The Housing Authority
of the City of Seattle, Washington

Comprehensive Annual Financial Report

For the year ended
December 31, 2019

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Comprehensive Annual Financial Report

For the year ended December 31, 2019

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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Table of Contents

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Introductory Section (Unaudited)

Section I

May 29, 2020

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

Introduction

We are pleased to present The Housing Authority of the City of Seattle, Washington's (referred to hereafter as "the Seattle Housing Authority", "the Authority" or "SHA") Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019. This report was prepared by the Authority's Finance staff, and the Authority's 2019 financial statements included in this CAFR were audited by the national public accounting firm of KPMG LLP, with assistance from the Seattle public accounting firm of Francis & Company PLLC. The independent auditor's report of KPMG LLP is presented on pages 1 through 3 herein. We invite the public to review SHA's 2019 CAFR at https://www.seattlehousing.org/about-us/reports/financial-reports.

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; include all necessary disclosures to enable the reader to gain a thorough understanding of the Authority's financial affairs; and are based on a system of internal controls through policies and procedures designed to minimize, prevent, or detect risks to the integrity of the data and correct weaknesses where discovered. The effectiveness of SHA's internal controls is tested in the course of independent financial, compliance, and performance audits.

For an overview of the Authority's 2019 financial conditions, please review "Management's Discussion and Analysis", found in Section II: FINANCIAL SECTION of the CAFR, with this transmittal letter.

Profile of Seattle Housing Authority

Independent Public Jurisdiction: 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. 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 Authority is the largest housing authority in the Pacific Northwest and within the top 5 percent in the United States.

Moving to Work Housing Authority: The Authority is currently one of 39 housing authorities, of approximately 3,400 in the country, designated as a "Moving to Work" (MTW) housing authority. SHA signed its MTW contract in 1999, the terms of which predominantly prevail today. The MTW program was created as a demonstration by Congress in 1996 and has three statutory objectives, as shown in the next page.

- Reduce cost and achieve greater cost effectiveness in Federal expenditures;
- Give incentives to families with children where the head of household is working, is seeking work, or is preparing for work by participating in job training, educational, or job referral programs, to obtain employment and become economically self-sufficient; and,
- Increase housing choices for low-income families.

As an MTW agency, Seattle Housing Authority has flexibility through its Annual MTW Plan to develop operating policies and procedures that differ from those prescribed in regulations implementing Sections 8 and 9 of the Housing Act of 1937. The Authority is also authorized to combine public housing operating and capital funds and housing choice voucher funds into a MTW Block Grant and to allocate this single fund to best meet local low income housing needs. MTW agencies are required by statute to serve substantially the same number of households as the MTW agency would have served had it not combined its federal funds as provided under the demonstration.

Governing Body and Strategic Guidance: The governing body of the Authority is its Board of Commissioners. The Board is comprised of seven members, including two residents, appointed by the Mayor and confirmed by the City Council. Members serve four year terms and may be reappointed. The Board appoints an Executive Director to administer the affairs of the Authority. The programs and actions of the Authority are guided by SHA's 2016-2020 Strategic Plan. The Plan was adopted by the Board in March 2016, following nearly eighteen months of planning and a participation process involving residents, voucher participants, employees, partner government and non-profit agencies, civic leaders and interested citizens. The foundations for the 2016-2020 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.*

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 underpinning anchor of the Strategic Plan is to serve more low income people or families in need of stable housing. Seattle Housing Authority's 2016-2020 Strategic Plan lays out three ***Strategic Directions*** that frame the Authority's ***Key Objectives*** over the period:

Expand Housing Opportunities.

SHA serves more people by cultivating additional resources and employing strategies which have the biggest impact in increasing Seattle's affordable housing choices.

Create more affordable housing. Prioritize strategies and leverage resources to enable increased rental assistance and housing units for more people in need of affordable housing.

Advance affordable housing policy. Champion public policies that will increase the viability, availability, and accessibility of affordable housing for people with low incomes.

Diversify housing choice. Expand available housing choices, demonstrate alternative housing models, and preserve and increase access to neighborhoods throughout Seattle that would otherwise be out of reach for people with low incomes.

Promote Quality Communities.

SHA invests in safe, quality housing and connects participants to communities, resources, and services that are designed to meet their needs.

Preserve and promote high-quality housing. Provide safe, accessible, sustainable, and attractive living environments that contribute to the quality of Seattle neighborhoods through preservation and redevelopment of SHA's housing stock.

Connect people to opportunity. Invest in communities through partnerships so that neighborhoods where participants live support access to opportunities such as good jobs, parks, transit, arts, high-performing schools, and healthy living.

Strengthen community and service. Facilitate effective and supportive relationships and respectful interactions among participants, staff, partner organizations, and neighbors so that people feel valued, proud, and connected to the community they live in.

Improve Quality of Life.

SHA partners to use housing as a platform to improve quality of life by enhancing health, supporting education and skill development, and other services to help people reach their full potential.

Enhance senior and disabled living. Connect senior and disabled participants to the services they need and facilitate access to other housing choices along a continuum of care, as appropriate.

Economically empower people. Assist participants in benefiting from education and employment to increase their economic security, skills, income, assets, and financial well-being.

Support youth achievement. Promote access to high-quality learning opportunities for young children, youth, and young adults that increase educational performance, college and career readiness, and encourage lifelong well-being.

The 2016-2020 Strategic Plan also recognizes seven ***Organizational Cornerstones*** reflecting SHA's values in action. These qualities help form the foundation of how SHA advances its mission and pursues strategic directions. SHA's culture is driven by a commitment to excellence that continually strengthens these cornerstones, enumerated on the following page.

Respectful and Engaging Service and Relationships
SHA is committed to providing consistently high-quality service and respectful interactions. SHA honors and assists participants and communities through service and engagement that recognize their unique needs and strengths.

Financial Stability and Operational Efficiency
SHA manages its resources to maximize the impact and cost-effectiveness of its operations as well as the value and longevity of its assets. SHA focuses on strengthening its financial condition, streamlining service-delivery, and being good stewards of the public trust.

Partnership & Coordinated Action
SHA engages in partnerships and leverages resources to extend services beyond core housing programs. SHA aligns partners, programs, and service delivery to advance strategic directions.

Environmental Stewardship
SHA incorporates environmental stewardship into daily practices and decision-making for cost-effective investments, inventive approaches to complex sustainability challenges, healthier working and living environments for staff and participants, and broader impact within the community.

Staff Excellence
SHA is committed to recruiting, retaining, and developing people whose skills and dedication allow them to consistently perform at the top of their field. SHA trains and invests in a well-equipped workforce to support the Authority's day-to-day operation in pursuit of its mission.

Race and Social Justice
SHA is committed to delivering services in a culturally competent way, free of racism and prejudice, to minimize the impacts of poverty and to advance and support social justice. SHA strives to eliminate individual, institutional, and systemic racism in its policies and practices.

Innovation
SHA actively pursues creative, innovative, and impactful solutions to expand organizational capacity, improve service, and meet participant and community needs. SHA continually uses high-quality information and effective analysis to plan and evaluate its actions.

Housing and People Profile: Effective the end of 2019, Authority owns and/or manages nearly 8,600 units of housing and administers just over 10,800 rental vouchers, providing rental housing or rental assistance to nearly 37,000 low income people and more than 18,000 households.

The Authority operates low-income housing in five large family communities – New Holly, Rainier Vista, High Point, Lake City Court, and Yesler Terrace; in twenty-eight high-rise buildings; and in single, duplex, triplex, and small apartment buildings across the city. In total SHA manages units in 365 locations in Seattle. The Authority also administers the Housing Choice Voucher programs that provide tenant-based or project-based or collaborative housing vouchers with private non-profits. Vouchers serve as rental assistance for qualified low-income tenants in order to keep their rents affordable.

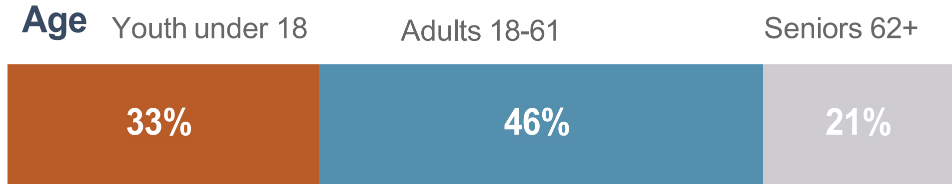
SHA serves a diverse population of low income tenants and voucher holders, as reflected in the statistics presented on the following pages.

2019 By the Numbers
Demographics of individuals served

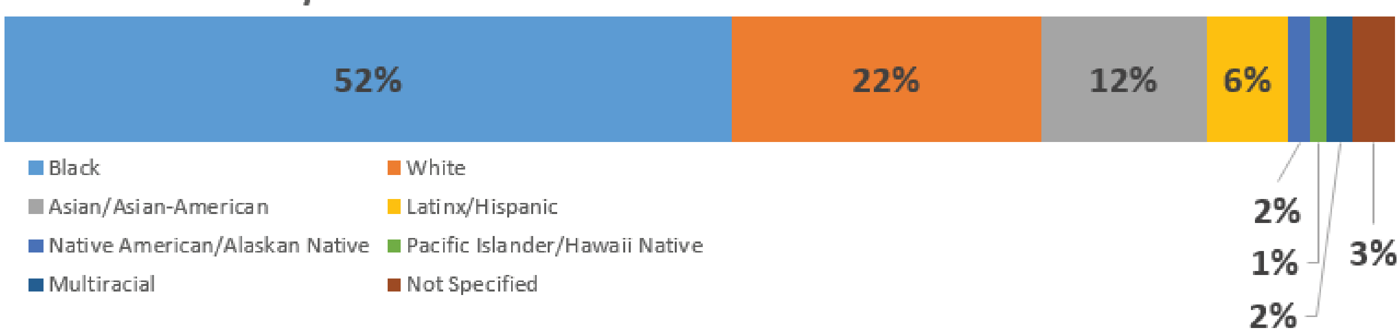
36,802
People served

Gender

Age



Race and Ethnicity

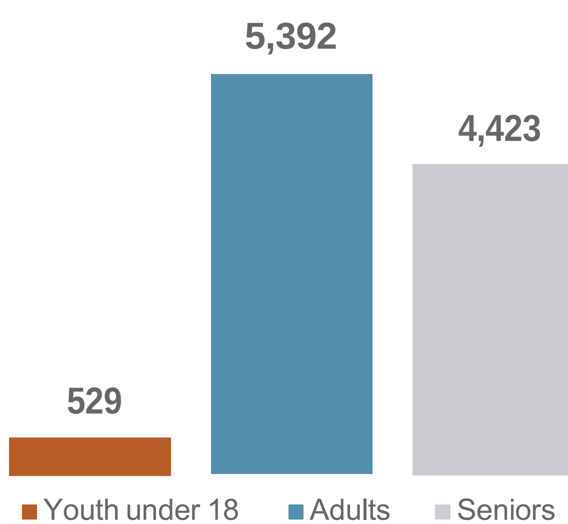


51 Languages spoken

Top non-English languages spoken:

1. Somali
2. Vietnamese
3. Amharic
4. Tigrinya
5. Oromo
6. Spanish
7. Cantonese
8. Russian

People with an identified disability



28%
(10,668 people)
Of total individuals served identified one or more disabilities.

2019 By the Numbers

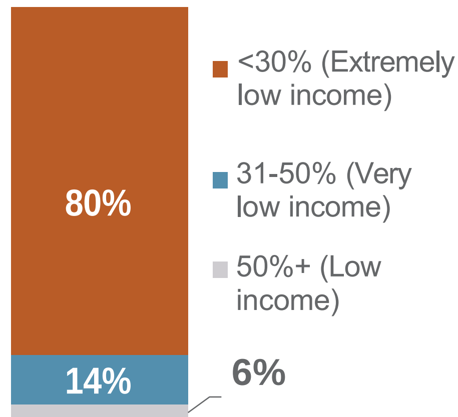
18,307

Households served

1,188

New households were admitted in 2019

Area Median Income[1]



Income limits

<30%
$30,100

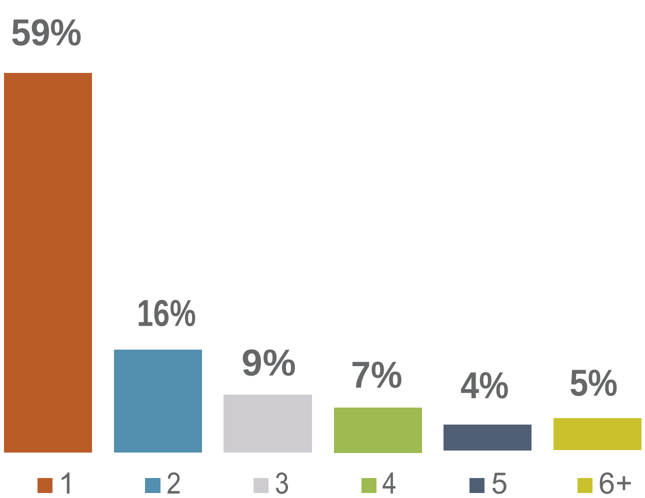
31-50%
$40,100

50%+
$50,150

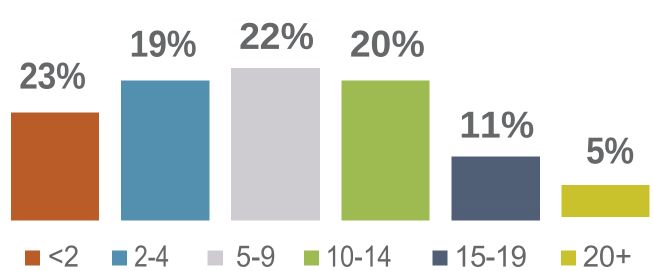
Based on 2018 family size of 4.

[1]Distribution of households by Area Median Income.

Household composition



Years of participation

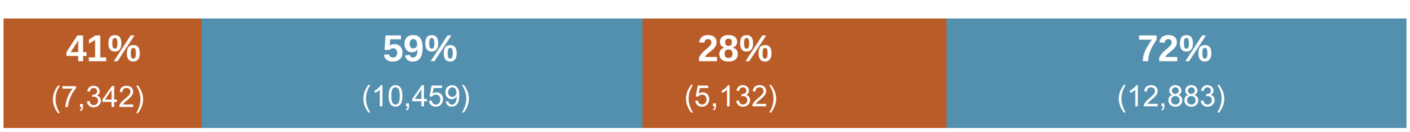


Household type

Working-age non-disabled
Elderly/disabled

Households with children

Children in household
No children



Economic Conditions and Financial Outlook

State and Local Economy (1)

In last year's transmittal letter, SHA reported that the consensus national, state, and Puget Sound regional forecasts for the 2019 were that the economy would continue expanding at a solid, but slowing pace, with Washington's economy – led by the Puget Sound Area – continuing to expand at a more rapid rate than the nation. These forecasts were accurate through the first three quarters of 2019 – growing, but slowing - and then the 4th quarter was unexpectedly strong and 2019 finished on a high note. The Puget Sound Economic Forecaster reported these regional highlights for 2019:

- Puget Sound added 13,300 jobs in the 4th quarter for a total of 55,700 for 2019;
- Unemployment fell from 3.9% at the end of 2018 to 3.1% in the 4th quarter 2019;
- Personal Income grew by $800 million for Puget Sound residents in the 4th quarter;
- Retail sales had a strong showing at the end of the year, accelerating up by 6.9% in the region;
- The year ended with an average regional home price of $607,000, the highest ever noted in the region; and,
- New housing supply remained strong as both the amount and value of residential building permits remained steady quarter to quarter, though with some weakening in the apartment market.

In its February quarterly forecast for 2020, the Washington State Economic and Revenue Forecast Council, echoed its reliance on the strong economic performance of the State and region in 2019 and noted several conditions underpinning its 2020 Forecast of a continuing growth economy, but at a slower pace:

- Job growth had been stronger than expected. In November 2019 thru January 2020, nonfarm payroll employment rose by 26,800, which was 14,000 more than expected in the Council's November forecast;
- The Washington unemployment rate declined from 4.4% in November to 4.3% in December 2019, a new all-time low for the state since the series dating back to 1974;
- Washington's Unemployment Insurance claims declined to an all-time low, moving to a four-week average of 5,500 for the week ending November 23, 2019. Claims have fallen 67 percent since the peak in early 2009.
- Washington housing construction increased in 4thQ 2019 to its highest level since 2007. Housing construction got off to a very strong start in the 1stQ 2020. Seattle's home prices were up in December 2019 year-over-year by 4.1% compared to a 2.3% increase in the Case Shiller composite home price index for 20 cities; and,
- Washington personal income grew by 4.2% in the 3rdQ 2019 16th highest among states and exceeded the 3.8% growth rate for the U.S. as a whole.

The Blue Chip consensus 2019 forecast, for continued U.S. growth at a slower pace, and the 2019 state and regional economic performance resulted in baseline 2020 forecasts for Washington and for the

---

[1] This economic outlook information is significantly informed by the "The Puget Sound Economic Forecaster" produced by Western Washington University and by the "Washington Economic and Revenue Forecast" prepared by the Washington State Economic and Forecast Council.

Puget Sound region of continued solid growth in 2020. And the economists' predictions were borne out for most of the 1stQ 2020.

In mid-March 2020, concerns over the coronavirus COVID-19 pandemic and initiation of actions to stem the spread of the virus resulted in dramatic adverse impacts on the economy, as international and domestic travel was dramatically curtailed; state after state declared a public health emergency as cases of coronavirus grew and deaths began to mount; Governors issued orders for people to stay home and businesses across the spectrum of industries were required to close and laid off workers. The business and governmental activities deemed to be essential to continue did so under new guidelines for social distancing, for maximizing work that could be done from home, and for personal protective equipment and cleaning schemes to help combat spread of the virus.

While data to fully assess and forecast the future of the economy is only starting to be available, early indications are almost all negative and dramatic:

- On the national level, 1stQ 2020 GDP declined (4.8%), compared to real GDP growth of 2.1% for 2019. The decline in GDP in the 2ndQ 2020 is expected to be significantly greater, reflecting more fully the impacts of the virus on economy;
- In April, 2020, there was a 20.5% decline of payroll employment in the nation and a 2.5% drop in the labor force participation rate;
- Personal Consumption Expenditures fell 7.6% in 1stQ 2020 and are forecast to fall 42.6% in the 2ndQ;
- Following a March 2020 loss of 870,000 jobs, April 2020 saw the U.S. economy lose more than 20 million jobs and the unemployment rate rise to 14.7%, the worst level since the Great Depression;
- In the six weeks from mid-March through April 30, 2020, nearly 30 million Americans, or almost 20% of the total U.S. labor force, filed for Unemployment Insurance.

There appears to be a consensus among the body of prominent national economic forecasters and the Federal Reserve that the recession we are now in will be short-lived as the economy begins to reopen, if progress to slow the spread of the virus is sustained. This despite the fact that, as the Puget Sound Forecaster offers: "…it is clear that March and April were rough months for the economy, rough enough to destroy the gains as far back as the 2008 recession." The underlying health of the economy is cited by forecasters as the key to short-lived recession. Time and more data will inform forecasts of how the future welfare of the economy and the success of efforts to suppress the virus will unfold.

Federal Funding – Status and Outlook

The Authority relies on federal funding through the Department of Housing and Urban Development (HUD) for about 48 percent of SHA 2019 overall sources and approximately 70-75 percent of SHA's operating and rental assistance funds. Consequently, federal budget decisions play a more direct role in SHA's ongoing financial picture than do local economic conditions.

The federal budget is in the final two years – 2020 and 2021 - of the Budget Control Act of 2011 and the spending ceilings for Defense and Non-Defense Discretionary Funding. In August 2019, the President signed the Bipartisan Budget Act of 2019 (Act) and averted major reductions in discretionary budgets by raising the 2020 and 2021 sequestration budget spending ceilings by 4.0 and 1.0 percent, respectively, above the 2018 and 2019 spending caps, which were 12 percent above the 2016 and 2017 spending limits.

SHA adopted a conservative budget in 2020 hedging against the potential of the Fiscal Cliff that would have occurred had the Congress not passed the Act to raise the ceilings beyond those of 2018 and 2019. While SHA doesn't yet have final confirmation of all three of our MTW funding streams, the allocation of our largest source – Housing Choice Voucher funds – had a market adjustment above what we had anticipated. Thus, for 2020 SHA is assured that our resources will exceed those anticipated in our adopted SHA 2020 Budget.

The 2021 federal budget and the budgets of future are more uncertain than usual as Congress focuses on concerns about the progress of curtailing the coronavirus; about mitigating the impacts of the virus on the economy; about the effects of the economic recession on small and large businesses, families and individuals, health workers and hospitals, and states and local governments; and, about the fall elections. Congress has already passed three bills totaling $3.6 trillion to stimulate the economy and address the critical needs of those directly affected by the collapse of the economy and more legislation is in the wings. SHA received about $7.7 million from HUD under the CARES Act as supplements to 2020 program and administrative funds to assist in the cost and revenue impacts of COVID-19.

There is no publicly visible activity going on in Congress on preparation of a 2021 federal budget, although there are suggestions that members of appropriations sub-committees are holding discussions behind closed doors. Time is short, however, to reach a budget agreement in time for the end of the fiscal year on September 30th, and it is likely that there won't be a budget vote before the fall elections. Thus, we are anticipating that Congress will enact a Continuing Resolution to continue the 2020 funding levels into 2021, until there is a 2021 Budget passed late in the year or in early 2021. Since the 2021 spending ceiling is already set we anticipate that will be the financial parameter for the ultimate 2021 federal budget.

