



SEATTLE HOUSING AUTHORITY • 2013 ANNUAL REPORT

The Heart of the Job

PROVIDING MORE THAN SHELTER

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. Community partners throughout the city assist us in this. We are also fortunate to have many dedicated individuals on our staff for whom enriching the lives of those we serve is more than a core value. It is the very heart of their work.

A MESSAGE FROM ANDREW J. LOFTON, EXECUTIVE DIRECTOR



Our mission is to enrich the lives of low-income people by providing stable housing. That stability builds a strong platform from

which residents and participants in our housing have the opportunity to achieve a degree of self-sufficiency and success that would otherwise be out of reach. We receive great support and cooperation from our community partners, from nonprofits to kindred government agencies. This allows us to extend our capacity and achieve our goals with compassion and creativity.

In 2013, we endured a serious threat to our mission with the implementation of the Budget Control Act. It significantly reduced funding for low-income housing programs. Over 2012 and 2013 we

cut staffing by 106 positions. This has helped us trim our expenses to counteract reductions in federal funding due to sequestration.

The 500+ employees engaged every day in the work of the Seattle Housing Authority have strived to gain efficiencies so that the service we deliver to residents is not degraded. This is a difficult challenge but one that our staff has met with a willingness to take a fresh look at how we work, to streamline methods, and to keep our focus on how to best serve our residents and our community. I am very proud of their dedication, their commitment and what they've enabled us to accomplish during difficult times.

In spite of these challenges, we have succeeded in 2013 in some notable ways. We worked with nonprofit partners to help homeless families move quickly back into housing. We opened our waiting list for Housing Choice Vouchers. More than 24,000

people applied for just 2,000 waiting list spots, attesting to the critical need. We also began construction at Yesler Terrace, bringing to fruition our dream of revitalizing this important and historic housing. Most important, we continued to provide housing to over 16,000 households in a period of significant funding uncertainty.

The challenges we saw in 2013 loom larger in the future. But I am confident that with the support of our partners, and the dedication of our staff, we are positioned to meet these challenges, successfully.

Thank you for your ongoing support and confidence in us.

*Andrew J. Lofton
Executive Director*

Serving community needs

The shortage of affordable housing continues at a critical level as the Seattle area recovers from the recent recession. Rents have been on the rise, and vacancy rates are low. Seattle Housing is using the flexibility of its "Moving to Work" status to address this problem by using funding where it can make the most difference. Whether this means applying voucher funding to the "Rapid Rehousing" program or working with area nonprofits to make more low-income housing available to extremely low-income residents, the Housing Authority can be depended upon to meet community needs creatively.

Voucher waiting list opened

On February 4, the Housing Authority invited applications to the waiting list for the Housing Choice Voucher program. A lottery for 2,000 spots on the waiting list was opened online until February 22. Due to the critical need, plus an extensive public outreach campaign involving public libraries, media and community presentations, more than 24,000 people responded. Of those who applied, 2,000 households were selected at random and placed on the waiting list. By the end of 2013, 486 households had already received vouchers.

EMPLOYEE PROFILE



Thu Le has been an employee for 25 years. She started when she was a resident of public housing and has progressed to become a maintenance mechanic/painter. Over time she has moved from renting at Rainier Vista to owning her own home in Burien. Her supervisor reports that she is well respected by both residents and colleagues. She says, "I like going into an empty apartment and making it look beautiful again. It makes me proud of my work."

Rapid Rehousing gets families back into stable housing quickly

Seattle Housing Authority, along with the United Way of King County, the City of Seattle, King County and Building Changes, funded a local Rapid Rehousing Pilot for homeless families. The goal of the program is to help families move quickly back into permanent housing when they experience homelessness.

Funds were competitively awarded to the following agencies: Catholic Community Services, DAWN, Solid Ground, Wellspring, and the YWCA. Homeless families are referred to providers using the Family Coordinated Entry program and are eligible for short term rental assistance and employment navigator services for up to 12 months.

