837,134
Short-term borrowings	12,077,424	101,759
Security deposits	1,554,876	1,064,948
Deferred revenue	47,626,821	35,619
Long-term debt	134,897,148	273,940,419
Accrued compensated absences	2,828,916	—
Total liabilities	\$209,313,880	\$314,886,425
Net assets		
Investment in capital assets net of related debt	\$ 224,771,337	\$ 79,808,594
Restricted for debt service and other purposes	8,543,577	12,466,159
Unrestricted	186,539,258	(28,299,066)
Total net assets	\$419,854,172	\$ 63,975,687
Total liabilities and net assets	\$629,168,052	\$378,862,112

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.

Leading the way to green building

One of the management strategies in Seattle Housing's five-year strategic plan is, "Identify and implement sustainable practices throughout the agency to minimize impact on the environment." As new buildings are being built and existing stock is undergoing major repairs, green practices are being integrated to the fullest extent possible.

Lake City Court is one of the best examples of this practice. Lake City Court follows a high standard for green building. Overall, it is 30 percent

more energy-efficient than typical new construction. Its roof has an array of solar panels that will provide at least ten percent of the building's energy needs and includes a solar hot water system to generate up to half of the building's domestic hot water. Apartments are heated with high efficiency gas-fired hydronic heat. Major repairs in the Seattle Senior Housing Program are maximizing energy-efficiency by replacing old windows and sealing the buildings against the effects of weather.

Assisting tenants in finding a home

Staff in the Housing Choice Voucher program expanded the Ready to Rent program, graduating 72 participants who have vouchers or on the waiting list. This series of classes helps renters better understand how to be good tenants and shares search strategies for finding the best housing.

HousingSearchNW.org launched this year as a free resource for tenants to find housing and for landlords to list units. The agency joined other public agencies and nonprofits to help develop the new website and prepare it for launch in early 2012. Seattle Housing stepped up as the fiscal agent and project administrator.

Awards

Futurewise recognized Seattle Housing, along with design firm GGLO, for Yesler Terrace Redevelopment Planning activities. The agency received Futurewise's Equity and Environment Award for robust community participation and groundbreaking design work of affordable housing in Seattle.

The Government Finance Officers Association awarded Seattle Housing a Certificate of Achievement for Excellence in Financial Reporting 14 consecutive times for fiscal years 1997 through 2010. In 2011, the agency was also recognized for its annual report, receiving commendation as an excellent "Popular Annual Financial Report."

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PREPARED BY

Virginia Felton, Laura Gentry,
Shelly Yapp, Janet Hayes