Managing COVID 19 on Expenses and Revenues

As a designated agency providing Essential Services under Governor Jay Inslee's ***Stay Home, Stay Healthy*** order, SHA closed its offices in early March 2020, but continues to perform most of our ongoing functions and responsibilities to provide safe, decent, and affordable housing to low-income people. We have done so while complying with the Governor's requirements for our operations and the guidance of the Centers for Disease Control (CDC). This has meant that some of our functions and methods of operations were modified or deferred to ensure our work protocols are consistent with suppressing the spread of the virus. We did incur higher expenses and lower revenues directly attributable to the impacts of the virus. Below are highlights of each, followed by a brief discussion of how we would meet our obligations if the pandemic's effects were to persist longer than expected:

Expenses

- Increased operating costs were primarily for purchase of Personal Protective Equipment, additional costs related to cleaning and sanitizing, and computing and phone equipment costs to support teleworking and call centers.
- Increase in payroll costs associated with new federal leave policies, additional leave policies instituted by the agency, and overtime costs.
- To a lesser extent the agency has also encountered some costs due to delays in capital projects.
- The largest cost increase SHA is likely to see will be in our rental assistance payments (HAPs). This increase will reflect job losses among voucher-holders – when their income drops, their share of the rent is reduced to 30% of their new income level and SHA's HAPs to private landlords increase a corresponding amount to meet the contract rent level.

Revenues

- On the revenue side, the largest effect will also result from job losses among low income residents. The majority of residential units managed and owned by SHA are subsidized through HUD's public housing programs. As a result, a tenant's rent is determined by a formula based on income. The

COVID pandemic has resulted in many residents seeing a decrease in their monthly income and as a result their rents have been reduced to 30% of their new income level and SHA income from dwelling rents is reduced and the required subsidy has to go up to maintain service levels.

As the length of the pandemic continues, the largest financial risk to the agency will remain the pressure that decreasing rents and increased HAPs -- both resulting from tenant job losses -- will put on the need for public housing and housing choice voucher subsidy:

- To some extent, in the short run, this may be offset by increased subsidy funding over 2020 budgeted levels for Housing Choice Vouchers and/or from funds made available to HUD through the CARES Act or subsequent federal recovery appropriations.
- The agency over the years has intentionally made a number of one-time investments (of operating funds) that do not require on-going funding, resulting in decreases in operating expenditures that can help offset revenues losses. These one-time investments in SHA's 2020 budget were $15M and these funds are available for redeployment in 2021.
- The agency has also made a number of strategic refundings over the last few years that have improved cash-flow and lowered our debt profile in those properties.
- Among SHA Board's Committed Reserves is a $6.0M Emergency Management and Recovery fund and we have Operating Reserves comfortably above our policy guidelines.
- And, we have shown in the face of sequestration that if the need arises, we are willing to take the necessary actions to reduce administrative, program, maintenance, and capital expenditures if required to balance the Budget and maintain legal and financial commitments and prudent financial policies.
- Finally, the leading economists and forecasters are projecting a relatively short recession, regaining pre-COVID levels by 2022, and SHA has a strong JobLink program with a good track record of helping residents finish educations, embark on retraining, and find new jobs. With these predictions and this asset, SHA is optimistic the COVID revenue impact will be short-lived.

Financial Management and Oversight

Internal Controls

The Authority's management is responsible for establishing and maintaining a robust internal control structure designed to ensure that the Authority's assets are protected from loss, theft or misuse, and that representation of the Authority's assets, liabilities, and net position are accurately reflected on the Authority's financial statements, in conformance with U.S. generally accepted accounting principles (GAAP). The internal controls are intended 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 sound 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, by third party expert consultants, and is reviewed by KPMG LLP, SHA's independent audit firm, and by the State Auditors annually. We invite, welcome, and rely on these reviews by external experts and agencies to help ensure consistent effectiveness of SHA's internal controls.

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 related 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 will be carried out by the national public accounting firm of KPMG LLP. As a result of COVID-19 pandemic impacts, key SHA staff needed by the auditors are not available for assembling data and records and answering questions on samples tested for the single audit. As a consequence, SHA and KPMG agreed that portions of the 2019 Single Audit work would be deferred until the third quarter 2020 and completed by KPMG LLP for issuance in September 2020.

Budget Process and Monitoring

The annual budget for the Authority is prepared by the Executive Director with significant involvement of the Authority's top executive staff and the support and analysis of the Authority's Budget staff. At the front end of the budget process, the Cabinet with the Executive Director agree on the financial forecast on which the budget will be prepared and establish the key areas of focus for the coming year from the Strategic Plan. Resident groups are consulted on their concerns and priorities for capital investments and program/service needs. SHA also uses an on-line survey to gather views on pressing housing priorities from residents, voucher-holders, those on waiting lists, employees, non-profit housing and service partners, and interested citizens. At the end of the budget process, the Executive Director, with the advice of the Cabinet, determines the final actions to balance the proposed annual budget.

The Board of Commissioners adopts the annual budget for the Authority after the Executive Director has presented both the Annual MTW Plan and the Authority's Proposed Budget for public review and comment. The MTW Plan and the Proposed Budget are primary tools for implementing the Strategic Plan. The annual proposed budget includes four components – the Operations, Housing Assistance Payments (HAPs), Capital, and Development budgets. MTW federal funds comprise 70-75 percent of the combined Operating, HAPs, and Capital revenues. The operating and capital budgets are developed from the community or program level up in the Authority's project-based budgeting process.

The development programs and major rehabilitation projects of the Authority, to rebuild and rehabilitate the family communities, senior program buildings, and high-rise public housing buildings, and build new affordable housing are supported through mixed financings, including low-income housing tax-credit partnerships, bond and mortgage financing, federal Choice Neighborhood Initiative funds, and federal, state, local, and philanthropic grants.

Once adopted by the Board, the annual budgets are implemented and monitored by all departments of the Authority, with support from the Finance and Administration Department and the Asset Management Department.

Budgeting Control and Program Accountability

The objective of budgetary controls maintained by the Authority is to ensure appropriate financial management by Authority department managers of actual expenditures in relation to the approved budget. The Finance and Administration Department provides quarterly reports to managers and executive staff on the status of the budget and on any actions needed to ensure that the Authority operates within the adopted budget. Additionally, monthly financial reports comparing actual revenues and expenses to budget are provided to Department and program managers to assist them with timely information for managing their budgets from the individual community level to the overall management level.

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. There are also quarterly reviews of all Housing Portfolios by the Authority's Asset Management Committee. During these sessions budget status is reviewed; vacancies and rent collections trends are noted; unit turnover cost and length of time to return a vacated unit to a new lease are reviewed against standards and past performance, and general conditions of the property and welfare of the residents and communities are presented by property management staff. Follow-up actions, assigned to operating departments, the budget office, and/or the asset management department, are reflected in Asset Management Committee minutes of the portfolio review meetings and reviewed at the subsequent quarterly review.

Financial Policy Oversight

The Authority has two ongoing Committees – one internal and one a Board Committee – that provide financial oversight. The ***Board of Commissioners' Committee is the Audit Committee*** consisting of the Chair of the Board, two other Board members, and two outside independent non-voting members with expertise in finance and accounting. All members are appointed by the Board Chair and serve staggered terms of three years. The Committee meets two to four times a year, as needed, to conduct entry meetings with the independent auditor and the State Auditor and to hear reports and findings of the Auditors. The Committee also meets with auditors independently to hear any concerns the Auditors have identified with the work of finance or other agency staff. The Audit Committee reports its activities to the full Board, along with any conclusions or recommendations they have to continue to strengthen the Authority's financial management.

Internally, the Authority has a ***Financial Policy Oversight Committee*** **(FPO)** that meets monthly and is comprised of the Executive Director, the Deputy Executive Director, the Director of Housing Operations, the Director of Development, the Director of Housing Finance and Asset Management, the Chief Financial Officer (who leads the Committee), the Controller, and the Budget Manager.

The FPO is charged with overseeing the financial conditions and financial management decisions of the Authority and ensuring that current or implied financial commitments/conditions receive the full scrutiny of the Authority's top managers and expert line staff. This committee has enhanced agency-wide consideration of and decisions on credit and debt management; development opportunities, project selection, and financing plans and policies; acquisitions and dispositions of property; criteria for soliciting and selecting limited partners in low-income housing tax credit projects; coordination of timing on actions; planning and monitoring of interim financing repayment plans; management of cash reserves; and, risk assessment.

The FPO also administers the Authority's policy on unrestricted cash balances and unassigned cash (Operating Reserve), which policy was adopted by the Board of Commissioners in April 2011, revised in May 2013, and reviewed periodically. The FPO recommends an annual resolution to the Board to adopt the year-end Committed Funds of the agency from the Authority's Unrestricted Cash Balance. FPO also reports to the Board the year-end status of the Board's Financial Policy to maintain and Operating Reserve of unassigned and uncommitted cash equal to at least one month and not more than six months of operating expenses plus 1/12 of annual debt service. At the end of 2019, Seattle Housing Authority reported an Operating Reserve for the agency of three months.

Component Units of Seattle Housing Authority

The Authority has seventeen discretely-presented component units as of December 31, 2019. 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 2019, the Authority's component units represented 3,791 units or 46 percent of all rental housing units operated directly by the Authority.

Prudently Managing Affordable Housing Properties

Strong Asset Management**:** The Authority continues to take an active asset management approach to operating its properties, treating each as a distinctive "community" with the goal of efficiently using 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 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. As previously noted, the internal Asset Management Committee, with management representatives from all departments, conducts quarterly portfolio reviews with property managers and budget and accounting staff.

The Authority's approach is spelled out in the "SHA's Local Asset Management Plan" (LAMP) included in the Authority's annual MTW Plan submittal to HUD. HUD has approved each of SHA's annual submittals and periodic amendments from the first submission in 2010 to the present.

Diverse Funding and Partnerships: The Authority continues to supplement its tenant rental income, operating revenues, and HUD subsidies by actively competing for additional federal funds for modernization, redevelopment, and resident/tenant support activities; by applying for local and state grant opportunities; by expanding partnerships with community organizations and private foundations; and, by building new partnerships with schools, from elementary through vocational/technical colleges to universities. The Authority continues to compete successfully wherever we see new funding or partnership opportunities.

In the area combined funding and program partnerships, the Yesler Redevelopment, is an example: SHA has benefited over the last nine years from five separate competitive HUD grants totaling $37.2 million; 13 separate private grants from six foundations totaling $2.6 million; and, 12 awards from the City of Seattle, totaling $19.6 million, ranging from $5,000 to $6,575,000. All of these contributions go to benefit housing development, community, and supportive services investments.

Major and Long-Term Initiative – Yesler Terrace Redevelopment

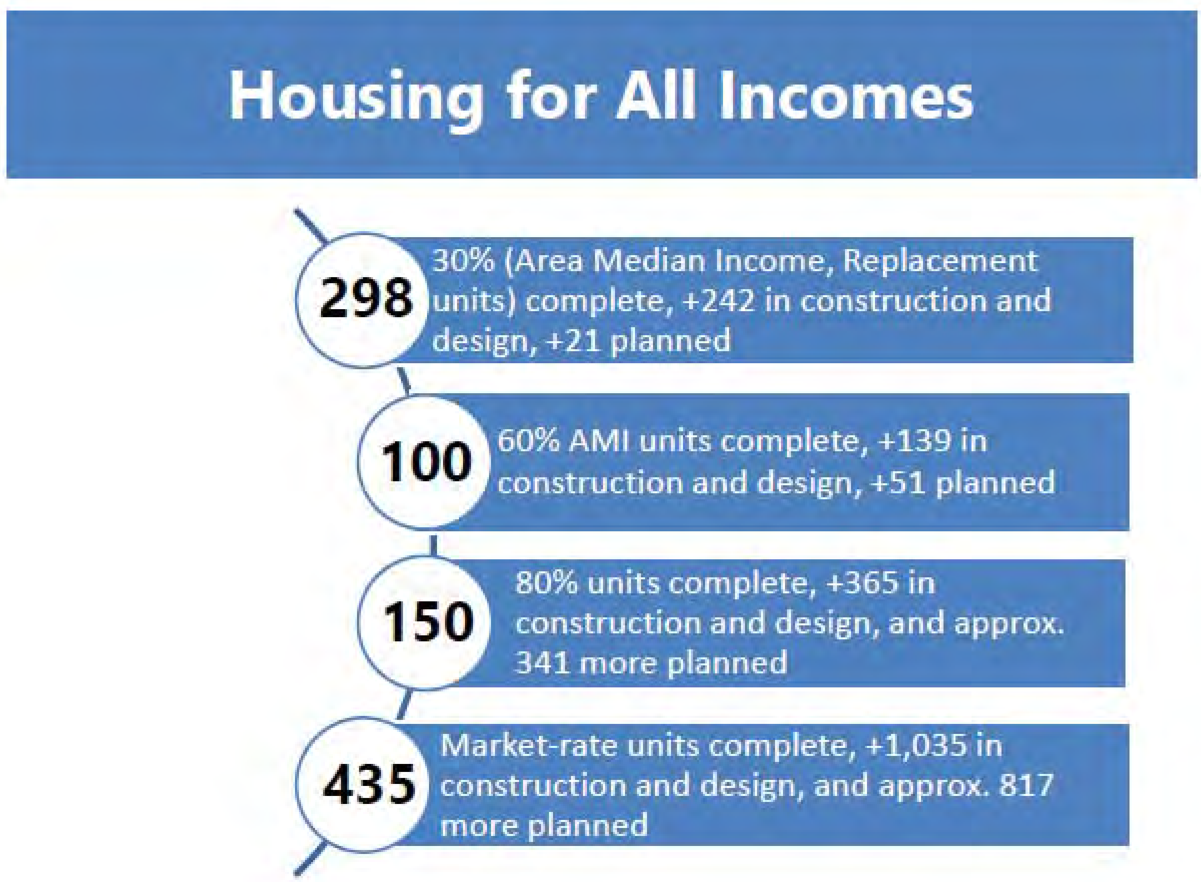
Investing in People, Neighborhood, and Housing

Yesler Terrace is a 30-acre site near downtown Seattle, initially developed by Seattle Housing Authority in the early 1940s as Seattle's first publicly subsidized housing. Now, 80 years later, it is approaching the final stage of its transformation into a thriving, mixed-income community that is respectful of the neighborhood's rich history and cultural traditions, while also creating safe, healthy and sustainable affordable housing, new parks and open spaces, increased transportation options and enhanced economic opportunities.

The vision and success of the Yesler neighborhood transformation is rooted in many deep collaborative partnerships including the Yesler Terrace Community Council, Yesler Citizen Review Committee, HUD, the City of Seattle, Seattle University, the JP Morgan Chase Foundation, the Kresge Foundation, the RAVE Foundation and the Robert Wood Johnson Foundation

Highlights of 2019 Accomplishments

The three pages that follow summarize some of the key accomplishments of the Yesler transformation in 2019.



A Complete Neighborhood

- ✓ Hillclimb connecting Yesler and Little Saigon and Yesler Terrace Park complete and open for public enjoyment
- ✓ Fir Street Pocket Park complete & 10th Ave S. Pocket Park design underway
- ✓ Main Street infrastructure and sidewalks complete
- ✓ Installation of Wayfinding System and Historic Plaques ongoing

Quality Education for All

- **114** Yesler youth participated in summer academic and enrichment activities
- **65%** Percentage of youth involved in positive youth development activities
- **50%** Kindergarten readiness increased from 20% (baseline) to 50% in School Year 2018-2019
- **69%** Kindergarten language readiness was 69%
- **67%** Percentage of students with an on-time high school graduation in School Year 2018-2019
- **50%** **Attendance:** Overall, 50% students in grades K-5 missed fewer than 10 days of school.

Original Yesler Residents

493 original households at Yesler who were given priority for the 561 Replacement Housing units to be produced

262 of the original households currently still live at Yesler, in both new and legacy housing.

202 Households preferred to remain living offsite, and retain the option to return in the future.

9 households used their Right to Return at the new Red Cedar building after living offsite in prior years.

7 Households remain in legacy units and will relocate by April 2020.

Digital Equity

140 Yesler residents participated in community technology access and educational program services provided by the Yesler Technology Learning Center (Yesler Computer Lab)

540 The Yesler Technology Learning Center (Yesler Computer Lab) provided 540 hours of community technology access and educational program services, serving 140 residents

60 Yesler residents received 112 hours of open lab plus 48 hours of Tech One on One assistance

125 Hots spots assigned to Yesler youth and families in 2019 – on loan from the Seattle Public Library

15 Youth participated in the Yesler Summer Youth Media

Housing Development

Designing a housing mix to accommodate families, single occupants, the elderly and those with disabilities. All residential buildings at Yesler welcome a wide range of people from various ethnic, cultural and socioeconomic backgrounds. Yesler's buildings (public and private) provide a range of sizes of units, high degree of accessibility and a full range of affordability.

Yesler Housing Progress

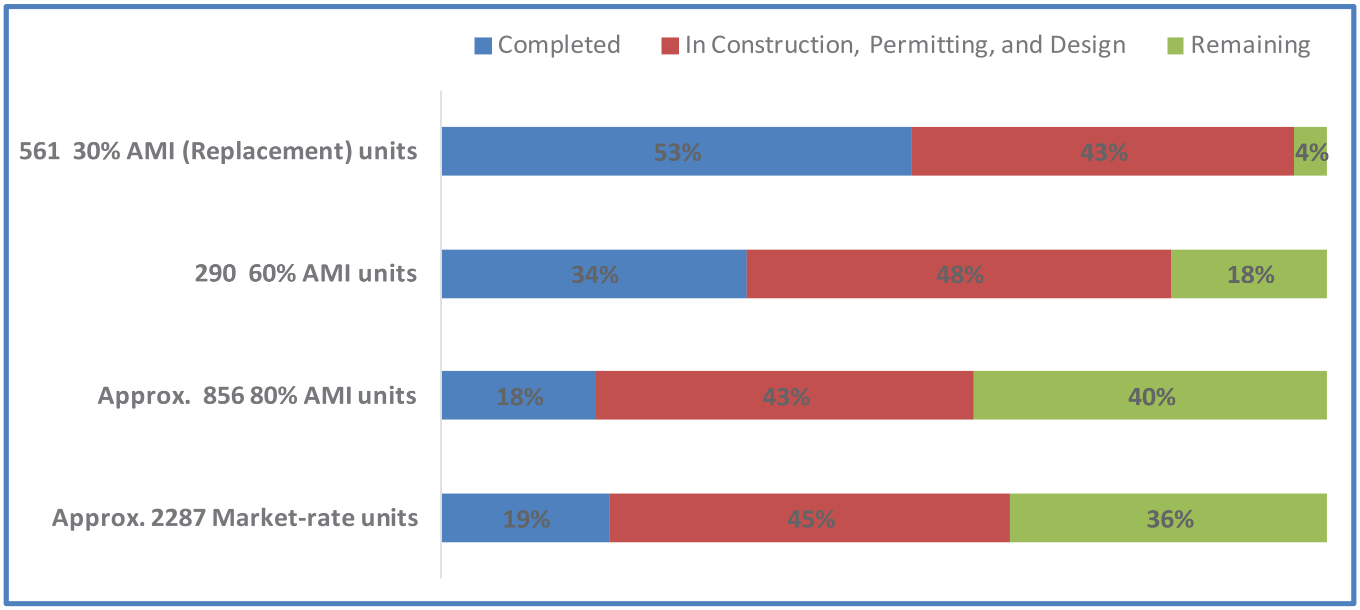


Table reflects the progress and status of Yesler hosing development through 2019. Planned units by income range served are in the left column of the chart.

SHA Housing Development

- The renovated Baldwin Apartments continues to be home to 15 Yesler Terrace households who formerly lived in now-demolished old Yesler housing.
- Kebero Court, with 103 low-income apartments, was constructed and fully leased up by September 2015.
- Raven Terrace, which includes 83 low-income apartments, was completed in January 2016. The building is fully leased.
- Hoa Mai Gardens, with 111 low-income apartments, was completed in June 2017. The building is fully leased.
- Red Cedar is SHA's newest completed apartment complex with 119 low-income apartments. The building was completed in the spring of 2019, and is fully occupied.
- Hinoki is SHA's next building, containing 136 low-income apartments. Final permits have been received, and closing and groundbreaking are scheduled for June 2020. Hinoki is expected to be completed for occupancy at the end of 2021 or early 2022.
- Sawara, a 113 unit apartment building to be located on the northwest corner of 8th and Yesler, is expected to start construction the 2nd quarter of 2021. And, Juniper, to be SHA's southern-most development just west the Hillclimb, is in the early planning stages and may be 50-95 units.