The voucher funding allocated to this pilot—\$198,000—allows service providers maximum flexibility to assist families in getting back into housing. It may take the form of assistance with a security deposit to move into a new apartment, or a shallow rent subsidy over several months while the family gains employment. The program began in November.

Edward Thomas House provides a safe place for homeless to recover

In August 2011, the seventh floor of Jefferson Terrace, a high-rise public housing building at Jefferson Street and Eighth Avenue, was turned over to a partnership of hospitals and funders to become a medical respite center. It was named after Edward Thomas, who lived on

the streets for two decades, until the sensitive care he received at a respite center became the critical turning point that enabled him to stabilize his life and leave homelessness. The Edward Thomas House is designed to give homeless people a place to stay when they are not sick

EMPLOYEE PROFILE



Karmin Hallberg is a housing counselor working with participants in the Housing Choice Voucher program. She brings infectious good humor and enthusiasm to her job of helping people find housing with their vouchers. She says, "The barriers that people face as they look for suitable housing can be significant and daunting. I get a lot of satisfaction from helping them build their housing search skills."

enough to remain in the hospital but too sick to be released to the street or a shelter. In 2013, the 34-bed center provided recuperative care to 479 homeless men and women at an average cost of \$350 per day, about one-tenth the cost of a comparable hospital stay.

Change in utility and water billing rewards conservation

In an effort to simplify the system for resident water and sewer billing, Seattle Housing Authority designed and implemented a new system in May. It applied to residents of NewHolly, Rainier Vista and High Point, where water and sewer use is sub-metered for each household.

Under the old system, residents were responsible for paying their own water/sewer bills, and a utility "allowance" reduced the rent paid

to Seattle Housing (residents were expected to pay 30 percent of their income for rent and utilities).

With the new system, rent and utilities are rolled into one payment. The Housing Authority established a "buffer zone" for each household which represents average water use. If households use less water than the buffer, they receive a rent credit. If they use more water than the threshold, tenants are

billed for the overage. If water use falls within the buffer no money is owed and no credit given.

This change was accompanied by installation of new sub-meters, and was preceded by extensive community outreach. By year-end, 62 percent of households had received credits and 26 percent had been billed for an overage. Residents have appreciated the simplification and water consumption is down.

Breaking ground

Resident relocation takes center stage

More than a year before actual demolition of Yesler Terrace housing was scheduled to begin, a comprehensive effort to assist residents in relocating during construction was undertaken. The principle that every household would have the right to return to new housing at Yesler Terrace guided the process. In total, 135 households

relocated in 2013. Of these, most (127) were relocated by the Housing Authority; the remaining eight moved for reasons not related to redevelopment.

Every household that wished to remain on site at Yesler Terrace (48 households) was able to do so. Vacancies created when leasing in the development was suspended in 2012 made this possible. All 127 relocating households received one-on-one counseling in their native language. The Housing Authority paid their moving costs and other related charges and assisted with other details of moving as needed.

Special arrangements were made for the 30 families with children in school. All were offered relocation options during the summer to avoid interrupting the school year.

All households were given the choice of moving within Yesler Terrace, moving to another Seattle Housing Authority community, or moving with the use of a Housing Choice Voucher. Thirty households opted to use a voucher. Of these, 12 leased at Seattle Housing Authority properties, 11 leased from other landlords in Seattle, five leased elsewhere in King County or elsewhere in the state and two leased out of state. Relocation is always difficult for low-income families. The goal of Housing Authority staff is to make the process as smooth and efficient as possible.

EMPLOYEE PROFILE



Sven Koehler accepted the challenge of assisting Yesler Terrace residents when he became Yesler's relocation housing coordinator. He has become well-known among the residents there and has derived satisfaction from the job. He says, "Every time I am able to help someone take advantage of the great housing opportunities we can offer, I know I am helping them gain access to something that is the foundation for so much more: health, economic opportunity, a positive community. Good housing is such a basic need, and helping provide that is satisfying on a very deep level."