Private Sector Housing Development

- Anthem on 12th Apartments, completed in 2015, has 120 apartments, 30 of which are available to households with incomes up to 80% of the Area Median Income (AMI).
- Batik (Vulcan Real Estate), completed in 2018, includes 195 apartments, 39 of which are available to households with incomes up to 80% AMI. Batik is also home to Tougo Coffee, a local coffee shop, and includes a community kitchen that opens onto the pedestrian pathway connector.
- Cypress (Vulcan Real Estate) opened in spring 2019. It has 237 apartments, 48 of which are for households earning less than 80% AMI. The ground floor has retail locations for rent.
- Modera First Hill (Mill Creek) has 288 apartments, 76 are for households up to 80% AMI. The building is under construction and expected to be completed late in Q2 2020.
- Lowe Phase 1 (330 apartments) is expected to break ground in early 2020. Lowe Phase 2 (214 apartments) is currently in design. The projects total 544 apartments, 145 of which will be available to households with incomes up to 80% AMI.

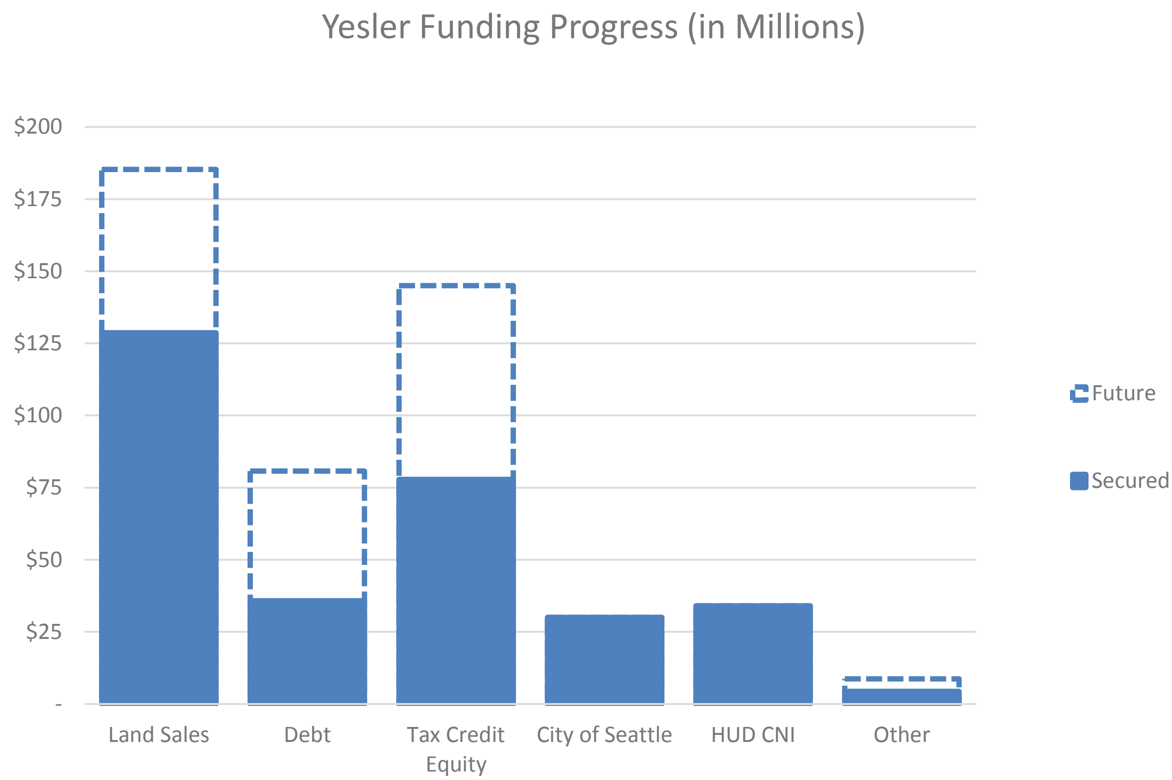
Non-Profit Sector Housing Development

- The Seattle Chinatown International District Preservation and Development Authority (SCIDpda), in partnership with Capitol Hill Housing, was selected by SHA to build 158 affordable apartments, including 91 units of Replacement Housing (up to 30% AMI) and 52 units (up to 60% AMI). 15 units are planned to be affordable at 80% AMI. The project, at 1215 E Fir Street, is expected to break ground in late 2020.

Interior courtyard/play area at Red Cedar, SHA's newest apartment complex with 119 low income apartments.

Funding Summary

The Yesler Terrace Redevelopment Project has successfully leveraged public and private funding. To date, funds have been committed from the following sources to support the many facets of Yesler Terrace Redevelopment. The graph and chart below report funding by status.



Source SHA Yesler Housing	Dollars in Millions			
	Total	Secured	Future	Percent
Land Sales	$185	$129	$57	38%
Debt	$81	$36	$45	17%
Tax Credit Equity	$145	$78	$67	30%
City of Seattle	$30	$30	-	6%
HUD CNI Grant	$34	$34	-	7%
Private + Other	$9	$4	$4	2%
	$484	**$311**	**$173**	**100%**

Yesler Relocation

The central premises of Yesler Relocation has been minimizing impacts of relocation and guaranteeing the right to return for current Yesler residents. In 2019, the final phase of relocation began and will conclude in spring 2020. The discussion that follows reports SHA's approach to the relocation of Yesler Terrace residents and 2019 activity.

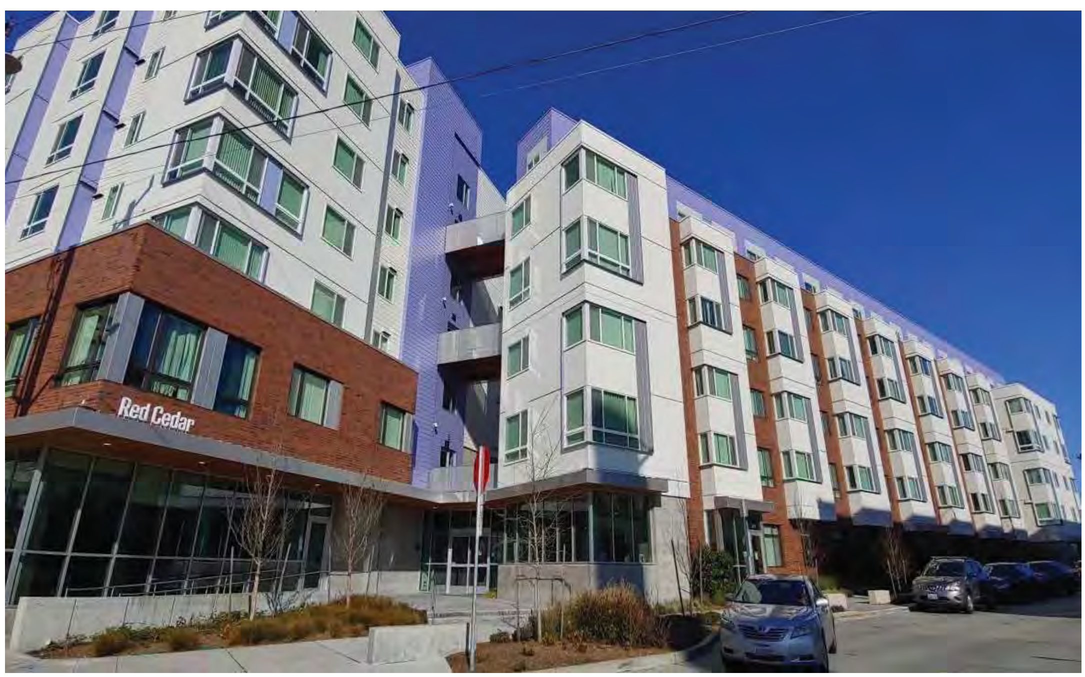
The relocation of residents during the redevelopment of Yesler Terrace was conceived with a phased approach. Rather than relocating all residents at once, the phased approach allowed the majority of residents to remain living in the community throughout the redevelopment process. 2019 cemented the success of this approach, as more than half of original households (53%) continued living at Yesler in both the new and legacy apartments.

The initial phase of relocation began on July 2, 2012, when all 493 households residing at Yesler Terrace were officially informed about their eligibility for relocation assistance. With each phase, residents received at least 18 months' notice before plans to demolish their apartment were put into action. In 2019, the last phase of relocation (Phase 5) continued for 64 households living in the original units, who are anticipated to complete their relocation by April 2020.

Over the course of the redevelopment, whenever demolition plans were announced, residents were regularly offered three relocation choices: 1. relocate offsite, 2. move directly from the old Yesler Terrace apartment into a new Yesler Replacement Housing apartment, or 3. transfer to another old apartment not yet scheduled for demolition.

This last choice was no longer viable during the final phase of relocation, as all remaining legacy housing is scheduled to be demolished in 2020. They will be replaced with new infrastructure, a pocket park, and new buildings that will include subsidized housing owned by Seattle Housing Authority, privately developed housing, as well as offices and/or other uses.

In 2019, Yesler celebrated the grand opening and lease-up of Red Cedar, the newest Replacement Housing building. Residents who chose to move offsite previously were offered the first opportunity to lease at Red Cedar. Of the 202 who remained offsite in 2019, nine households decided to use their right to return, bringing the total of returning households to 52 across all the new buildings.



Red Cedar with 119 low-income apartments was completed in spring 2019 and is leased up.

In addition, 29 households that have never left the site decided to move across the street -- from the remaining legacy housing directly to Red Cedar. At the end of 2019, seven households remained in original housing. They all made their choices on where to move by April 2020.

Next Steps for 2020

Housing and Neighborhood

Funding secured to date allows the Seattle Housing Authority to move forward with building affordable housing for a wide range of incomes, complete the necessary infrastructure work and utility replacements, and provide important amenities and services to the community. Community members have been, and continue to be, ongoing participants, providing valuable input as the planning and implementation process progresses. The following is planned for 2020:

- The new Yesler will grow further in both units and footprint, as completed housing expands towards the east when Mill Creek's new 288-unit apartment building opens in the spring.
- Next to Mill Creek's new building, construction will continue at Block 5 on Lowe's Building 1.
- SHA's Hinoki building is expected to break ground in the spring at Yesler and 10th Ave.
- Wayfinding system installations will continue.
- At Block 6, SHA will construct a private access drive for the block, including hillside stabilization and electric/sewer infrastructure improvements.
- Private access drives will be constructed at Block 5 and Block 7.
- Design will be finalized for the Block 5 Pocket Park.
- Infrastructure improvements will be completed in the vicinity of the intersection at 9th and Alder Street.
- Demolition of the remaining legacy units, located at Block 7, will be completed.
- Design will continue for a health care—related use of a portion of Block 7.

Community Building

In 2020, SHA will continue:

- Maintaining a holistic approach for creating a vibrant and sustainable mixed-income community by nurturing the Yesler Community Building Network. This community building effort seeks to increase community capacity, foster neighborhood leadership, maximize resources, and facilitate meaningful socio-economic and cultural integration.
- Developing and expanding the Yesler Neighborhood Connectors, a multicultural group of neighbors that aim to increase self-sufficiency, leadership, and community capacity. The group is working on ways the neighborhood can maximize social networks, community partnerships, and collaboration.

- Supporting the Yesler Terrace Community Council by promoting neighborhood-wide involvement in the council and its decision making process.
- Encouraging and broadening culture-specific affinity groups, like the Vietnamese Tea time, Somali social hour, and Teen Drop-In.
- Organizing community listening sessions that seek to build upon the neighborhood's strengths and elevate equity for all groups.
- Hosting at least three block parties that celebrate the diversity in the neighborhood, while also partnering with various service providers to aid community-wide events like Juneteenth.
- Increasing communication among the various service providers, stakeholders and community members, thereby improving economic, cultural, and social opportunities.

Awards and Recognition

During 2019 the Housing Authority of the City of Seattle and its residents received or continued distinctions and recognitions, including:

2019 Awards

- ***Certificate of Achievement for Excellence in Financial Reporting***
  The Seattle Housing Authority was awarded a Certificate of Achievement for Excellence in Financial Reporting in 2019 by the Chicago-based Government Finance Officers Association of the United States and Canada. In a statement, GFOA said the Certificate of Achievement for SHA's 2018 Comprehensive Annual Financial Report "is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.
- ***2019 Gold Skyline Award***
  Seattle Business magazine's Skyline Awards recognizes excellence in commercial real estate projects in the Puget Sound region that have been groundbreaking, innovative, challenge-conquering and problem-solving. The Seattle Housing Authority was awarded the Gold Skyline Award for Multi-Family Low-Mid Rise Development of the Year for its redevelopment of Yesler.
- ***2019 ACEC Best in State Silver Award***
  Hoa Mai Gardens and the Yesler Hillclimb won the 2019 American Council of Engineering Companies' Best in State Silver Award in the "Unique or Innovative Applications" category.

Acknowledgments

The preparation of this letter has been accomplished through the hard work of the Finance Department accountants and the support of other staff throughout the Seattle Housing Authority. A special thanks to Janet Hayes, SHA's Controller, whose talents, dedication and oversight of preparation of the 2019 CAFR occurred throughout the COVID-19 pandemic and the Governor's Stay Home, Stay Healthy Order, during which all participants in the audit teleworked from home. Janet and her team have an outstanding record of receiving unmodified audit opinions for their presentation of SHA's Financial Statements. We wish to thank, as well, the management and staff of KPMG LLP and Francis & Company PLLC who provided the necessary professional auditing services and technical assistance in conducting the independent audit of the Authority.

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

Respectfully submitted,

Andrew J. Lofton

cc: SHA Cabinet members
SHA Public Website

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Principal Officials

Commissioners as of December 31, 2019

Name	Term expires
Deborah Canavan Thiele, Chair	March 20, 2021
Paula Houston, Commissioner, Vice Chair	March 20, 2020
Robert Crutchfield, Commissioner	December 1, 2020
Michael Diaz, Commissioner	March 20, 2023
Twyla Minor, Commissioner	September 30, 2022
Paul Purcell, Commissioner	December 1, 2022
Gerald Smiley, Commissioner	March 19, 2023

Administrative Staff

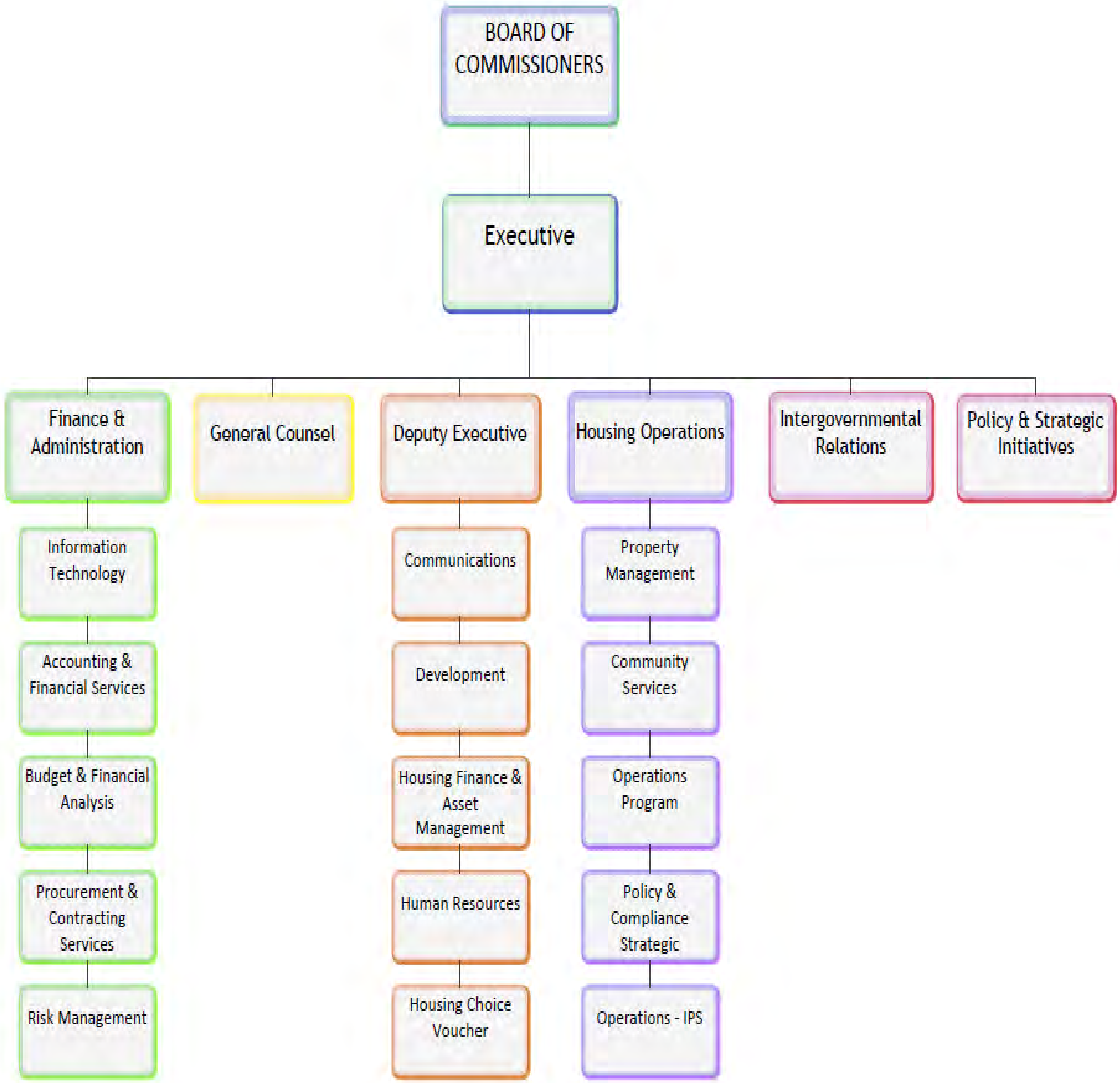
Andrew Lofton, Secretary-Treasurer/Executive Director

Shelly Yapp, Chief Financial Officer

Janet Hayes, Controller

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Organization Chart



Government Finance Officers Association

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 Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Section

Section II

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and 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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units of the Authority: High Point South Limited Partnership (LP), Alder Crest LP, High Rise Rehabilitation Phase I LP, Seattle High Rise Phase II LP, Seattle High Rise Phase III LP, Douglas Apartments LP, Tamarack Place LP, Lake City Village Limited Liability Limited Partnership (LLLP), Rainier Vista Northeast LLLP, Leschi House LLLP, 1105 East Fir LLLP, 820 Yesler Way LLLP, 221 10th Ave S LLLP, NewHolly Phase I LLLP, 888 E Fir LLLP and West Seattle Affordable Housing LLLP; which represent 92% of the total assets, 91% of the total liabilities, 97% of the total net position, 93% of the total revenues, and 90% of the total expenses of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate 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 from material misstatement. The financial statements of the discretely presented component units that were audited by other auditors were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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 Housing Authority of the City of Seattle, Washington, as of December 31, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 15, and the required supplementary information related to the pension and OPEB plans on pages 89 and 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The cost certificates for projects WA19P001501-15, WA19R001501-15 and WA19R001502-15 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The cost certificates for projects WA19P001501-15, WA19R001501-15 and WA19R001502-15 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the cost certificates for projects WA19P001501-15, WA19R001501-15 and WA19R001502-15 are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, 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 solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Seattle, Washington
May 29, 2020

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2019, 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 position (balance sheet); the statement of revenues, expenses, and changes in net position; 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 provide additional information and 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 and amortization, 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 position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance for the primary government during the year ended December 31, 2019, with comparative data for the year ended December 31, 2018. 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.

As discussed in Note 1(b) to the financial statements, in November 2019, the Ritz Limited Partnership was dissolved and all assets and liabilities were transferred to the Authority. Prior to 2019, the activities of the Limited Partnership were not included as part of the primary government of the Authority but were appropriately presented as a discretely presented component unit of the Authority. The 2018 condensed financial statements of the Authority presented in this discussion and analysis have been adjusted from those previously presented to include the activities of the Ritz as part of the primary government to facilitate comparability to the 2019 condensed financial statements.

Financial Highlights

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2019 by $679.3 million (net position), representing an increase of $46.8 million over 2018. Unrestricted net position of $307.9 million at the end of the year includes committed, assigned, and unassigned funds that may be used to meet the Authority's ongoing obligations.
- Unrestricted cash and investments makes up $153.6 million of the Authority's net position at the end of 2019, which reflects $70.2 million in committed funds adopted by the Board of Commissioners, $6.0 million in assigned funds, $6.1 million in reserved funds as designated by the Authority's Financial Policy Oversight Committee, and $71.3 million in unassigned funds that make up the Authority's Operating Reserves. By Board policy, the Operating Reserve is to be maintained at a minimum of one month and a maximum of six months of average monthly operating expenses plus 1/12th of principal debt service requirements. The Authority's Operating Reserve at the end of 2019 represented approximately four months (based on 20 business days in the month) of average monthly expenses and principal debt service.
- Total net position increased by $46.8 million in 2019, which is 32.7% less than the 2018 increase in net position of $69.4 million. Operating revenues increased by $30.8 million and capital contributions increased by $2.0 million in 2019 compared to 2018, and operating expenses increased by $25.3 million. In 2018, non-

operating activities contributed $2.6 million to income while in 2019 non-operating transactions produced a net expense of $27.6 million – a difference of $30.2 million from 2018.