Rehabilitation of the historic Yesler Steam Plant began in early 2013. It involved forensic inspection of the stack to determine whether steel reinforcement inside would be adequate for the future.

on a bold new vision



Transformation of Yesler Terrace begins

The gray skies and signature Seattle rain could not dampen the enthusiasm of friends and neighbors as they gathered in a muddy vacant lot on September 5 to celebrate the beginning of construction on the first new public housing at Yesler Terrace in more than 70 years.

THREE BUILDINGS UNDERWAY

During 2013, new Yesler Terrace buildings began to emerge. The original heating plant began its transformation into the Epstein Opportunity Center, aided by grant funding for capital improvements through HUD. Rehabilitation of the Baldwin Apartments would add 15 low-income apartments in a three-story brick building at the corner of 14th and Fir Streets. Finally, construction of a new building at 1105 E. Fir St. would add 103 housing

units in one six-story building and nine two-story townhouses.

HEALTH, EDUCATION & JOBS

The Housing Authority has received a total of \$30 million through the HUD Choice Neighborhoods Initiative to support residents in their quest for living wage jobs, high quality education and healthy living.

Important partners in the community are helping to bring this vision to life. These include the Workforce Development Council, Seattle University and Neighborcare Health. New staff members are helping Yesler residents navigate through the education system and find the skills they need to obtain better employment. Health educators are connecting residents with medical services.

"Today, as we break the first ground in the redevelopment of Yesler Terrace, we begin the process of renewing Yesler's promise. Years of dialogue, dreams and deliberation between Yesler residents, City leaders, diverse stakeholders and Seattle Housing Authority have brought forward an exciting vision for the next phase of this special community."

- Andrew J. Lofton,
September 5, 2013

EMPLOYEE PROFILE



Saadia Hamid is the education engagement specialist at Yesler Terrace. She works with families, students and education partners to support learning. She facilitates parent/teacher connections, helps students obtain scholarships, distributes books, helps arrange library-sponsored story times and connects families with computers and ESL classes. "There is a growing understanding of the importance of education and training in the community," she says.

Encourage excellence, mitigate future shortfalls

Seattle Housing Authority's management team faced ongoing instability in funding in 2013. Implementation of the Budget Control Act brought sequestration and cutbacks. The government shutdown late in the year added to uncertainty. Amid these challenges, the agency's leaders stayed the course of careful financial management paired with ongoing efforts to strengthen the agency's financial position to withstand the storm of ongoing federal cutbacks.

Reductions in staff paired with agency-wide efforts to streamline and increase efficiency have supported this effort.

The cumulative impacts of reduced government spending on discretionary spending have resulted in delayed maintenance, reduced services to residents and reduced ability to fund Housing Choice Vouchers.

CREDIT RATING BOOSTED

In response to this careful management, Standard and Poor's upgraded the Housing Authority's credit profile from AA to A+, citing "extremely strong asset quality and operational performance" and a "strong financial risk profile because of stable net operating income."

This change is significant because it helps to keep the agency's cost of borrowing low, thus providing more for essential services.



In May 2013, Anne Fiske Zuniga (L) was named Deputy Executive Director.



An All-Staff meeting in the fall brought employees together to brainstorm solutions to the financial challenges facing the agency. Staff discussed the possible implications of changes in rent policy.

RACE AND SOCIAL JUSTICE INITIATIVE INVITES CHANGE

The Seattle Race and Social Justice Initiative is an agency-wide effort to educate staff on the effects of racism and how race issues have impacted relationships between groups. It is an effort to reduce the effects of institutional racism by examining policies and procedures for potential negative impacts. The long term goal is for the Authority to provide services and tools that help residents to become self-sufficient and overcome

the effects of racism. In support of this initiative, employees attended the RACE exhibit at the Pacific Science Center as part of the annual All-Staff meeting.