- The Authority's current ratio that measures liquidity decreased during the year from 4.9 to 3.5. Current assets increased by $64.6 million as a result of an increase of $57.9 million in unrestricted and restricted investments and current liabilities increased by $31.5 million due to an increase in short term borrowings for the acquisition of three housing properties from King County Housing Authority.
- Total notes receivable increased from $253.3 million to $263.5 million. The Authority has made loans to its component units that are redeveloping housing communities under the Choice Neighborhoods Implementation grant and using Low Income Housing Tax Credit mixed financings. The largest change in long-term notes receivable from 2018 to 2019 resulted from the additions of loans made to limited partnerships for developments at Yesler Terrace and an increase in loans made to the West Seattle Affordable Housing, LLLP (West Seattle Properties) and NewHolly Phase I LLLP (NewHolly Phase I) for substantial rehabilitation of the partnership properties.
- The Authority's total debt increased from $96.0 million to $182.9 million during the current reporting period, an increase of 90.5%. The increase resulted primarily from a $65 million note secured for the purchase of Northgate Apartments in December, 2019 and an increase in short term borrowing of $23.4 million for the purchase of three multi-family properties. As a result, the percentage of total debt to net capital assets increased from 24.0% at December 31, 2018 to 38.3% at December 31, 2019.

Financial Analysis

Statement of Net Position

The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position 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, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources). Also shown is the sum of total liabilities, net position, and deferred inflows of resources which equals total assets and deferred outflows of resources.

Total assets of the Authority at December 31, 2019 and 2018 amounted to $1,003.7 million and $863.5 million, respectively, an increase of 16.2%. The significant components of current assets are short-term investments, receivables from component units, and restricted cash. The significant components of noncurrent assets are long-term investments, capital assets, receivables from component units, and notes receivable. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. In addition to the increases in current assets and notes receivable noted above, the Authority also experienced a net increase in capital assets of $78.2 million as a result of property acquisitions.

Total liabilities of the Authority were $320.0 million and $227.1 million at December 31, 2019 and 2018, respectively, representing an increase of 40.9% or $92.9 million. Current liabilities include accounts payable, accrued liabilities, unearned revenue, current portion of long-term debt, and short-term borrowings. Short term borrowings for property acquisitions increased $23.4 million and long term debt increased by $63.6 million.

Deferred outflows of resources and deferred inflows of resources arise from the pension liability and OPEB (Other Post-Employment Benefits) liability reported by the Authority. Deferred outflows of resources primarily relate to contributions made by the Authority subsequent to the measurement date of the net pension liability, OPEB benefit payments after the measurement date, and differences between expected and actual experience. Deferred inflows of resources primarily relate to the difference between projected and actual earnings on plan investments and changes in assumptions. In 2019, the Authority's pension and OPEB related deferred outflows increased by $0.5 million and deferred inflows increased by $1.0 million.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, structures, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction, which is primarily amounts restricted to service debts until they mature. Other restricted purposes include legal agreements related to obligations to the Authority's limited partnerships. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by 7.3%, or $21.1 million during the year from $286.8 million to $307.9 million. This was offset by increases in investments in capital assets and restricted net assets.

Condensed Statement of Net Position

(In thousands)

		December 31	
		2019	**2018**
Assets:			
Current assets, net	$	224,772	160,225
Noncurrent cash and investments		15,979	28,524
Capital assets, net		477,792	399,599
Notes receivable, long-term, net		260,871	253,183
Other noncurrent receivables and other		24,294	22,012
Total assets		1,003,708	863,543
Pension and OPEB related deferred outflows of resources		4,449	3,957
Total assets and deferred outflows of resources	$	1,008,157	867,500
Liabilities:			
Current liabilities	$	64,161	32,696
Noncurrent liabilities		255,812	194,393
Total liabilities		319,973	227,089
Pension and OPEB related deferred inflows of resources		8,839	7,817
Net position:			
Net investment in capital assets		298,993	314,523
Restricted		72,471	31,296
Unrestricted		307,881	286,775
Total net position (as restated)		679,345	632,594
Total liabilities and net position		999,318	859,683
Total liabilities, net position and deferred inflows of resources	$	1,008,157	867,500

Statement of Revenues, Expenses, and Changes in Net Position

The purpose of the statement of revenues, expenses, and changes in net position is to present the revenues earned by the Authority, both operating and nonoperating revenues, and the expenses incurred through operating and non-operating expenditures, plus any other revenues, expenses, gains, and losses of the Authority. Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Non-operating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation and grants under the Choice Neighborhood Implementation program.

The statement of revenues, expenses, and changes in net position, which follows this section, reflects the year ended December 31, 2019 compared to the year ended December 31, 2018. Overall, operating revenues increased by approximately 11.8% or $30.8 million from 2018 to 2019 and operating expenses increased by 12.4% or approximately $25.2 million for the year; net nonoperating expenses increased by 1147% or approximately $30.2 million; and capital contributions increased approximately 19.0% or $2.0 million. Net position increased in 2019 by approximately $46.8 million. Explanations of principal reasons for these changes follow.

The primary reason for favorable increases in operating revenues was a result of increases in housing assistance payment subsidies of approximately 2.4% or $3.7 million due to favorable HUD budget allocations in 2019. Land sales at Yesler Terrace continued to comprise more than one half of other revenues. These proceeds are primarily dedicated to the continuing redevelopment efforts at Yesler Terrace. Income from tenant rentals increased from 2018 to 2019 by $1.9 million or 7.8%. The acquisition of Spring Lake late in 2018 and three multi-family properties in August 2019 contributed to this increase.

The most significant increase in operating expenses was the increase in housing assistance payments expense of $12.6 million or 12.3%. Continuing the trend seen in 2018, housing assistance payments increased due to higher utilization, as well as the phasing in of higher voucher payment standards that were adopted in 2016 and 2018.

Net non-operating revenues (expenses) decreased by approximately $30.3 million during the year. Interest expense increased compared to 2018 due to new borrowings to support the recent acquisitions. Additionally, in 2019, the Authority reported losses on investments in limited partnerships of $1.2 million. During 2018, the Authority became the 99.99% partner in the HighPoint North Limited Partnership and Authority's portion of the 2019 losses amounted to approximately $1.1 million. Lastly, losses on dispositions of property in the amount of $30.3 million resulted from writing off infrastructure work at the Yesler Terrace development as the assets were transferred to the City of Seattle in 2019 and recognizing the impairment of the LamBow Apartments which is slated for demolition in Spring 2020.

Capital contributions for the year ended December 31, 2019 were made up of $11.3 million from HUD capital grants and approximately $1.0 million from the Choice Neighborhoods Implementation grant, which is one of the funding sources for Yesler Terrace redevelopment.

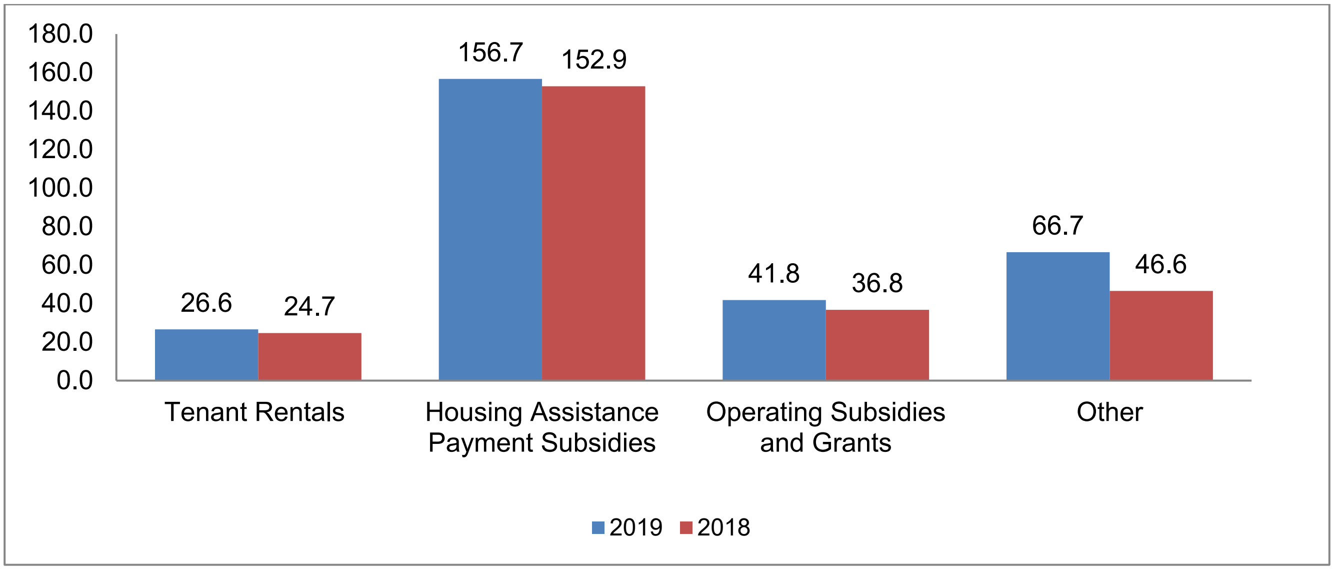
Statement of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Year ended December 31	
	2019	**2018**
Operating revenues:		
Tenant rentals	$ 26,589	24,669
Housing assistance payment subsidies	156,685	152,967
Operating subsidies and grants	41,845	36,756
Other	66,672	46,573
Total operating revenues	291,791	260,965
Operating expenses:		
Housing operations and administration	60,271	54,799
Tenant services	5,682	4,974
Utility services	6,406	5,828
Maintenance	21,019	19,937
Housing assistance payments	114,786	102,182
Other	8,969	4,941
Depreciation and amortization	12,594	11,805
Total operating expenses	229,727	204,466
Operating income	62,064	56,499
Nonoperating revenues (expenses):		
Interest expense	(3,367)	(2,850)
Interest income	7,104	5,717
Insurance proceeds, net	—	405
Change in fair value of investments	204	(13)
Loss from refinancing	—	(606)
Gain (Loss) on investment in limited partnerships	(1,183)	2,469
Loss on disposition of assets	(30,343)	(2,488)
Net nonoperating revenues (expenses)	(27,585)	2,634
Change in net position before capital contributions	34,479	59,133
Capital contributions	12,272	10,308
Change in net position	46,751	69,441
Total net position, beginning of year (as restated)	632,594	563,153
Total net position, end of year	$ 679,345	632,594

Operating revenues are shown in detail in the chart below:

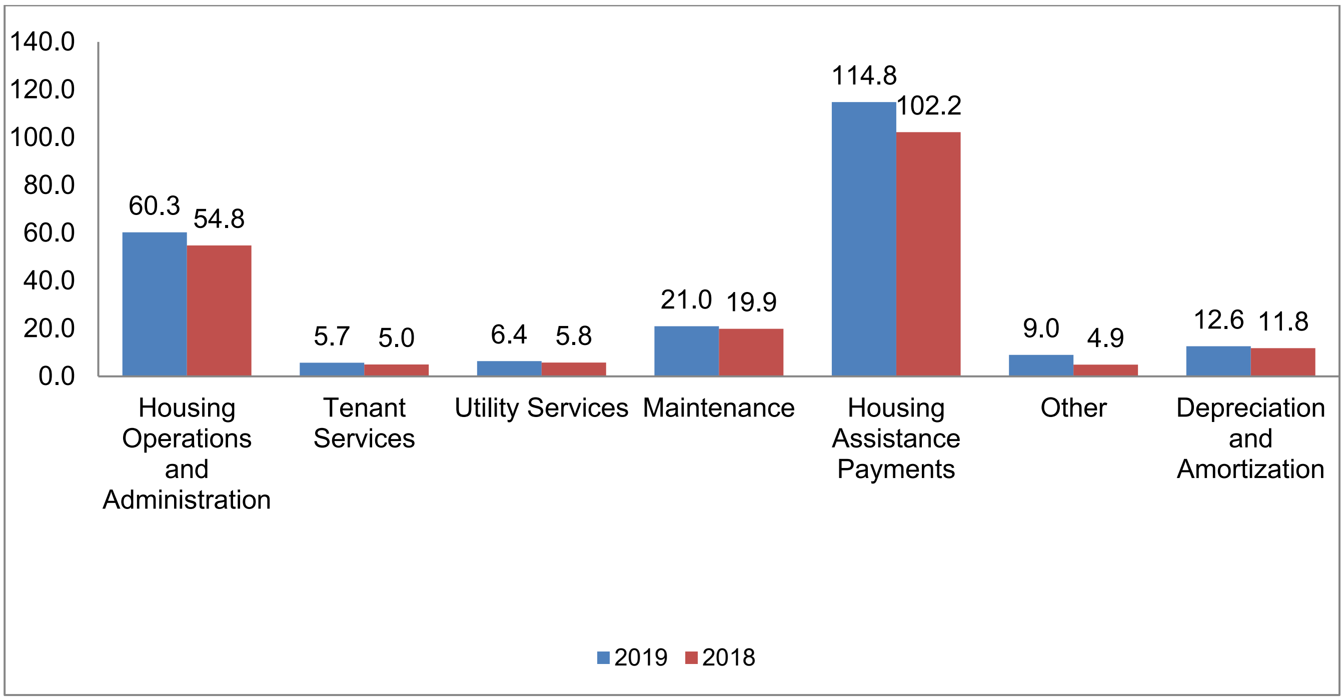
Operating Revenues – 2019 and 2018



Dollars (in millions)

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2019 and 2018



Dollars (in millions)

Capital Asset and Debt Administration

The Authority increased capital assets, net, during the year ended December 31, 2019 by approximately $78.2 million.

The table below shows the Authority's capital assets, net of accumulated depreciation and amortization, at December 31, 2019 and 2018 (in thousands):

		2019	2018
Land	$	135,750	68,650
Land improvements		34,804	35,845
Structures		272,041	245,853
Leasehold improvements		486	497
Equipment		3,510	2,989
Construction in progress		31,201	45,765
Total capital assets, net	$	477,792	399,599

Land and structures increased during the year with the purchase of three properties (Weller Apartments, MLK Apartments and Golden Sunset Apartments) under the HUD multifamily program through an agreement with King County Housing Authority. Construction in progress decreased as infrastructure at Yesler Terrace was transferred to the City upon closing of the CNI grant.

The following schedule shows the significant components of the construction in progress as of December 31, 2019 and 2018 (in thousands):

		2019	2018
Modernization funds – Capital grants	$	4,567	4,909
Modernization funds – Choice neighborhood grant		—	2,845
Yesler Terrace Infrastructure		14,775	33,606
Other programs		11,859	4,405
Total construction in progress	$	31,201	45,765

Note 5 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year ended December 31, 2019.

The table below shows the Authority's outstanding debt at December 31, 2019 and 2018 (in thousands):

		2019	2018
Short-term borrowings	$	34,865	11,495
Notes payable		86,939	21,987
Bonds payable		61,145	62,540
Total debt outstanding	$	182,949	96,022

Total debt outstanding increased by $86.9 million from December 31, 2018 to 2019. The Authority increased short-term borrowings by $23.4 million as a result of borrowing on the new acquisition line of credit to purchase Weller Apartments, MLK Apartments and Golden Sunset Apartments which was offset by payoffs on both the taxable line of credit and real estate line of credit during the year. Notes payable increased as a result of a new loan in the amount of $65 million for the purchase of Northgate Apartments late in the year.

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the year ended December 31, 2019.

The Authority maintained an entity credit rating from Standard & Poor's Rating Services under their international rating criteria for housing authorities/social housing in the United States and Europe of 'AA' with a stable outlook.

Federal Funding Support to the Authority

Federal appropriation levels for HUD programs, such as Section 8 Housing Choice Voucher Program and Section 9 Public Housing Operating Subsidies, and the various capital programs continue to have a major impact on the Authority's budget. Federal housing dollars make up the largest source of operating revenue for the Authority and the principal source of funding for public housing capital. During 2019, the Authority earned $198.5 million in federal dollars for its operating programs and $12.3 million for its capital projects. In addition, federal financial support from HUD has been an important source of seed money and leverage funding for acquiring or developing a majority of the Authority's $477.8 million of capital assets as of December 31, 2019.

The Authority has been engaged for more than 20 years in the redevelopment of the Authority's family communities and 24 of the Authority's 25 public housing high rises. The Authority has relied with great success on public and private mixed-financings to achieve the modernization of a substantial portion of its portfolio. The mixed-financings at these properties have used federal HOPE VI funds; American Recovery and Reinvestment Act funds; Choice Neighborhoods Implementation grants; Public Housing capital grant funds; MTW block grant funds; other competitive awards of federal capital funds to leverage tax credit partnership equity; and, grants from state and local government, equity contributions from the Authority, proceeds from sale of land, and issuances of bonds to finance the completion of these projects.

The federal government has been a principal source of funds for low-income housing operations, maintenance and capital since the enactment of the National Housing Act of 1937 (Act). While the level of federal support of public housing has ebbed and flowed with different administrations and Congresses over the decades, there is a history of federal financial support for low-income housing that dates from the Act and continues to the present, a commitment of more than 80 years.

Since the early years of sequestration, Congress has acted to moderate its impacts with successive two-year bipartisan agreements that modestly increased the spending ceilings, until 2018. In 2018, Congress reached a surprise Bipartisan Budget Act of 2018 providing increases of approximately 12 percent for 2018 and 2019, well above the ten-year sequestration spending caps for Discretionary Defense and Non-Defense. This budget agreement was implemented by Congress through appropriation bills for both 2018 and subsequently 2019.

The increases in federal funds the Authority received in 2018 and 2019 were above those anticipated in the Authority's 2018 and 2019 budgets. The Authority made modest increases in operating program initiatives and expenses, but devoted a large part of the added funds to "Opportunity Investments", principally in one-time capital spending, or in short-term projects aimed at the agency's goal of serving more people. The Authority also undertook in 2019 an acquisition program to add 500 units of housing to our portfolio over a projected three years, with half the units serving extremely low income people (30 percent of Area Median Income (AMI) and below) and half serving low income people between 40-80 percent of AMI. The program criteria also encouraged units to serve families and properties in high opportunity areas for children. The acquisition of Spring Lake, a work force housing property with 69 units late in 2018; the purchase of three Multi-family Rental Assistance extremely low income properties with 260 units in August 2019; and, the purchase of the Northgate Apartments of 211 units completed the acquisitions program at the end of 2019, exceeding the goal of 500 units. The Northgate property is an underdeveloped site in an opportunity area. The Authority and the City of Seattle will work in partnership over the next five years to pay off the acquisition debt and determine redevelopment options to increase housing on this site. In early 2020, the Authority paid off the lines of credit used to procure the initial properties with permanent financing or equity investments by the Authority.

While the 2018-2019 Bipartisan Budget Act was a surprising departure by Congress from much smaller increments of reprieve from the annual sequestration caps, it created a new problem for Congress for the 2020 Budget. It created a "Fiscal Cliff" where, if Congress failed to pass legislation to again raise the caps in the final two years of sequestration, the Budget ceiling for the Discretionary Defense and Non-Defense would automatically fall by approximately $126 billion, necessitating across the board reductions in these budgets of an average 10 percent. To avoid this outcome, Congress did close out the ten year spending plan with a final two year budget deal to raise the ceilings from the 2020 and 2021 sequestration caps by more than 13 percent. This action brought year-to-year funding increases of 4.0 percent for 2019 to 2020 and 1.0 percent for 2020 to 2021.

The Authority was in the process of completing decisions on the 2020 Proposed Budget when the Bipartisan Budget Act of 2019 was signed by President Donald Trump. The Authority had taken a middle road of risk in preparing the 2020 agency-wide budget proposal by assuming federal funding would be flat at 2019 levels in 2020 and the Authority hedged further by investing some operating funds in one-time capital opportunities.

The effects of the COVID-19 Pandemic has not only increased our costs in early 2020 above what we had previously anticipated, but will affect the subsidy funds we will require to support our low income housing and voucher rental assistance. This is a result of significant job loss among our residents and voucher households starting in March 2020. In March and April 2020, the Authority has experienced nearly a threefold increase in the number of our clients coming in for reductions in their rent because they have lost their job or had their hours cut. Since rent for the extremely low income tenants and voucher-holders is based on 30 percent of their adjusted income, their rent will be adjusted downward to reflect less income. For housing units the Authority owns and/or manages, this will mean lower dwelling rental income and a higher subsidy requirement. In the case of voucher households, this means the tenant pays the private landlord a lower share of the contract rent and the Authority pays a higher Housing Assistance Payment (HAP) to meet the contract rent level.

The Authority is just beginning to learn what supplemental funding may be available from the federal government to help address the impacts of the COVID-19 pandemic on our expenses and revenues. The Authority has been judicious investing heavily in one-time capital uses from the increased funding in 2018 and 2019 and this will be an important ongoing resource to help us manage changes and choices still ahead of us as the impacts of the pandemic unfold. While uncertainty ahead remains, the Authority also has a strong financial profile and reserves that can be drawn on if needed to help weather through recovery from the virus.

Local Housing Market Outlook

The condition of the local housing market and economy affect the Authority in three different roles: as a developer of low income housing; as a landlord that operates and maintains our own low income housing communities; and, as a participant in the private rental housing market as the provider of rental assistance to tenants who qualify for housing vouchers they use to secure affordable housing in the private sector.

In these capacities, the Authority has experienced both the upsides and downsides of the "hot" housing market in Seattle. The Authority has succeeded in completing sale of properties in our redeveloped communities of High Point and Rainier Vista to support completion of the private sector side of the mixed income developments of housing and commercial properties in these communities. In the Yesler redevelopment, the Authority has benefitted from land appreciation in the sale of blocks for private residential development, the revenues from which will assure successful completion of replacement low income housing at Yesler. On the flip side, the Authority has also experienced, along with all other public and private developers, construction cost increases that challenge the Authority's development assumptions and budgets.