CONSIDERING RENT POLICY

Facing ongoing cutbacks in federal support, staff across the agency have been looking for new sources of revenue to keep service levels steady.

One area of inquiry is rent policy. Staff members are examining the possible effects of changing how rent is calculated. What if some tenants were able to improve their job prospects and pay higher rent? What if the length of stay for some could be shorter, thus opening doors for those on the waiting list? These and other questions will continue to be examined in an effort to stabilize funding.

EMPLOYEE PROFILE

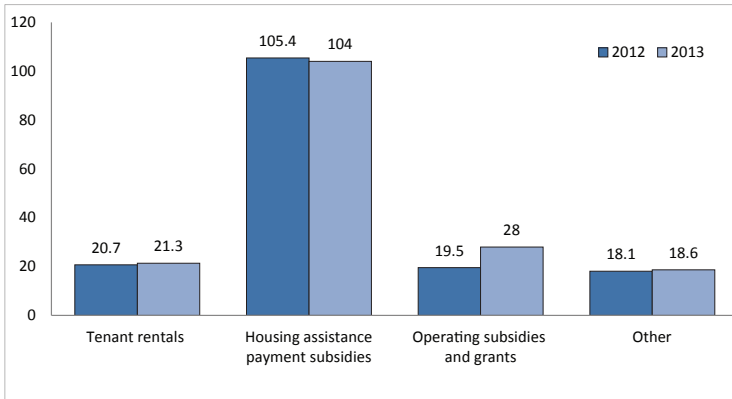


Rich Needham was hired as Safety Administrator in 2008. Since then, Rich has worked to raise awareness throughout the agency of safe work practices. His efforts have made a significant difference. Over the past five years the rate of on-the-job accidents and injuries has seen a consistent downward trend and the agency has received statewide recognition for its safety work.

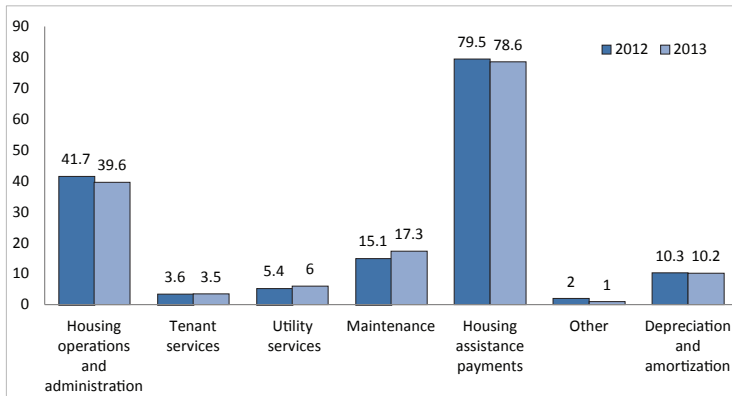
Financials

During 2013, Seattle Housing continued the trend of reducing debt and improving overall credit-worthiness

OPERATING REVENUES (in millions)



OPERATING EXPENSES (in millions)



REVENUES, CONTRIBUTIONS, EXPENSES AND CHANGE IN NET ASSETS

	Seattle Housing Authority	Tax credit partnerships
Revenues & contributions		
Tenant rentals	\$ 21,287,096	\$ 24,419,131
Housing assistance payment subsidies	103,981,489	—
Operating subsidies and grants	28,020,480	—
Interest income	444,930	56,231
Capital/partners' contributions	17,146,108	17,780,458
Other revenues	18,618,710	1,465,680
Total revenues and contributions	\$ 189,498,813	\$ 43,721,500
Expenses		
Housing operations and administration	\$ 39,654,837	\$ 7,834,129
Tenant services	3,542,648	—
Utility services	5,951,355	4,191,864
Maintenance	17,336,014	6,091,400
Housing assistance payments	78,552,745	—
Interest expense	5,488,597	6,956,100
Change in fair value of investments	94,819	(1,831,724)
Disposition of assets	11,826	—
Depreciation and amortization	10,178,373	12,073,194
Other expenses	1,027,078	3,373,294
Total expenses	\$ 161,838,292	\$ 38,688,257
Change in net position	\$ 27,660,521	\$ 5,033,243