With the local rental market extremely tight over the past five-plus years, the Authority struggled to achieve voucher utilization goals and too many of those who received a voucher were either unable to find a unit they could afford to lease or would engage in an extended search of up to six months to successfully lease a unit. With a significant increase in the voucher payment standard effective in the last quarter of 2018, the Authority met its 2018 goal of 93 percent utilization and projected further improvement in 2019. Due to the combination of the increased market rate voucher payment standard; streamline processing of voucher applications and housing counseling support to voucher shoppers; a modest softening of the Seattle rental market; and a decrease in the Authority's voucher attrition rates, the Authority exceeded its expectations for 2019, achieving a 97.4 percent voucher utilization rate, reflecting greater leasing success and less time required to find an affordable unit.

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, at 190 Queen Anne Ave North, Seattle, WA 98109, or by e-mail at janet.hayes@seattlehousing.org.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2019

Assets and Deferred Outflows of Resources		Primary government	Component units
Current assets:			
Cash and cash equivalents	$	5,701,140	4,494,916
Restricted cash		17,238,352	29,793,702
Investments		144,544,113	—
Accounts receivable:			
Tenant rentals and service charges		552,243	577,165
Other		1,420,240	179,603
Due from:			
Other governments		3,979,886	—
Primary government		—	1,157,211
Component units		3,567,276	—
Inventory and prepaid items		684,633	453,423
Restricted investments		43,230,148	170,420
Unamortized charges		518,202	1,380,968
Notes receivable		30,812	—
Notes receivable from component units		2,633,600	—
Assets held for sale		669,548	—
Other assets		1,383	—
Total current assets		224,771,576	38,207,408
Noncurrent assets:			
Investments		3,334,172	—
Cash restricted for long-term purpose		9,575,548	2,592,555
Restricted investments		3,069,181	5,602
Due from component units (net of allowance of $19,478,393)		12,615,791	—
Assets held for sale		179,177	—
Other		11,499,724	7,191,237
Capital assets:			
Land		135,750,013	4,926,009
Land improvements		49,209,279	25,810,721
Leasehold improvements		1,447,059	—
Structures		530,891,041	549,583,809
Equipment		22,237,516	9,716,184
Construction in progress		31,200,470	1,344,232
Less accumulated depreciation and amortization		(292,943,423)	(118,288,417)
Capital assets, net		477,791,955	473,092,538
Notes receivable, less current portion (net of allowance of $5,277,961)		13,071,143	—
Notes receivable from component units, less current portion (net of allowance of $4,896,576)		247,799,696	—
Total noncurrent assets		778,936,387	482,881,932
Total assets		1,003,707,963	521,089,340
Pension and OPEB related deferred outflows of resources		4,448,538	—
Total assets and deferred outflows of resources	$	1,008,156,501	521,089,340

(Continued)

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2019

Liabilities, Deferred Inflows of Resources and Net Position		**Primary government**	**Component units**
Current liabilities:			
Accounts payable:			
Vendors and contractors	$	12,078,508	3,761,233
Other		1,979,710	2,941,463
Accrued liabilities		6,243,020	5,020,716
Due to component units		1,157,211	—
Due to primary government		—	3,567,276
Security deposits		1,666,562	1,536,704
Short-term borrowings		34,864,778	—
Current portion of long-term debt from primary government		—	2,633,600
Current portion of long-term debt		1,487,186	39,183,817
Unearned revenue		4,683,946	242,914
Total current liabilities		64,160,921	58,887,723
Noncurrent liabilities:			
Due to primary government		—	32,094,184
Unearned revenue		90,267,785	—
Long-term payables and liabilities		274,477	—
Long-term debt, less current portion:			
Notes payable to primary government		—	251,511,721
Notes payable		86,886,724	62,363,835
Bonds payable		59,710,000	36,756,052
Accrued compensated absences		2,874,800	325,687
Total OPEB liability		1,622,439	—
Net pension liability		14,175,955	—
Total noncurrent liabilities		255,812,180	383,051,479
Total liabilities		319,973,101	441,939,202
Pension and OPEB related deferred inflows of resources		8,838,469	—
Total liabilities and deferred inflows of resources		328,811,570	441,939,202
Net position:			
Net investment in capital assets		298,993,267	80,643,513
Restricted for debt service		71,093,657	28,262,600
Restricted for endowment funds		1,377,280	—
Unrestricted (deficit)		307,880,727	(29,755,975)
Total net position		679,344,931	79,150,138
Total liabilities, deferred inflows of resources and net position	$	1,008,156,501	521,089,340

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 Position

Year ended December 31, 2019

	Primary government	Component units
Operating revenues:		
Tenant rentals	$ 26,589,003	39,742,548
Housing assistance payment subsidies	156,685,178	—
Operating subsidies and grants	41,844,957	—
Other	66,672,160	1,583,863
Total operating revenues	291,791,298	41,326,411
Operating expenses:		
Housing operations and administration	60,270,665	9,600,149
Tenant services	5,682,197	—
Utility services	6,405,673	6,074,296
Maintenance	21,019,459	9,764,633
Housing assistance payments	114,785,518	—
Other	8,969,285	3,105,900
Depreciation and amortization	12,593,955	14,971,714
Total operating expenses	229,726,752	43,516,692
Operating income (loss)	62,064,546	(2,190,281)
Nonoperating revenues (expenses):		
Interest expense	(3,367,147)	(8,999,713)
Interest income	7,103,809	157,782
Change in fair value of investments	204,103	(77,955)
Loss on investment in limited partnerships	(1,182,699)	—
Loss on disposition of assets	(30,343,160)	—
Net nonoperating revenues (expenses)	(27,585,094)	(8,919,886)
Change in net position before contributions	34,479,452	(11,110,167)
Contributions:		
Capital contributions	12,271,789	—
Partners' contributions	—	21,307,131
Total contributions	12,271,789	21,307,131
Change in net position	46,751,241	10,196,964
Total net position at beginning of year, as restated – see note 1(b)	632,593,690	68,953,174
Total net position at end of year	$ 679,344,931	79,150,138

See accompanying notes to basic financial statements.

Exhibit A-3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Cash Flows

Year ended December 31, 2019

		Primary government
Cash flows from operating activities:		
Receipts from residents	$	27,071,318
Receipts from other sources		69,512,383
Operating grants and subsidies received		198,055,852
Advances from affiliates		1,890,789
Payments to vendors		(64,872,288)
Housing assistance payments		(114,785,518)
Payments for salaries and benefits		(38,527,631)
Net cash provided by operating activities		78,344,905
Cash flows from capital and related financing activities:		
Capital contributions		11,099,239
Acquisition and construction of capital assets		(117,796,143)
Proceeds from short term borrowings		32,364,778
Proceeds from long term borrowings		65,000,000
Repayments of short term borrowings		(8,994,686)
Principal payments on notes and bonds payable		(1,442,909)
Interest paid		(3,021,397)
Net cash used in capital and related financing activities		(22,791,118)
Cash flows from investing activities:		
Investment income received		6,891,521
Maturity of investment securities		92,643,496
Purchases of investment securities		(138,546,581)
Increase in net investment in partnerships		(3,420,850)
Collections on notes receivable		566,077
Advances on notes receivable		(10,805,248)
Net cash used in investing activities		(52,671,585)
Increase in cash and cash equivalents		2,882,202
Cash and cash equivalents at beginning of year, as restated		29,632,838
Cash and cash equivalents at end of year	$	32,515,040
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	62,064,546
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		12,593,956
Changes in operating assets and liabilities:		
Accounts receivable and other assets		1,102,435
Inventory and prepaid items		(101,622)
Accounts payable and other liabilities		3,888,846
Accrued compensated absences		9,631
Unearned revenue and other		(1,212,887)
Total adjustments		16,280,359
Net cash provided by operating activities	$	78,344,905
Supplemental disclosure of noncash activities:		
Loss on disposal of assets	$	(30,343,160)
Change in capital asset acquisitions included in accounts payable and accrued liabilities		2,975,084
Loss on investment in limited partnerships		(1,182,699)
Change in fair value of investments		204,103

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 as reflected in the Revised Code of Washington (RCW), Chapter 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 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 presents its activities 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 5,894 units, which includes 894 units of senior housing (see below). 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 Seattle Senior Housing Program (SSHP) – operates 1,030 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 housing units is provided primarily from rental income with a small subsidy for the Public Housing operating funds. During 2011, the Authority received approval from HUD and from the City to include 894 of the SSHP units in the Public Housing program. This change took effect January 1, 2012.

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 10,326 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped individuals 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 five housing developments totaling 388 units. Of the five developments, three were acquired during 2019.

The Section 8 Moderate Rehabilitation program operates under HUD’s ACC S-0068K and consists of the operations of 361 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.

Other Housing Programs – operates 1,516 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 739 nonpublic housing, tax credit 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. The Authority’s 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 one of (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 if the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the component has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. The discrete method presents the financial statements of the component units outside of the basic financial statement totals of the primary government.

The Authority is the 0.01% owner and the general partner in 16 real estate limited partnerships and 99.99% owner and general partner of one real estate limited partnership as of December 31, 2019. The limited partner interests in these 17 limited partnerships 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. The Authority is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements to provide operating subsidies for ongoing operations and some partnership debt obligations are backed by the Authority's general revenues. Additionally, in some cases, the Authority is legally obligated to fund operating deficits and could be liable for tax payments upon exiting the partnerships. The Authority also has outstanding loans and net advances to the limited partnerships amounting to approximately $265.5 million at December 31, 2019. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

The 17 component units are: High Point North Limited Partnership (High Point North), High Point South Limited Partnership (High Point South), Alder Crest Limited Partnership (Alder Crest), High Rise Rehabilitation Phase I Limited Partnership (Phase I homeWorks), Seattle High Rise Phase II Limited Partnership (Phase II homeWorks), Seattle High Rise Phase III Limited Partnership (Phase III homeWorks), Douglas Apartments Limited Partnership (South Shore Court), Tamarack Place Limited Partnership (Tamarack Place), Lake City Village Limited Liability Limited Partnership (Lake City Court), Rainier Vista Northeast Limited Liability Limited Partnership (Rainier Vista NE), Leschi House Limited Liability Limited Partnership (Leschi House), 1105 East Fir Limited Liability Limited Partnership (Kebero Court), 820 Yesler Way Limited Liability Limited Partnership (Raven Terrace), 221 10th Ave S Limited Liability Limited Partnership (Hoa Mai Gardens), NewHolly Phase I Limited Liability Limited Partnership (NewHolly Phase I), 888 E Fir, Limited Liability Limited Partnership (Red Cedar) and West Seattle Affordable Housing, Limited Liability Limited Partnership (West Seattle Properties).

High Point North is a separate legal entity created on October 31, 2003 to undertake phase one of the redevelopment activities at the High Point community. During 2018, the tax credit limited partner exited the partnership and as of December 31, 2019, the Authority participated as the 99.99% managing general partner of the partnership. The Authority has leased the land for phase one of the High Point redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. As of December 31, 2019, High Point North has no outstanding developer fees owed to the Authority.

High Point South 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 partnership. The Authority has leased the land for phase two of the High Point redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2019, High Point South owed the Authority no developer fees.

Alder Crest is a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. Alder Crest 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 partnership and the Authority has leased the building to Alder Crest under a 75-year financing lease. The Authority is required to fund operating deficits without limitation through operating deficit loans. Upon dissolution and liquidation of the partnership, the general partner obligation to fund operating deficits through operating deficit loans shall continue in an additional amount not to exceed $109,615. As of December 31, 2019, Alder Crest has no outstanding developer fees payable to the Authority.

Phase I homeWorks 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 for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2019, homeWorks I has no outstanding developer fees payable to the Authority.

Phase II homeWorks 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 for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2019, homeWorks II has no outstanding developer fees payable to the Authority.

Phase III homeWorks 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 for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2019, homeWorks III has no outstanding developer fees payable to the Authority.

South Shore Court is a separate legal entity created on September 14, 2007 to undertake rehabilitation of the Douglas Apartments, owned by the Authority. South Shore Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The land and building are leased to the partnership under a 75-year financing lease. If an operating deficit exists, the Authority is obligated to loan funds to the partnership up to the amount of the deficit. As of December 31, 2019, South Shore Court owed the Authority developer fees in the amount of $120,933.

Tamarack Place is a separate legal entity created on October 15, 2008 to undertake phase two of the redevelopment activities at the Rainier Vista community. During 2010, Tamarack Place admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a 99-year operating lease for the land to the partnership for a nominal amount. If an operating deficit exists, the general partner is obligated to loan the partnership up to $350,000. As of December 31, 2019, Tamarack Place owed the Authority no developer fees.

Lake City Court is a separate legal entity created on December 3, 2009 to undertake redevelopment activities at the site formerly occupied by Lake City Village, which was demolished in 2002 due to severe flooding damage to the housing units. During 2010, Lake City Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 55-year capital lease for the land with the Authority for $2,750,000 of which $1,375,158 is payable as of December 31, 2019. If an operating deficit exists, the Authority is obligated to contribute funds to the partnership up to $515,000. As of December 31, 2019, Lake City Court has no developer fees owed to the Authority.

Rainier Vista NE is a separate legal entity created on January 29, 2010 to undertake phase three of the redevelopment activities at the Rainier Vista Community. During 2010, Rainier Vista NE admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a 99-year operating lease for the land to the partnership for a nominal amount. The Authority is obligated to fund operating deficits up to $1,000,000 and to advance funds with no limitation to the partnership to cover deficits. As of December 31, 2019, Rainier Vista NE has no outstanding developer fees payable to the Authority.

Leschi House is a separate legal entity created on October 8, 2012 to undertake the redevelopment of Leschi House, a property in the Senior Housing portfolio. During 2015, Leschi House admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a long-term 99 years and 5 months capital lease for the land and building with the partnership in the amount of $3,110,000. If operating deficits exist, the Authority is required to loan funds to the partnership up to $298,498. As of December 31, 2019, the Leschi House owed the Authority developer fees in the amount of $128,452.

Kebero Court is a separate legal entity created on October 23, 2012 to undertake the first phase of the redevelopment of Yesler Terrace with the construction of a 103-unit apartment building. During 2014, Kebero Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an unlimited obligation to fund operating deficits through the stabilization date. After that date, the obligation will be limited to $384,000. As of December 31, 2019, Kebero Court has no outstanding developer fees owed to the Authority.

Raven Terrace is a separate legal entity created on January 29, 2014 to undertake the second phase of the redevelopment of Yesler Terrace with the construction of an 83-unit apartment project. During 2015, Raven Terrace admitted a tax credit investor to the partnership as a 99.98% limited partner and a 0.01% special limited partner. The Authority participates as the 0.01% managing general partner of the partnership. The partnership has leased the land from the Authority for 99 years for a nominal amount. If there are insufficient funds in the operating deficit reserve, the Authority is obligated to provide noninterest-bearing loans to the partnership. As of December 31, 2019, Raven Terrace owed the Authority developer fees in the amount of $534,708.

Hoa Mai Gardens is a separate legal entity created on February 2, 2015 to continue with the redevelopment of Yesler Terrace with the construction of an 111-unit apartment building. During 2015, Hoa Mai Gardens admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has unlimited obligation to fund operating deficits through the stabilization date which occurs when the project has a debt service coverage ratio of 1.15 for three consecutive months of operations. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after the stabilization date. As of December 31, 2019, Hoa Mai Gardens owed the Authority developer fees in the amount of $609,530.

NewHolly Phase I is a separate legal entity created on March 29, 2016 to undertake rehabilitation of the exterior of the buildings at the phase I of the NewHolly community. During 2016, NewHolly admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 99-year capital lease for the land and buildings with the Authority for $19,250,000, which is allocated to the current value of the improvements. If an operating deficit exists, the Authority is obligated to loan funds to the partnership up to $1,228,937 through the end of the fiscal year in which either the third anniversary of the end of the lease-up period or the third anniversary of the end of the stabilization period occurs. As of December 31, 2019, NewHolly Phase I owed no developer fees to the Authority.

Red Cedar is a separate legal entity created on May 3, 2016 to continue with the redevelopment of Yesler Terrace with the construction of an 119-unit apartment building. During 2019, Red Cedar admitted a tax credit investor to the partnership as a 99.9% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has an unlimited obligation to fund operating deficits through the stabilization date which occurs when the project has a debt service coverage ratio of 1.15 for 90 consecutive days of operations. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after the stabilization date. As of December 31, 2019, developer fees in the amount of $2,616,550 were owed to the Authority.

West Seattle Properties is a separate legal entity formed on December 12, 2017 to undertake the rehabilitation of three projects in West Seattle, namely Wisteria Court with 12 buildings (96 units), Longfellow Creek with seven buildings (84 units) and Roxhill Court with six buildings (24 units). During 2019, West Seattle Properties admitted a tax credit investor to the partnership as the 99.9% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 99-year capital lease for the land and buildings with the Authority for $26,810,000, which is allocated to the current value of the improvements. If an operating deficit exits, the Authority is obligated to provide the funds to the partnership during the break-even period to meet all reasonable operating and fixed costs attributable to such period. As of December 31, 2019, developer fees in the amount of $1,000,000 were owed to the Authority.

All 17 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2019 and may be obtained by contacting the Authority.

Ritz Apartments Limited Partnership (Ritz) was a separate legal entity created on August 12, 2004 to undertake rehabilitation of the Ritz Apartments. During fiscal year 2005, the Ritz admitted a tax credit investor to the partnership as a 99.99% limited partner. On November 1, 2019 the Ritz was dissolved and all assets and obligations were transferred to the Authority. The Authority paid $28,345 to the limited partner and assumed the debt of the partnership to complete the transaction. Prior to the dissolution and merger, the Ritz was reported as a discretely presented component unit.

The merger of the Ritz resulted in the following increases and decreases in the January 1, 2019 amounts reported for the primary government and component units:

		Primary government	Component units
Current assets	$	115,543	(115,543)
Capital assets, net		1,623,672	(1,623,672)
Noncurrent assets		41,898	—
Inter-entity receivables (payables)		(133,296)	133,296
Inter-entity notes receivables (payables)		(265,856)	265,856
Current liabilities		(156,937)	148,713
Noncurrent liabilities		1,272,895	—
Long-term debt		(1,391,530)	1,392,727
Investment in limited partnerships		21,268	—
Increase in net position	$	1,127,657	201,377

In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* the Authority restated its net position for December 31, 2018 as of January 1, 2019 due to the merger with the Ritz:

Net position as previously reported	$	631,466,033
Combination of the Ritz Limited Partnership under previously adopted GASB No. 69		1,127,657
Net position, as restated	$	632,593,690

(c) New Accounting Standards Adopted

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The statement was issued May 7, 2020 and became effective immediately. The adoption of this GASB standard in 2019 did not have a material impact on the Authority's financial statements.

(d) New Accounting Standards to be Adopted in Future Years

GASB Statement No. 83**,** *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The requirements of this statement are effective for periods beginning after June 15, 2019.

GASB Statement No. 84*, Fiduciary Activities* establishes criteria for identifying and reporting of fiduciary activities of all state and local governments. The requirements of this statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 87*, Leases* establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 88**,** *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* will improve footnote disclosures related to government debt, including direct borrowings and direct payments and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for periods beginning after June 15, 2019.

GASB Statement No. 89*, Accounting for Interest Cost Incurred Before the End of a Construction Period* will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are effective for periods beginning after December 15, 2021.

GASB Statement No. 90, *Majority Equity Interests* – an Amendment of GASB Statements No. 14 and 61 will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously was reported inconsistently. In addition, this Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this statement are effective for periods beginning after December 15, 2019.

GASB Statement No. 91, *Conduit Debt Obligations* will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. The statement addresses a variety of topics and effective immediately except for those topics related to standards not yet effective. The Authority will adopt as required.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistence of authoritative literature. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods beginning after December 31, 2021. All other requirements of the statement are effective for reporting periods beginning after June 15, 2020.

The Authority's management is currently evaluating these new standards to determine what impact they will have on the Authority.

(e) 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 and amortization of assets is recognized in the statement of revenues, expenses, and changes in net position. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statement of net position. The principal operating revenues of the Authority are rental revenues received from residents and subsidies received from HUD for qualified residents for housing assistance payments in the Section 8 program and for operations in the public housing program. Grants and similar items are recognized as operating revenue when all eligibility requirements have been met. Gains from sale of capital assets used in the core operations of the Authority 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. 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 unearned revenue on its statement of net position. Unearned revenues arise when the cash has been received but the potential revenue has not been earned in the current period. Unearned revenues also arise when resources are received by the Authority before it has a legal claim to them, as grant monies 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 unearned revenue is removed from the statement of net position and revenue is recognized.

(f) Cash and Investments

Cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with a term of less than one year. All of the Authority's investments are reported at fair value with the exception of the Local Government Investment Pool (LGIP), which is carried at amortized cost. The LGIP portfolio of securities meets the requirements in GASB Statement No. 72, *Fair Value Measurement and Application,* which allow its investments to be reported at amortized cost.

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.

(g) 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 rental projects that the Authority manages but does not own. The Authority will record an allowance when collectability of the related receivable is uncertain.

(h) Inventories and Prepaid Items

Inventories are stated at cost and consist of expendable materials and supplies. Inventory items are expensed using the moving weighted average. Office supplies and maintenance materials are expensed using the first-in, first-out method. Prepaid items are for payments made by the Authority for services or goods received which will be used in a subsequent fiscal year.

(i) Unamortized Charges

Unamortized charges consist of bond discounts, which are amortized over the term of the related note or bond.

(j) 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 and amortization 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 $2,000 and a useful life of over one year are capitalized. Assets acquired through contribution are recorded at the acquisition value on the date donated. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Capital assets are generally depreciated using the straight-line method over the following estimated useful lives:

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

(k) Deferred Outflows/Inflows of Resources

A deferred outflow of resources is defined as a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

A deferred inflow of resources is defined as an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time.

(l) Accounts Payable – Other

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

(m) Compensated Absences

Cabinet level employees and certain other executive level staff are covered under an 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 of vacation leave 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 year-end. See note 7(a) for detailed schedule.

(n) Management Fees

The Authority manages two residential rental properties for HUD. For the year ended December 31, 2019, the Bay View Tower project paid the Authority management fees of $20,790, which is equal to 6.8% of net rental revenues received. Market Terrace paid the Authority management fees of $1,593 per month.

(o) 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 2019 and no amounts are due and payable as of December 31, 2019.

(p) Unearned Revenue

The Authority has unearned revenue resulting from operating lease payments received in advance at the inception of the leases from eleven of its discretely presented component units: Alder Crest, South Shore Court, Lake City Court, homeWorks I, homeWorks II, homeWorks III, Leschi House, Kebero Court, NewHolly Phase I, West Seattle Properties and Red Cedar. The lease payments are recognized over the lease terms and unearned lease payments are shown as unearned revenue.

In addition, the Authority also has unearned revenue from prepaid tenant rents and commercial rents, earnest money collected for property sales, and grant funds that have been received but not yet earned.

(q) 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 also 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.

(r) Pension Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Washington State Public Employees' Retirement System (PERS) cost-sharing multiple-employer defined benefit plans and additions to/deductions from PERS fiduciary net position have been determined on the same bases as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(s) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the City Health Care Blended Premium Subsidy, a single employer postemployment healthcare plan administered by the City. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

(t) 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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. Material estimates relate primarily to the determination of the allowance on notes receivable from component units.

(2) Deposits and Investments

(a) Deposits

As of December 31, 2019, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post Office deposits) was $32,510,260 and the bank balance was $33,402,127 The bank deposits are held with financial institutions and are entirely insured or collateralized and are classified

(Continued)

as cash and cash equivalents in the statement of net position. 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 RCW Chapter 39.58. In addition to bank deposits, the Authority has $2,500 held at the U.S. Post Office and $4,780 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 following is a reconciliation of the Authority's investments to the statement of net position as of December 31, 2019:

Statement of net position caption		December 31, 2019
Current assets:		
Investments	$	144,544,113
Restricted investments		43,230,148
Noncurrent assets:		
Investments		3,334,172
Restricted investments		3,069,181
Total investments	$	194,177,614

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 approximate fair value.

The LGIP has a minimum transaction amount for both deposits and withdrawals of $5,000. There is no maximum transaction amount, but the LGIP requests at least one day advance notice for any transaction in the amount of $10 million or more. For transactions less than $10 million, LGIP requires notification the same business day and transactions are limited to one transaction each business day.

The Authority adheres 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.

(Continued)

The Authority restricts its participation in money market mutual funds to those investing only in U.S. Treasury securities.

Fair Value

GASB Statement No. 72, establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value as follows:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date,
- Level 2 inputs – inputs other than quoted priced included within Level 1 that are observable for an asset or liability either directly or indirectly, and
- Level 3 Inputs – unobservable inputs for an asset or liability.

The Authority's investments by fair level value are shown in the following table:

		Totals	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Unobservable inputs
Money market funds	$	3,069,182	3,069,182	—	—
U.S. agency securities		9,837,068	9,837,068	—	—
Total investments at fair value		12,906,250	12,906,250	—	—
State investment pool carried at amortized cost		181,271,364			
Total Investments	$	194,177,614			

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, 2019, 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 Authority's policy allows for safekeeping of securities either by the agent or a third party custodian as is the case for the LGIP.

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). The Authority has a large percentage of its portfolio invested in the LGIP. The LGIP is not rated.

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	$ 3,069,182	—	—	3,069,182
U.S. agency securities	AAA	6,502,896	3,334,172	—	9,837,068
State investment pool	n/a	181,271,364	—	—	181,271,364
Total investments		$ 190,843,442	3,334,172	—	194,177,614

(c) Component Unit Deposits

As of December 31, 2019, the component units' carrying amount of deposits (excluding petty cash) was $36,880,373 and the bank balance was $36,979,006. 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 position. 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 RCW Chapter 39.58. In addition to bank deposits, the component units have $800 in petty cash funds.

(d) Component Unit Investments

As of December 31, 2019, investments of $176,022 were held in trust and restricted for the development of the component units' redevelopment projects, replacement reserves, and operating reserves.

Custodial Risk

The investments of the component units are comprised of money market funds. As of December 31, 2019, all investments were insured or registered, and held by the component unit or its agent in the component unit's name. Therefore, the investments are not exposed to custodial risk.

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

The chart below shows the exposure to concentration of credit risk, credit risk and interest rate risk:

	S&P credit rating	N/A or less than 1 year	More than 10 years	Total
Money market funds	n/a	$ 176,022	—	176,022
Total investments		$ 176,022	—	176,022

(3) Restricted Cash and Investments

The Authority's restricted cash and investments as of December 31, 2019 are summarized in the following table with a further analysis of each of the components in the sections that follow:

Security deposits	$ 1,666,562
Bond trust funds and mortgage reserves	16,866,340
Other restricted funds:	
JobLink Escrow account	269,302
Construction retention	5,735
Market Terrace project HUD required reserves	83,122
Dream Big Scholarship fund	72,798
High Point Endowment Trust	224,862
Lake City Court Endowment Trust	164,741
Yesler Endowment	987,678
Desdemona Limited Partnership tax credit guarantee	1,265,337
Escallonia Limited Partnership tax credit guarantee	1,211,712
High Point and Yesler Terrace development	8,306,117
Yesler Land sale proceeds	37,790,489
Loan fund commitments to non-profit developer	1,000,000
Loan fund commitments to component units	3,198,434
	$ 73,113,229

The following is a reconciliation of restricted cash and investments to the statement of net position as of December 31, 2019:

Current assets:		
Restricted cash	$	17,238,352
Restricted investments		43,230,148
Noncurrent assets:		
Cash restricted for long-term purpose		9,575,548
Restricted investments		3,069,181
	$	73,113,229

(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, 2019 as shown in the schedule below:

		Residential	Commercial	Total
Total security deposits	$	1,482,656	183,906	1,666,562

(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2019, funds held for bond trust funds and mortgage reserves are shown below:

		Balance
Investments for Gamelin/Genesee bonds are restricted for the payment of principal and interest. The investments consist of money market funds and earn interest of 1.74% as of December 31, 2019.	$	255,560
Cash is held for the payment of principal and interest for the bond refunding in 2013 for Montridge Arms, Westwood East, Spruce Street, Norman Street, MLK properties, Fir Street, Lam Bow, Main Street Apartments, and Yesler Court. The funds consist of money market funds and bear interest of 1.12% as of December 31, 2019.		894,582
Restricted cash is held for the Beacon operating reserves and replacement reserves. The funds consist of money market funds and bear interest at approximately 0.20%.		131,472
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.20%.		101,466
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 0.20%.		901,655
Restricted cash is held for operating reserves and replacement reserves for Senior Housing projects Willis House, Reunion House, Nelson Manor, and Olmsted Manor and bear interest of approximately 0.20%.		139,701
Restricted cash held for bond activity related to the Douglas Apartment bonds. The account bears interest of approximately 0.25%.		330,880
Reserves are held in cash accounts for Ravenna School replacement reserves and bear interest at approximately 0.20%		185,665
Money market funds are held for replacement reserves for properties supported by the 2014 bond refunding including Market Terrace, Mary Avenue, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Avenue, 924 MLK Way, and Baldwin Apartments. The funds bear interest of approximately 1.12%.		1,050,358
Restricted money market funds are held for the payment of principal and interest for properties of the 2015 bond refunding including Market Terrace, Mary Avenue, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Avenue, 924 MLK Way, and Baldwin Apartments. The funds bear interest of approximately 1.12%.		868,681
Restricted cash is held for Holly Park Phase II public housing expense reserve and operating deficit reserve. The funds bear interest at approximately 0.20%.		569,967

(Continued)

		Balance
Restricted cash is held for the 2018 Bond refunding properties including Wedgewood Estates, New Holly Phases II and III and Rainier Vista, to pay interest and principal on the bonds. The funds bear interest at approximately 0.05%.		986,121
Restricted cash is held for the 2018 Bond refunding properties including Wedgewood Estates, New Holly Phases II and III and Rainier Vista, as unspent bond proceeds. The funds bear interest at approximately 0.05%.		6,813,612
Restricted cash is held for the 2018 Bond refunding properties including Wedgewood Estates, New Holly Phases II and III and Rainier Vista, for replacement reserves. The funds bear interest at approximately 0.01%.		2,979,179
Restricted cash is held for replacement reserves at Spring Lake, Weller Apartments, Golden Sunset Apartments and MLK Apartments. The funds bear interest at approximately 0.02%.		561,260
Restricted cash is held for the replacement reserves and operating reserves at the Ritz Apartments. The funds bear interest at 0.15%.		96,181
Total	$	16,866,340

(c) Other Restricted Funds

Restricted cash amounts of $269,302 are held in trust for participants of the JobLink program which helps tenants of the Authority's programs to further employment opportunities with coaching, training programs and educational assistance. The Joblink program is available for tenants 18 or older. Residents work with career coaches to map out individual plans for better employment.

Restricted cash amounts of $5,735 are held for retainage for construction projects.

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 $83,122 were held as of December 31, 2019.

Restricted cash amounts of $72,798 are held in the Campus of Learner's Foundation within the Development fund for the Dream Big Scholarship fund, which provides scholarships for residents of the Authority's communities.

Restricted cash amounts of $224,862 are held in an endowment trust for residents of High Point. The funds are to be used only for planning, providing, and evaluating community and support services for the primary benefit of the public housing residents of High Point housing development and former residents occupying other public housing in accordance with the plan approved by HUD. A portion of the interest may be spent each year and the High Point Endowment Trust will continue to exist in perpetuity. Upon approval from HUD on August 28, 2009, grant funds in the amount of $220,995 were deposited to the account. During the year, there were no withdrawals and the account increased in value by $691.

Restricted cash amounts of $164,741 are held in an endowment trust for residents of Lake City Court. The funds are to be used for purposes that are consistent with the objectives of providing youth enrichment activities, providing services for seniors and providing community building activities for the residents of Lake City Court. The intent is to spend only the interest earnings and leave the principal intact. Upon approval from HUD in September 2013, grant funds in the amount of $163,069 were deposited to the account. During the year, there were no withdrawals and the account increased in value by $505.

Restricted cash amounts of $987,678 are held in an endowment trust for residents of the Yesler Terrace community. The funds are to be used for providing supportive services to Yesler Neighborhood Residents. The intent is to build this endowment and to spend only the interest Earnings and leave the principal intact. Upon approval from HUD in August, 2019 grant funds in the amount of $986,500 were deposited to the account. During the year there were no withdrawals and the account increased in value by $1,178.

Restricted cash amounts of $1,265,337 are held under the terms of an agreement with the former limited partner of the Desdemona Limited Partnership. According to the terms of the agreement, funds are held as guarantee for possible recapture of tax credits for a period of three years. After determination of tax credit recapture has been determined and assuming no recapture is present, funds will be released annually beginning in April 2019. In April 2019 $1,613,120 was released and the remaining amount will be released in April 2020 in the amount of the remaining $1,226,647 plus accrued interest. Distributions will be reduced should any recapture of tax credits be required for the investor.

Restricted cash amounts of $1,211,712 are held under the terms of an agreement with the former Limited partner of the Escallonia Limited Partnership. According to the terms of the agreement, funds are held as guarantee for possible recapture of tax credits for a period of three years. After determination of tax credit recapture has been finalized and assuming no recapture is present, funds will be released annually beginning in 2018. In January 2019 $1,075,631 was released and all remaining funds were released on January 15, 2020. None of the scheduled distributions were recaptured by the investor.

Restricted cash in the amount of $8,306,117 is held according to a security agreement with HUD. Funds represent proceeds from land sales at High Point and Yesler Terrace and are to be used for development at Yesler Terrace. HUD will release funds when certain conditions are met as described in the security agreement.

In addition, under an agreement with HUD related to the Yesler Transformation Plan, all other proceeds from land sales at the Yesler Terrace site are restricted for continued development at the property. As of December 31, 2019, $37,790,489 was held in restricted investments for this purpose.

Also, the Authority has committed loan funds to one non-profit agency as well as three of its limited partnerships according to documented legal agreements. A commitment of $1,000,000 exists for the Buy-Up program with a non-profit developer of low income housing. Funds will be used to increase the unit size of apartments under construction by the entity.

Partnership loan commitments total $3,198,434 with $1,425,255 to West Seattle Properties and $1,773,179 to Red Cedar. All amounts are expected to be loaned during 2020. These amounts are held as restricted cash and investments for the purpose of funding the commitments.

(4) Notes Receivable

(a) Other Than from Component Units

	December 31, 2019	Due within one year
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 in January 2050.	1,200,000	—
Due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note bears interest at 3% annually and all interest and principal will be forgiven in December 2040, if the project is operated according to the loan regulatory agreement.	494,600	—
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	—
Note due from the Mount Baker Housing Association for the Starlighter Apartments, which are secured by a deed of trust on the property. The note 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 in accordance with the loan agreement.	270,000	—
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	—

	December 31, 2019	Due within one year
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.	663,722	30,812
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 is due in full on the maturity date of December 31, 2052.	600,000	—
Due from Housing Resource Group 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	—

(Continued)

		December 31, 2019	Due within one year
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.		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	—
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 Capitol Hill Housing 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 bears no interest and matures August 31, 2054.		210,000	—
Due from Solid Ground for the construction of replacement units and rehabilitation of existing units at Santos Place. The note bears no interest and matures August 7, 2067.		150,175	—
Allowance for loss		(803,305)	—
Total notes receivable, net	$	13,101,955	30,812

The Authority has gross notes receivable and an allowance of $4,474,656 for loans made to Neighborhood House and Boys and Girls Club that are excluded from the table above. The allowance fully covers the loans as 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, 2019	Due within one year
Two notes due from homeWorks I. 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, 2019, the amount of interest payable to the Authority was $6,124,250.	$	24,000,000	—
Two notes due from High Point North in the amounts of $8,500,000 and $16,652,734. The notes bear compounding interest at 1% per annum and mature in in fiscal year 2054. Interest payments are due annually from available net cash flows. As of December 31, 2019, interest payable to the Authority was $3,339,432.		25,152,734	—
Due from Alder Crest. The note bears interest at 5% per annum and matures March 31, 2057 with payments from available cash flows. Interest payable to the Authority on December 31, 2019 was $148,847.		220,000	—
Due from Alder Crest for renovations. The note bears interest at 0.5% per annum, payable annually beginning January 1, 2014. The loan shall not exceed $371,816 and matures January 31, 2029. No interest was due to the Authority on December 31, 2019.		361,231	—
Two notes due from High Point South in the amounts of $4,606,506 and $8,606,159. The notes bear interest at at 1% per annum and mature in 2062. Interest payments are due annually from available net cash flows. As of December 31, 2019, interest payable to the Authority was $1,365,309.		13,212,665	—

	Balance December 31, 2019	Due within one year
Two notes due from homeWorks Phase II in the amounts of $12,000,000 and $16,051,551. The notes bear bear interest at 4.88% and 4.60%, respectively, during rehabilitation and 3.5% thereafter. Both notes mature December 21, 2046. As of December 31, 2019, interest payable to the Authority was $5,816,458.	28,051,551	—
Two notes due from homeWorks Phase III in the amounts of $9,200,000 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, 2019, interest payable to the Authority was $4,198,288.	20,950,000	—
Due from Tamarack Place. The note bears interest at 1% per annum and matures in 2049. Interest payments are due annually from available net cash flows. As of December 31, 2019, interest payable to the Authority was $650,202.	10,400,000	—
Two notes due from Rainier Vista NE. One note in the amount of $10,000,000 and one note in the amount of $6,337,135. Both notes bear interest at 1.5% per annum and mature in 2060. Interest payments are due annually from available cash flows. As of December 31, 2019, no interest was payable to the Authority.	16,337,135	—
Due from Lake City Court. The note accrues interest at 0.08% per annum and matures May 2065. As of December 31, 2019, interest payable to the Authority was $1,207,084.	16,358,505	—
Due from Lake City Court for long term capital lease. The note accrues interest at 4.7% and matures May 1, 2065 with payments subject to cash flow.	1,375,158	—
Due from South Shore Court. The note accrues interest at 4.80% per annum and matures June 2040. As of December 31, 2019, interest payable to the Authority was $6,760.	1,690,000	90,000

	Balance December 31, 2019	Due within one year
Two notes due from Kebero Court. The notes accrue interest at 3.0% per annum and mature April 1, 2065. As of December 31, 2019, interest payable to the Authority was $1,323,717.	8,783,627	—
Due from Raven Terrace. The note accrues interest at 2.5% and matures in 2069. As of December 31, 2019 interest payable to the Authority was $1,111,523.	10,193,020	—
Due from Leschi House. The note accrues interest at 1.0% per annum and matures April 30, 2065. As of December 31, 2019, interest payable to the Authority was $27,172.	628,250	—
Due from Hoa Mai Gardens. The note accrues interest at 1.0% per annum and matures December 1, 2065. As of December 31, 2019 interest payable to the Authority was $507,186.	16,981,197	—
Due from NewHolly Phase I. The acquisition loan accrues interest at 2.18% per annum and matures in 2066. As of December 31, 2019 interest payable to the Authority was $669,802.	18,232,736	—
Due from Red Cedar. The loan bears an interest rate of 1.0% per annum compounded annually and is payable from available cash flows. Interest payable to the Authority was $193,953 as of December 31, 2019.	14,210,231	—
Due from Red Cedar. The Bridge loan bears an interest rate of 1% and matures May 1, 2072. The maximum loan amount is $1,950,000. Interest and principal are payable from available cash flows.	1,876,821	—
Due from West Seattle Properties from a non-revolving variable rate line of credit bearing interest at 3.96% as of December 31, 2019. The line matures June 25, 2020 and interest payments are due monthly.	2,500,000	2,500,000
Due from West Seattle Properties from a rehabilitation loan bearing interest at 1% payable from cash flow. The loan matures December 1, 2067.	1,510,011	—

		Balance December 31, 2019	Due within one year
Due from West Seattle Properties, a 50 year ground lease with annual payments due of $43,600 payable from cash flows Interest on the unpaid portion accrues at 2.64%.		2,180,000	43,600
Due from West Seattle Properties. The acquisition loan accrues interest at 2.64% and matures December 1, 2067. As of December 31, 2019 interest payable to the Authority was $1,351,390.		20,125,000	—
Allowance for loss		(4,896,576)	—
Total notes from component units, net	$	250,433,296	2,633,600

(Continued)

(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2019:

	Balance January 1, 2019	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	$ 68,650,045	67,127,710	(27,742)	135,750,013
Construction in progress	45,764,768	35,266,575	(49,830,873)	31,200,470
Total capital assets, not being depreciated	114,414,813	102,394,285	(49,858,615)	166,950,483
Depreciable capital assets:				
Land improvements	49,218,927	—	(9,648)	49,209,279
Structures	499,422,047	37,399,263	(5,930,269)	530,891,041
Leasehold improvements	1,386,757	60,302	—	1,447,059
Equipment	21,195,629	1,528,869	(486,982)	22,237,516
	571,223,360	38,988,434	(6,426,899)	603,784,895
Less accumulated depreciation and amortization for:				
Land improvements	(13,374,235)	(1,040,839)	10,098	(14,404,976)
Structures	(253,569,468)	(10,482,372)	5,201,779	(258,850,061)
Leasehold improvements	(889,271)	(71,593)	—	(960,864)
Equipment	(18,206,130)	(1,007,510)	486,118	(18,727,522)
Total accumulated depreciation and amortization	(286,039,104)	(12,602,314)	5,697,995	(292,943,423)
Total capital assets, being depreciated, net	285,184,256	26,386,120	(728,904)	310,841,472
Total capital assets, net	$ 399,599,069	128,780,405	(50,587,519)	477,791,955

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 Choice Neighborhood Implementation Grants (CNI). 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. CNI 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. For the CNI redevelopment grants, some construction in progress amounts represent infrastructure costs, which will be ultimately transferred to and maintained by the City of Seattle. These transfers occur when the projects are complete.

Dispositions and transfers out from construction in progress also include the expense of soft costs and transfers to newly formed component units. It is not uncommon for the Authority to incur predevelopment costs for development projects prior to the completion of the legal process that establishes a component unit.