Total debt decreased by approximately \$15.2 million, primarily because of the payoff of the infrastructure note for the construction at High Point and Rainier Vista, and the payoff of the bonds for the Porchlight building, sold in 2012. As a result, the percentage of total debt to net capital assets decreased from 47.9 percent on December 31, 2012 to 43.1 percent on December 31, 2013.

The current ratio measures the ability of an agency to meet its financial obligations for the upcoming year; it compares current assets to current liabilities. During 2013, Seattle Housing increased current assets by approximately \$8.0 million and decreased current liabilities by \$9.3 million, which resulted in an improvement in the agency's current ratio from 1.73 percent to 2.4 percent. The increase in current assets was a result of higher cash and investments. Current liabilities decreased due to a \$10.3 million reduction in the current portion of long term debt.

Total net position increased by \$27.7 million or 6.6 percent which was mainly a result of increased operating subsidies from HUD. In addition, capital contributions from HUD increased by \$3.9 million and asset dispositions decreased \$12.3 million from 2012.

ASSETS

	Seattle Housing Authority	Tax credit partnerships
Cash equivalents and investments	\$ 76,903,262	\$ 20,389,522
Accounts receivable	31,728,073	975,103
Inventory and prepaid items	459,027	1,206,364
Restricted investments	9,010,773	902,867
Unamortized charges	—	5,014,539
Other assets	16,470,741	3,136,672
Capital assets, net of depreciation	288,455,844	342,676,430
Notes receivable, net of allowance	213,646,918	—
Total assets	\$ 636,674,638	\$ 374,301,497

LIABILITIES AND NET POSITION

	Seattle Housing Authority	Tax credit partnerships
Liabilities		
Accounts payable	\$ 7,860,113	\$ 40,278,251
Accrued liabilities	4,736,762	5,511,891
Short-term borrowings	12,678,698	30,000
Security deposits	1,622,517	1,233,082
Unearned revenue	46,513,743	81,136
Long-term debt	111,597,002	267,765,115
Accrued compensated absences	2,880,557	—
Total liabilities	\$ 187,889,392	\$ 314,899,475
Net Position		
Investment in capital assets	\$ 210,293,958	\$ 74,931,601
Restricted	10,069,831	16,603,567
Unrestricted (deficit)	228,421,457	(32,133,146)
Total net position	\$ 448,785,246	\$ 59,402,022
Total liabilities and net position	\$ 636,674,638	\$ 374,301,497

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.

EMPLOYEE PROFILE

Fitsum Abraha is the senior property manager for Yesler Terrace. He moved to Seattle as a refugee from Sudan at age 10 and lived for many years at Yesler Terrace. After graduating from the University of Washington with a degree in Business, he returned to work at Yesler Terrace. He was inspired to pursue a career in public service, in part because of the help he and his family received over the years. Fitsum strives to be a positive influence, especially on youth. He says, "I have learned first-hand how every action, big or



small, can fuel the aspirations of those we serve."

KEY PERFORMANCE INDICATORS

Number of households served	16,282
Number of people served	29,000
Occupancy rate for public housing units	98%
Percent of Housing Choice Vouchers in use	90%
Number of households on waiting list	9,434
New waiting-list applicants each month	236
Yesler Terrace residents relocated for redevelopment	127
Job placements through Economic Opportunity Program	97
Jobs created for low-income residents through construction	135

ON THE COVER

View of downtown Seattle as seen from the scaffolding that surrounded the stack of the historic Yesler Steam Plant during rehabilitation.

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