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, 2019:

		Balance January 1, 2019	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2019
Capital assets, not being depreciated:					
Land	$	4,926,009	—	—	4,926,009
Construction in progress		65,752,285	25,759,436	(90,167,489)	1,344,232
Total capital assets not being depreciated		70,678,294	25,759,436	(90,167,489)	6,270,241
Depreciable capital assets:					
Land improvements		23,883,983	1,926,738	—	25,810,721
Structures		462,519,121	87,064,688	—	549,583,809
Equipment		8,890,586	825,598	—	9,716,184
		495,293,690	89,817,024	—	585,110,714
Less accumulated depreciation for:					
Land improvements		(7,842,024)	(1,390,324)	—	(9,232,348)
Structures		(91,247,817)	(12,899,918)	—	(104,147,735)
Equipment		(4,541,511)	(366,823)	—	(4,908,334)
Total accumulated depreciation		(103,631,352)	(14,657,065)	—	(118,288,417)
Total capital assets, being depreciated, net		391,662,338	75,159,959	—	466,822,297
Total capital assets, net	$	462,340,632	100,919,395	(90,167,489)	473,092,538

(6) Short-Term Borrowings

During the year, the Authority replaced the three lines of credit in place at the end of 2018, with two lines of credit. The Authority closed a $6,000,000 operating line of credit, a $7,000,000 taxable line of credit and a $15,000,000 real estate line of credit.

The Authority established a $40,000,000 taxable revolving line of credit to finance and/or refinance the acquisition, construction rehabilitation and equipping of real estate, housing and related improvements and facilities. The line of credit bears interest at the one month LIBOR rate plus 0.85%, or 2.60%, at December 31, 2019 and requires monthly interest payments. The line of credit has an initial maturity date of December 31, 2021. With the bank's approval the executive director may extend the line until December 31, 2029. At December 31, 2019, the total outstanding balance was $32,364,778.

The Authority also established a revolving taxable and tax exempt line of credit with a maximum total amount of $30,000,000 of either taxable or tax exempt financing at any one time. The line will be available to provide financing for acquisition, demolition, construction of facilities as well as general corporate purposes and operating needs. The taxable portion of the line of credit bears interest at the one month LIBOR fixed rate plus 0.85% or 2.60% at December 31, 2019 and requires monthly interest payments. The non-bank qualified tax exempt portion of the line carries an interest rate of LIBOR plus 1.30%, or 3.05%, at December 31, 2019. The line of credit has an initial term of 3 years and may be extended by the executive director until December 31, 2030 with the Bank's approval. At December 31, 2019, there were no outstanding amounts on the line.

The following is a summary of changes in the Authority's short-term borrowings for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
Taxable line of credit to pay off the WCRA loan for the Tamarack condominium.	$ 994,686	—	994,686	—
Real estate line of credit for purchase of Spring Lake Apartments	8,000,000	—	8,000,000	—
Non-revolving line of credit for loan to West Seattle properties.	2,500,000	—	—	2,500,000
Acquisition line of credit for the purchase of Weller Apartments, MLK Apartments and the Golden Sunset Apartments.	—	32,364,778	—	32,364,778
Total short-term borrowings	$ 11,494,686	32,364,778	8,994,686	34,864,778

(7) Long-Term Debt and Other Long-Term Obligations

(a) Authority Debt and Accrued Compensated Absences

The following is a summary of changes in the Authority's long-term debt and accrued compensated absences for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
Notes payable issued in 1998 to the City of Seattle's General Fund, Urban Renewal, and Capital Facilities Fund for NewHolly Phase I. 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.	$ 1,615,684	—	—	1,615,684	—
Note payable to the City of Seattle's Housing Development fund for NewHolly Phase II. Interest accrues at 1% simple interest per year and is payable on or before September 11, 2040.	1,700,000	—	—	1,700,000	—

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
Notes payable issued in 2001 to the City of Seattle's Cumulative Reserve Fund and HOME Program for NewHolly Phase II. 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 Washington State Office of Assistance Program for New Holly Phase II. Payments of principal and interest are deferred for 30 years until December 31, 2032 with interest accruing at 1%. Beginning on the 31st year, all unpaid principal and interest will be paid over 20 years with annual payments of $149,383, with annual interest only 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.	2,000,000	—	—	2,000,000	—
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.	694,288	—	20,754	673,534	20,963

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
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	—
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	—
Loans payable to Seattle Office of Housing for the rehab of Willis House and Reunion House. Loans bear interest at 1%, which is payable at maturity, December 2059.	850,000	—	—	850,000	—

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
Loans payable to Seattle Office of Community Trade and Economic Development for rehab at Willis House and Reunion House which bear interest at 1%. Forgivable on maturity date in December 2049.	879,273	—	—	879,273	—
Loans payable to Seattle Office of Housing for the rehab of Nelson Manor. The loan bears interest at 1%, which is payable at maturity, in August 2061.	478,065	—	—	478,065	—
Loan payable to Seattle Office of Housing for the rehab of Olmsted Manor. The loan bears interest at 1% and is payable at maturity, August 2061.	477,974	—	—	477,974	—
Loan payable to Seattle Office of Housing for the rehab of Blakely Manor. The loan is payable at maturity November 18, 2061. Interest rate is 1%.	984,155	—	—	984,155	—
Loan payable to Seattle Office of Housing for the rehab of Bitter Lake Manor. The loan bears interest at 1% and is payable at maturity, January 25, 2062.	978,930	—	—	978,930	—
Loan to the State of WA for Beacon House payable at maturity in March 2043 and bears no interest.	114,212	—	—	114,212	—
Loan payable to City of Seattle Office of Housing bearing interest at 1% per annum with payments from available cash flows. The note matures August 9, 2054.	560,000	—	—	560,000	—
Construction loan payable to Chase Bank bearing interest at 5.496%. The loan requires monthly payments and matures September 1, 2036.	861,087	—	27,155	833,932	31,223

	January 1, 2019	Additions	Retirements	December 31, 2019	Due within one year
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2064.	375,027	—	—	375,027	—
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2065.	436,470	—	—	436,470	—
Note payable to Key Bank for the acquisition of Northgate apartments. The note matures December 20,2029 and bears interest at 2.77% for the first 5 years and then resets for another 5 years. Interest is payable monthly beginning February 1, 2020.	—	65,000,000	—	65,000,000	—
Note payable to Washington State Department of Community, Trade and Economic Development. Payments of principal and interest were deferred unitl December 1, 2015 when all unpaid interest and principal will be paid over 20 years, with annual interest only payments of $22,104 for the first 10 years and $122,060 for the remaining 10 years with the final payment due on or before October 1, 2045.	2,000,000	—	—	2,000,000	—
Note payable to the City of Seattle which accrues interest at 1% and matures August 7, 2053. Principal and interest payments are due from available net cash flows.	2,066,671	—	—	2,066,671	—
Total notes payable	21,986,819	65,000,000	47,909	86,938,910	52,186
Bonds payable for Gamelin and Genessee commercial condo units. The bonds mature in 2035 and bear interest at 4.3%. The bonds are to be repaid with revenues from the properties and are further secured by a pledge of the general revenues of the Authority.	2,945,000	—	135,000	2,810,000	75,000

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Due within one year
Variable rate bonds subject to remarketing for Douglas Apartments rehabilitation project and mature June 2040. The interest rate is reset every Wednesday with remarketing agent and was 0.19% on December 31, 2014. The bonds are secured by a letter of credit with Key Bank.	1,690,000	—	40,000	1,650,000	50,000
Fixed rate bonds for Replacement housing properties, Montridge Arms, Main Street Apts and Yesler Court. Interest rates range from 0.7%-5.6%. Bonds mature September 2043 and are secured by a deed of truston the properties.	10,495,000		125,000	10,370,000	145,000
Fixed rate bonds for Market Terrace, Mary Avenue town-homes, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Place II, Delridge Triplexes, 5983 Rainier Ave, 924 MLK Way and Baldwin Apartments. Bonds mature December 1, 2044 and are secured by a deed of trust on the properties. Rates range from 0.25 to 3.50%	12,570,000	—	285,000	12,285,000	290,000
Fixed rate bonds payable for the rehabilitation of Rainier Vista Phase I, NewHolly Phases II and III, and Wedgewood Estates. The bonds bear interest at 3.57% and mature February 2047.	34,840,000	—	810,000	34,030,000	875,000
Total bonds payable	62,540,000	—	1,395,000	61,145,000	1,435,000
Accrued compensated absences	3,180,315	3,203,772	3,194,141	3,189,946	315,146
Total long-term obligations	$ 87,707,134	68,203,772	4,637,050	151,273,856	1,802,332

For variable rate bonds, the Authority estimated interest payments based on the interest rates in effect at the end of the fiscal year and principal payments based on the maturity date on the bond indentures assuming the bonds will not be called before the maturity dates.

The following is a summary of debt service requirements of the Authority for long-term obligations as of December 31, 2019:

			Total	
	Bonds	Notes	Principal	Interest
2020	$ 3,942,030	2,061,512	1,487,186	4,516,356
2021	3,871,974	2,042,093	1,454,155	4,459,912
2022	3,845,548	2,040,124	1,501,226	4,384,446
2023	3,764,518	2,030,518	1,438,404	4,356,632
2024	3,964,504	66,978,505	66,695,694	4,247,315
2025–2029	19,796,583	1,664,913	9,759,019	11,702,477
2030–2034	19,987,131	2,262,501	12,283,531	9,966,101
2035–2039	18,961,738	5,511,879	17,554,399	6,919,218
2040–2044	18,195,825	6,487,548	21,192,244	3,491,129
2045–2049	5,744,766	2,069,727	7,033,599	780,894
2050–2054	—	3,106,168	2,774,572	331,596
2055–2059	—	1,078,005	850,000	228,005
2060–2064	—	3,400,909	3,294,151	106,758
2065–2069	—	767,352	765,730	1,622
Total requirements	$ 102,074,617	101,501,754	148,083,910	55,492,461

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. As of December 31, 2019, Authority management also believes that all bond issues met debt coverage ratio requirements.

(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 except for the 12 series of bonds amounting to $115,160,403 that are obligations of the component units of the Authority. The component unit bonds are further backed by the general revenues of the Authority as described in Note 14.

(Continued)

As of December 31, 2019, there were 24 series of outstanding special revenue bonds for private non-profits and private developers. The aggregate principal payable could not be determined for one of the bonds, their original issue amount totaled $1,670,000. The aggregate principal payable as of December 31, 2019 for the remaining 23 series of bonds totaled $73,567,748.

(c) Component Unit Debt

High Point North has fixed rate bonds outstanding at December 31, 2019 totaling $7,747,373. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point North'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. The bonds mature on June 1, 2036 and accrue interest at 5.295%.

As of December 31, 2019, High Point North has other long-term debt totaling $27,152,734. Of this amount, $25,152,734 represents the general partner loans made by the Authority and is secured by liens on the partnership'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, 2019, 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% per 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.

High Point South has bonds outstanding at December 31, 2019 totaling $13,640,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point South'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 3.98% through an interest rate swap agreement, and at the variable rate of 65.01% of the one-month LIBOR rate plus 2.54%. The bonds mature on March 1, 2039.

As of December 31, 2019, High Point South has other long-term debt totaling $15,212,665. Of this amount, $13,212,665 represents the general partner loans made by the Authority and is secured by liens on the partnership's property. These loans accrue noncompounding interest at an 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, 2019, 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% per 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.

Alder Crest has outstanding long-term obligations in the amount of $2,652,753 as of December 31, 2019. Of this amount, $992,283 represents a loan payable to the City that bears interest at 1% per annum and matures March 31, 2057. Alder Crest also has a loan payable to the City in the amount of $111,124. The loan bears interest at 1% per annum and matures March 31, 2057. The loan is secured by a third deed of trust on the property. Alder Crest has a loan payable to the State in the amount of $968,115. Of this amount, $418,115 requires quarterly payments. The entire amount bears no interest and is payable in full March 31, 2057. In addition, Alder Crest also has other borrowings outstanding in the amount of $581,231 from the Authority. One loan in the amount of $220,000 bears interest at 5% per annum and is secured by a fourth deed of trust on the property and matures March 31, 2057. The remaining $361,231 is a loan from the Authority for reimbursement of capital work needed on the stairways of the property. The loan amount shall not exceed $371,816, bears interest at 0.5% annually beginning January 1, 2014 and matures January 31, 2029.

Phase I homeWorks has long-term obligations totaling $24,000,000 as of December 31, 2019. Of this amount, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership's interest in the project. 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. Phase I homeWorks 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, 2019. 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.

Phase II homeWorks has long-term obligations totaling $28,051,551 as of December 31, 2019. Of this amount, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership's interest in the project. 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. Phase II homeWorks 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, 2019. 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.

Phase III homeWorks has long-term obligations totaling $20,950,000 as of December 31, 2019. Of this, $9,200,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership's interest in the project. 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. Phase III homeWorks 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, 2019. 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.

South Shore Court has outstanding long-term obligations in the amount of $7,840,000 as of December 31, 2019. Of this amount, $3,650,000 represents a loan payable to the City that bears interest at 2% per annum and matures June 30, 2060. Also, the partnership has a long-term note payable to the Authority in the amount of $1,690,000, which bears interest at 4.8% annually and matures June 1, 2040. South Shore Court has another note payable to the Department of Commerce with the face amount of $2,500,000. The note bears no interest and is payable on June 30, 2060.

As of December 31, 2019, Tamarack Place has outstanding long-term obligations in the amount of $11,278,892. Of this amount, $878,892 represents a fixed rate construction loan payable to Washington Community Reinvestment Association (WCRA) at an interest rate of 6.5%. In addition, the Tamarack Place has a loan payable to the Authority in the amount of $10,400,000. The loan bears interest at 1% per annum and is secured by a leasehold deed of trust on the project.

(Continued)

As of December 31, 2019, Lake City Court has outstanding long-term obligations in the amount of $17,733,663. Of this amount, $16,358,505 represents a note payable to the Authority, which bears interest at 0.8% per annum and is secured by a leasehold dead of trust on the project. Lake City Court also has a lease payable to the Authority in the amount $1,375,158, which is payable from available cash flows.

As of December 31, 2019, Rainier Vista NE has outstanding long-term obligations in the amount of $18,705,763. Rainier Vista NE has a fixed rate note payable to U.S. Bank in the amount of $2,368,628, which is secured by a deed of trust on the property and carries an interest rate of 4.8%. The remaining long-term obligation balance consists of two loans payable to the Authority. Loan one bears interest at 1.5% per annum and is secured by a leasehold deed of trust on the project. As of December 31, 2015, $10,000,000 was outstanding. Loan two bears interest at 1.5% per annum and is also secured by a leasehold deed of trust on the project. As of December 31, 2019, $6,337,135 was outstanding.

As of December 31, 2019, Kebero Court has outstanding long-term obligations in the amount of $17,271,839. Of this amount, $6,673,437 represents a permanent, fixed rate loan bearing interest at 5.54% which was converted from a variable rate construction loan in April, 2016. The original note amount was $7,050,000 and matures November 8, 2034 when the remaining portion will be paid off. Kebero Court also has a loan payable to the City of Seattle in the amount of $1,814,775, which bears interest at 1.0% and matures in April, 2065. The maximum loan amount is $1,855,000. The remaining $8,783,627 represents two notes from the Authority, which bear interest at 3.0% with principal and interest payable annually from the property’s cash flow and matures April 2065. The notes are secured by a leasehold deed of trust and the maximum amount is $8,783,627.

As of December 31, 2019, Leschi House has outstanding long-term obligations in the amount of $7,964,511. Of this amount, $3,211,262 represents fixed bonds bearing interest of 5.13% annually and with a maturity date of August 1, 2045. In addition, Leschi House has a loan payable to the State of Washington Department of Commerce in the amount of $2,499,999. The loan began accruing interest of 1% per annum beginning on May 1, 2015 and matures on April 30, 2065. Leschi House has an additional loan payable to the City of Seattle Office of Housing in the amount of $1,625,000. The loan accrues interest at a rate of 1% per annum and matures on April 30, 2065. Leschi House also has a loan payable to the Authority for $628,250 which bears interest at 1% per annum and matures on April 30, 2065.

As of December 31, 2019, Raven Terrace has outstanding long-term obligations in the amount of $15,143,467. Of this amount $1,141,831 represents a loan from the City of Seattle with a maximum amount of $1,300,000. The loan accrues interest at 1% annually with no payments due until maturity on December 1, 2065. In addition, the partnership has a fixed rate loan in the amount of $3,808,616. The loan matures December 7, 2046. The remaining $10,193,020 represents two loans from the Authority that mature in May 2069 and bear interest of 2.5%.

As of December 31, 2019, Hoa Mai Gardens has outstanding long-term obligations in the amount of $27,558,392. Of this amount, $10,577,195 represents a fixed rate loan bearing interest at 4.72% with a maturity date in July, 2053. Hoa Mai Gardens also has two notes from the Authority. The first note bears interest at 1% and has a term of 50 years that matures in December 2065 and the amount of the note is $6,688,824. The second note bears interest at 1% and carries a term of 50 years with a maximum loan amount of $10,475,000. As of December 31, 2019 $10,292,373 was drawn from that note.

As of December 31, 2019, NewHolly Phase I has outstanding long-term obligations in the amount of $27,209,315. Of this amount, $6,475,000 represents 30 year bonds with rates from 1.15% to 3.55%. In addition, NewHolly has an acquisition loan from the Authority in the amount of $13,034,079 which bears interest at 2.18% compounded annually and matures in 2066. The partnership also has two rehabilitation loans from the Authority which have not yet been fully funded. The first note is not to exceed $3,000,000 and the second note is not to exceed $2,500,000. As of December 31, 2019 $5,198,657 was outstanding on the loans. Both of these loans carry an interest rate of 1% compounded annually and mature in 2066. Lastly, NewHolly Phase I acquired two loans from the Authority when the partnership was closed. One loan is in the amount of $1,700,000 from the State of Washington Department of Commerce. The loan matures on December 31, 2040 and does not accrue interest. The remaining note is in the amount of $801,579 from the City of Seattle. It matures in 2032 and has an interest rate of 1% per annum.

As of December 31, 2019, Red Cedar has outstanding long-term obligations in the amount of $54,457,052. Of this amount $35,000,000 represents the outstanding amount on a 32 month variable rate construction loan. The maximum loan amount is $35,000,000. After construction is completed, the construction loan will be converted to a fixed interest rate of 4.56% per annum permanent loan for up to $13,960,000 with a 35-year amortization period. As of December 31, 2019, $3,370,000 was drawn from the City of Seattle Office of Housing loan. The note bears interest at 1% and carries a term of 52 years with a maximum loan amount of $3,420,000. Also, Red Cedar has approved a $17,900,000 maximum note amount from the Authority. As of December 31, 2019 the project had drawn $14,210,231 on this loan. In addition, Red Cedar entered into a Bridge loan agreement with the Authority with a maximum amount of $1,950,000 which bears simple interest at 1% per annum and is secured by a leasehold agreement on the property. Payments are to be made annually from cash flow and the maturity date is May 1, 2067. At December 31, 2019 $1,876,821 was outstanding on the loan.

As of December 31, 2019, West Seattle Properties has outstanding long-term obligations in the amount of $51,095,011. Of this amount, $8,280,000 represents 30 year bonds with a rate of 3.6% and $16,500,000 represents short term bonds maturing June 1, 2020 with a rate of 1.95%. In addition, West Seattle Properties has an acquisition loan from the Authority in the amount of $22,305,000. Of this amount, $2,180,000 is payable within 50 years with annual payments of $43,600 in January of each year from cash flow. Any unpaid portion shall be deferred and accrues interest at 2.64% per annum. The remaining $20,125,000 of the acquisition loan bears interest at 2.64%, compounded annually and is also payable in 50 years, maturing December 1, 2067. The partnership also has a rehabilitation loan from the Authority in the amount of $4,010,011 as of December 31, 2019. The loan carries a maximum amount of $5,500,000 and is comprised of two pieces. The $3,000,000 portion of the note bears interest at a rate of 1.00% per annum and matures December 1, 2067. The remaining $2,500,000 is secured by a leasehold deed of trust, bearing interest in an amount equal to the interest accruing and payable under a master non-revolving line of credit revenue note entered into by the Authority. The note bears interest at 3.96 and matures June 25, 2020.

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

	Balance January 1, 2019	Additions/ transfers	Retirements	Balance December 31, 2019	Due within one year
Loans payable to primary government from High Point North	$ 25,152,734	—	—	25,152,734	—
Loan payable to Washington State Housing Trust fund from High Point North	2,000,000	—	—	2,000,000	—
Loans payable to primary government from High Point South	13,212,665	—	—	13,212,665	—
Loan payable to Washington State Housing Trust fund from High Point South	2,000,000	—	—	2,000,000	—
Loan payable to City of Seattle from Alder Crest	992,283	—	—	992,283	—
Loan payable to City of Seattle from Alder Crest	111,124	—	—	111,124	—
Loans payable to primary government from Alder Crest	581,231	—	—	581,231	—
Loan payable to Washington State Housing Trust fund from Alder Crest	979,340	—	11,225	968,115	11,224
Loans payable to primary government from homeWorks I	24,000,000	—	—	24,000,000	—
Loans payable to primary government from homeWorks II	28,051,551	—	—	28,051,551	—
Loans payable to primary government from homeWorks III	20,950,000	—	—	20,950,000	—
Loan payable to City of Seattle from South Shore Court	3,650,000	—	—	3,650,000	—
Loan payable to primary government from South Shore Court	1,690,000	—	—	1,690,000	90,000
Loan payable to the Department of Commerce from South Shore Court	2,500,000	—	—	2,500,000	—

(Continued)

	Balance January 1, 2019	Additions/ transfers	Retirements	Balance December 31, 2019	Due within one year
Loans payable to primary government from Tamarack Place	10,400,000	—	—	10,400,000	—
Loan payable to WCRA from Tamarack Place	896,969	—	18,077	878,892	19,288
Loan payable to primary government from Rainier Vista NE	16,337,135	—	—	16,337,135	—
Loan payable to US Bank for construction of Rainier Vista NE	2,423,423	—	54,795	2,368,628	56,729
Lease payable to primary government from Lake City Court	16,358,505	—	—	16,358,505	—
Lease payable to primary government from Lake City Court	1,391,215	—	16,057	1,375,158	—
Loan payable to Office of Housing from Leschi House	1,625,000	—	—	1,625,000	—
Loan payable to Washington State Housing Trust fund from Leschi House	2,499,999	—	—	2,499,999	—
Loan payable to primary government from Leschi House	628,250	—	—	628,250	—
Loan payable to Chase Bank from Kebero Court	6,782,098	—	108,661	6,673,437	113,856
Loan payable to primary government from Kebero Court	8,783,627	—	—	8,783,627	—
Loan payable to City of Seattle from Kebero Court	1,814,775	—	—	1,814,775	—
Loan payable to primary government from Raven Terrace	10,190,761	2,259	—	10,193,020	—
Loan payable to City of Seattle from Raven Terrace	1,141,831	—	—	1,141,831	—
Loan payable to Chase Bank from Raven Terrace	3,872,210	—	63,594	3,808,616	66,391
Construction loan from Hoa Mai Gardens	10,701,306	—	124,111	10,577,195	128,748
Loan payable to primary government from Hoa Mai Gardens	16,981,197	—	—	16,981,197	—
Construction loan from Red Cedar	24,758,864	10,241,136	—	35,000,000	21,154,752

	Balance January 1, 2019	Additions/ transfers	Retirements	Balance December 31, 2019	Due within one year
Loan payable to primary government from Red Cedar	9,638,140	4,572,091		14,210,231	—
Loan payable to primary government from Red Cedar	—	1,876,821	—	1,876,821	—
Loan payable to City of Seattle from Red Cedar	3,370,000	—	—	3,370,000	—
Loan payable to WA State Housing Trust fund from NewHolly Phase I	1,700,000	—	—	1,700,000	—
Loan payable to City of Seattle from NewHolly Phase I	801,579	—	—	801,579	—
Loan payable to primary government from NewHolly Phase I	15,528,491	3,005,588	301,343	18,232,736	—
Loan payable to primary government from West Seattle properties	22,919,458	1,215,553	—	24,135,011	—
Capital lease to primary government from West Seattle properties	2,180,000	—	—	2,180,000	2,543,600
Total notes	319,595,761	20,913,448	697,863	339,811,346	24,184,588
Bonds payable – High Point North	8,035,598	—	288,225	7,747,373	302,513
Bonds payable – High Point South	14,000,000	—	360,000	13,640,000	360,000
Bonds payable – Leschi House	3,268,813	—	57,551	3,211,262	60,316
Bonds payable - NewHolly Phase I	22,019,999	—	15,544,999	6,475,000	165,000
Bonds payable - West Seattle Properties	24,930,000	—	150,000	24,780,000	16,745,000
Total bonds	72,254,410	—	16,400,775	55,853,635	17,632,829
Total long-term debt	$ 391,850,171	20,913,448	17,098,638	395,664,981	41,817,417

Debt service requirements of long-term obligations of the component units as of December 31, 2019 are as follows:

	Bonds	Notes	Total Principal	Total Interest
2020	$ 19,120,132	31,662,367	41,817,417	8,965,082
2021	2,506,902	7,630,486	1,936,508	8,200,880
2022	2,479,075	7,661,251	1,984,878	8,155,448
2023	2,460,090	7,684,729	2,038,318	8,106,501
2024	2,521,521	7,698,524	2,159,646	8,060,399
2025–2029	12,788,491	40,625,556	14,186,005	39,228,042
2030–2034	13,312,079	38,777,979	14,807,406	37,282,652
2035–2039	13,357,932	49,172,914	27,748,044	34,782,802
2040–2044	5,286,206	36,948,064	12,408,863	29,825,407
2045–2049	2,385,176	108,547,963	90,125,049	20,808,090
2050–2054	—	42,676,503	28,240,800	14,435,703
2055–2059	—	16,090,021	2,865,900	13,224,121
2060–2064	—	48,507,233	36,352,850	12,154,383
2065–2069	—	122,713,951	118,993,297	3,720,654
Total requirements	$ 76,217,604	566,397,541	395,664,981	246,950,164

The component units have adopted Financial Accounting Standards Board (ASU) Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03) which requires debt issuance costs and discounts be reported as a reduction in the carrying amount of the related debt rather than an asset. Amortization of the debt issuance costs is reported as interest expense rather than as amortization expense. The table below shows the detail of those amounts.

	Notes payable to primary government	Notes payable	Bonds payable	Total
Amount of debt	$ 255,329,872	84,481,474	55,853,635	395,664,981
Unamortized discount	—	—	(87,431)	(87,431)
Unamortized debt issuance costs	(1,184,551)	(566,652)	(1,377,322)	(3,128,525)
Net debt amount	$ 254,145,321	83,914,822	54,388,882	392,449,025

(8) Unearned Revenue – Operating Leases

The Authority leased the building and land of the Alder Crest Apartments to the Alder Crest partnership beginning in December 2005. The lease matures December 31, 2080. The lease includes a purchase option in which Alder Crest 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, building and improvements with a cost of $1,405,230, and accumulated depreciation at December 31, 2019 of $544,575.

Phase I homeWorks 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 $11,434,750 and all payments have been received. The lease matures December 31, 2104. Assets held for lease included land of $982,235, building and improvements with a cost of $17,052,143, and accumulated depreciation at December 31, 2019 of $16,910,369.

Phase II homeWorks 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 $12,171,533 and all payments have been received. The lease matures December 31, 2105. Assets held for lease included land of $804,323, building and improvements with a cost of $16,997,451 and accumulated depreciation at December 31, 2019 of $16,995,739.

Phase III homeWorks 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 $11,446,098 and all payments have been received. The lease matures December 31, 2106. Assets held for lease included land of $1,088,828, building and improvements with a cost of $18,442,567, and accumulated depreciation at December 31, 2019 of $18,169,154.

The Authority leased the building and land of the Douglas Apartments to South Shore Court beginning in December 2008. The lease matures December 31, 2083. The lease includes a purchase option in which South Shore Court 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, building and improvements with a cost of $2,856,708, and accumulated depreciation at December 31, 2019 of $922,218.

The Lake City Court has leased land and improvements from the Authority beginning May 2010 for the purpose of constructing an 86-unit affordable apartment building in northeast Seattle. The initial lease amount was $2,750,000 of which $1,375,158 is a note payable due to the Authority no later than May 1, 2065, and payments are subject to available cash flow of the partnership. The lease matures December 31, 2109. Assets held for lease included land with a cost of $951,658.

The Authority has leased land to Kebero Court for the purpose of constructing a 103-unit affordable apartment building as part of the overall Yesler Terrace development. The initial lease amount was $365,615 based on the appraised land value and was presented as a capital contribution from the Authority. The lease matures December 31, 2112. Assets held for lease include land with a value of $8,327 as of December 31, 2019.

The Authority has leased land to Leschi House for the purpose of constructing a 35-unit addition to Leschi House. The initial lease amount was $3,110,000 based on the appraised land value and was presented as a capital contribution from the Authority. The lease matures December 31, 2112. Assets held for lease included land of $427,500, building and improvements with a cost of $1,700,469, and accumulated depreciation of $796,677 as of December 31, 2019.

The Authority has leased the land improvements and structures of phase one of the NewHolly redevelopment to the NewHolly Phase I partnership for the purpose of performing rehabilitation of the building exteriors in phase one of the redevelopment. The initial lease amount was $19,250,000. The lease matures December 31, 2115. Assets held for lease included land improvements of $1,341,315, building and improvements with a cost of $24,446,539, and accumulated depreciation of $9,162,571 as of December 31, 2019.

The Authority has leased three properties to the West Seattle Properties partnership. The land held by the Authority at Longfellow Creek, Wisteria Court, and Roxhill Court was recorded at amounts of $1,058,491, $753,805, and $649,799, respectively. The initial lease amount for the land was $2,180,000. In addition, the Authority leased building and improvements to the partnership for Longfellow Creek, Wisteria Court, and Roxhill Court with an initial lease amount of $26,810,000. The building and improvements included were $6,011,531 at Longfellow Creek, $6,476,793 at Wisteria Court, and $2,203,033 at Roxhill Court. As of December 31, 2019, accumulated depreciation was $2,282,683, $2,578,304, and $1,436,604, respectively. Of the $26,810,000, $6,685,000 was paid at closing and the remaining $20,125,000 is in the form of a note payable to the Authority. The lease expires on December 31, 2116.

The Authority has leased land to Red Cedar partnership for the purpose of constructing a 119 unit apartment building as part of the overall Yesler Terrace development. The lease amount was recorded at the market value of $3,330,000 and matures December 31, 2116. Assets held for lease included land with a cost of $18,277 as of December 31, 2019.

(Continued)

Unearned lease payments are shown as unearned revenue on the statement of net position. The following schedule shows related unearned rental revenue as of December 31, 2019.

		Original lease amount	Unearned revenue
Alder Crest Apartments	$	1,935,000	1,573,800
homeWorks I		11,434,750	9,818,010
homeWorks II		12,171,533	10,569,618
homeWorks III		11,446,098	10,054,689
South Shore Court		3,650,000	3,114,662
Lake City Court		2,750,000	1,263,160
Leschi House		3,110,000	2,919,271
Kebero Court		909,406	852,385
NewHolly Phase I		19,250,000	18,615,210
West Seattle Properties		28,990,000	28,854,950
Red Cedar		3,330,000	3,243,106
Total	$	98,976,787	90,878,861

Unearned lease revenues as of December 31, 2019 are reflected in the statement of net position in current and long-term liabilities in the amounts of $821,700 and $90,057,161, respectively.

(9) Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources at December 31, 2019 are summarized as follows:

	Pensions	OPEB	Total
Deferred outflows of resources	$ 4,228,171	$ 220,367	$ 4,448,538
Deferred inflows of resources	(8,290,396)	(548,073)	(8,838,469)

(10) 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. PERS issues publicly available reports which can be obtained from the Washington State Department of Retirement Systems’ (DRS) website at www.drs.wa.gov or at 402 Legion Way, Olympia, WA 98504.

(Continued)

(a) Aggregated Balances

The Authority's aggregated balances of net pension liability, net pension assets and deferred inflows and outflows of resources as of December 31, 2019 are presented in the table below.

	Net pension liability	Deferred outflows	Deferred inflows
PERS 1	$10,695,702	1,093,556	(714,563)
PERS 2/3	3,480,253	3,134,615	(7,575,833)
Total	$14,175,955	4,228,171	(8,290,396)

(b) 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 separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of the benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest-paid consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit if found eligible by the Washington State Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at age 65 with at least five years of service credits. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 service credits and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credits and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Washington State Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of five percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

(c) Pension Plan Fiduciary Net Position

The pension plans' fiduciary net positions have been determined on the same basis used by the pension plans. DRS financial statements have been prepared in conformity with GAAP. The retirement plans are accounted for as pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are earned. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Washington State Investment Board (WSIB) has been authorized by statute (chapter 43.33A of the RCW) as having the investment responsibility for the pension funds. Investments are reported at fair value, and unrealized gains and losses are included as investment income in the statement of changes in fiduciary net position presented in the DRS Comprehensive Annual Financial Report. Purchases and sales of investments are recorded on a trade-date basis.

Detailed information about the pension plan's fiduciary net position is available in the separately issued DRS financial report.

(d) Contributions

Each biennium, the legislature establishes Plan 1 and Plan 3 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by legislative statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2 and for Plan 3 are developed by the Office of the State Actuary to fully fund the system. The Plan 2/3 employer rates include an administrative expense that is currently at 0.18% and a component to address the PERS Plan 1 unfunded actuarial accrued liability as provided for in chapter 41.45 of the RCW. 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 for the employers and employees were changed during the year. Effective July 1, 2019 employer rates were increased from 12.83% to 12.86% for all plans. Contributions rates for employees in Plan 2 increased from 7.41% to 7.90% effective July 1, 2019.

The Authority's employer and employee contribution rates as a percentage of covered payroll and required contributions for employees covered by PERS as of December 31, 2019 were:

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	12.86%	12.86%	12.86%
Employee	6.00	7.90	varies

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	$ 2,034	4,046,544	1,360,322
Employee	952	2,410,324	691,487
	$ 2,986	6,456,868	2,051,809

(e) Actuarial Assumptions

The total pension liability for each of the plans was determined by an actuarial valuation as of June 30, 2018, with the results rolled forward to the June 30, 2019 measurement date. The following actuarial assumptions have been applied to all prior periods included in the measurement:

Inflation	2.75 percent total economic inflation, 3.50 percent salary inflation
Salary increases	In addition to the base 3.50 percent salary inflation assumptions, salaries are also expected to grow by promotions and longevity
Investment rate of return	7.40 percent

Mortality rates were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Washington State Office of the State Actuary (OSA) applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime.

The actuarial assumptions used in the June 30, 2019 report were based on the results of OSA's 2007-2012 Experience Study Report and the 2017 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report.

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.40 percent for all the plans. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net assets was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency tests for PERS included an assumed 7.50 percent long term discount rate to determining funding liabilities for calculating future contribution rate requirements.

Consistent with the long term expected rate of return, a 7.40 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at the contractually required rates which includes the component of PERS 2/3 pertaining to the unfunded actuarial accrued liability for PERS 1, as provided for in chapter 41.45 of the RCW.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.40 percent on pension plan investments was applied to determine the total pension liability.

(g) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The table below presents the Authority's net pension liability calculated using the discount rate of 7.40 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.40 percent) or one percentage point higher (8.40 percent) than the current rate.

Plan		1% decrease	Current discount rate	1% increase
PERS 1	$	13,394,424	10,695,702	8,354,204
PERS 2/3		26,692,158	3,480,253	(15,569,649)
Total	$	40,086,582	14,175,955	(7,215,445)

(h) Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined by the WSIB using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected real rate of return
Fixed income	20.00%	2.20%
Tangible assets	7.00%	5.10%
Real estate	18.00%	5.80%
Global equity	32.00%	6.30%
Private equity	23.00%	9.30%

The inflation component used to create the table is 2.20 percent and represents WSIB's most recent long-term estimate of broad economic inflation.

(i) Proportionate Share

Collective pension amounts are determined as of a measurement date which can be no earlier than an employer's prior fiscal year. The measurement date for the net pension liabilities recorded by the Authority as of December 31, 2019 was June 30, 2019, the Plan's fiscal year end. The Authority's contributions received and processed by DRS during DRS' fiscal year ended June 30, 2018 have been used as the basis for determining the Authority's proportionate share of the collective pension amounts reported by DRS in their June 30, 2018 Schedules of Employer and Nonemployer Allocations for PERS Plans 1, 2 and 3. The proportionate share for the years ended December 31, 2019 and 2018 was 0.278 percent and 0.288 percent for Plan 1, respectively, and 0.358 percent and 0.369 percent for Plan 2/3, respectively.

(j) Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2019, the amount of pension expense recognized by the Authority was $514,932 for PERS 1 and $744,757 for PERS 2/3 and is reported on the statement of revenues, expenses and changes in net position as a component of housing operations and administration expenses. Contributions made after the measurement date of June 30, 2019, but before the end of 2019 will be recognized as a reduction of the net pension liability during 2020.

The Authority's deferred outflows of resources and deferred inflows of resources pertaining to PERS as of December 31, 2019 are presented in the following table:

Plan	Description		Deferred outflows of resources		Deferred inflows of resources
PERS 1	Difference between projected and actual earnings on plan investments, net	$	—		(714,563)
PERS 1	Contributions subsequent to the measurement date of the collective net pension liability		1,093,556	*	—
PERS 2/3	Difference between projected and actual earnings on plan investments, net		—		(5,065,831)
PERS 2/3	Contributions subsequent to the measurement date of the collective net pension liability		1,806,654	*	—
PERS 2/3	Difference between expected and actual experience		997,101		(748,235)
PERS 2/3	Change in proportionate share		241,741		(301,569)
PERS 2/3	Change of assumptions		89,119		(1,460,198)
	Total	**$**	4,228,171		(8,290,396)

* PERS 2/3 employer rates include a component to address the PERS 1 Unfunded Actuarial Accrued Liability (UAAL). Those contributions for PERS 2/3 related to the UAAL have been reflected as PERS 1 contributions subsequent to the measurement date of the collective net pension liability above.

Deferred outflows of resources related to the Authority's contributions subsequent to the measurement date of $2,900,210 will be recognized as a reduction of the net pension liability as of December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year		PERS 1	PERS 2/3	All Plans
2020	$	(157,744)	(1,541,931)	(1,699,675)
2021		(373,649)	(2,600,769)	(2,974,418)
2022		(133,340)	(1,153,859)	(1,287,199)
2023		(49,830)	(617,912)	(667,742)
2024		—	(291,592)	(291,592)
Thereafter		—	(41,809)	(41,809)
Total	$	(714,563)	(6,247,872)	(6,962,435)

(11) 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.

(12) Other Postemployment Benefits (OPEB)

(a) Plan Description and Funding Policy

The Authority participates in the City Health Care Blended Premium Subsidy, a single employer postemployment healthcare plan administered by the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as this is an unfunded plan. 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% 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. Retirees age 65 or older may also enroll in Medicare supplemental programs. The Authority's employees are included with the City of Seattle for this plan.

The postemployment benefit provisions are established and may be amended by City ordinances.

At January 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	515
Total	521

(b) Total OPEB Liability

The total OPEB liability of $1,622,439 as of December 31, 2019 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date. The following is a schedule of changes in the total OPEB liability for the year ended December 31, 2019.

Beginning balnce as of December 31, 2018 using a measurement date of January 1, 2018	$ 1,543,594
Service cost	143,357
Interest on total OPEB liability	57,540
Change of assumptions	(93,255)
Benefit payments	(28,797)
Ending balance as of December 31, 2019 using a measurement date of January 1, 2019	$ 1,622,439

(c) Actuarial Methods, Assumptions, and Other Inputs

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.

In the January 1, 2018 actuarial valuation, the actuarial methods, assumptions, and other inputs were as follows:

Participation	Based on review of recent experience, 25% of active employees who retire are assumed to participate.
Mortality	Mortality assumptions are derived from the RP-2014 tables, adjusted by 95% for retirees, 60% for male active employees and 95% for female active employees.
Dependent coverage	Based on review of recent experience, 35% of members electing coverage are assumed to be married or to have a registered domestic partner and to cover their spouse in retirement. It is assumed that children will have aged off of coverage.
Service retirement, disability rates and termination rates	Based on the Seattle City Employees' Retirement System 2014-2017 investigation of experience report.
Health care cost trend rate	Initial rate of 7.7% reaching the ultimate rate of 4.5% in 2030.
Valuation method	Entry age normal actuarial cost method. The total liability for all benefits is the Present Value of Total Benefits (PVB). Under the Entry Age Normal method the Actuarial Accrued Liability (AAL) for active members is calculated as the portion of the PVB allocated to prior fiscal years. The cost allocated to the current fiscal year is called normal cost. For members currently receiving benefits, members beyond age 70, and members entitled to deferred benefits, the AAL is equal to the present value of the benefits expected to be paid; there is normal cost for these participants. This method allocates the liability as a level percentage of payroll over past and future service. Under this method, projected benefits are determined for all members and the associated liabilities are spread over employment history from the age of hire to assumed retirement age. The normal cost is intended to remain at or near a level percentage over time.
Discount rate	As the plan is unfunded, the discount rate is based entirely on the Bond Buyer municipal bond index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Using this Index, a discount rate of 4.10% was used for the January 1, 2019 measurement date and a discount rate of 3.44% was used for the January 1, 2018 measurement date, the date of implementation of GASB Statement No. 75.

Material assumption changes during the measurement period include updating the discount rate as of each measurement date, as required by GASB Statement No. 75. The discount rate used for the beginning total OPEB liability was 3.44% and the discount rate used for the ending total OPEB liability was 4.10%.

(d) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2019, the Authority recognized OPEB expense of $140,203 and is reported on the statement of revenues, expenses and change in net position as a component of housing operations and administrative expenses. The tables below summarize the Authority's deferred outflows of resources and deferred inflows of resources related to the OPEB plan, together with the related future year impacts to OPEB expense from amortization of those deferred amounts. Note that deferred outflows of resources related to the Authority's contributions subsequent to the measurement date are recognized as a reduction of the total OPEB liability in the following year and are not amortized to OPEB expense.

Deferred outflows of resources and deferred inflows of resources:

		Deferred outflows	Deferred inflows
Difference between expected and actual experience	$	169,616	—
Changes of assumptions		—	(548,073)
Subtotal		169,616	(548,073)
Contributions made in year ending December 31, 2019 after the measurement date		50,751	—
Total	$	220,367	(548,073)

Amortization of deferred outflows and deferred inflows of resources:

Year ending December 31		
2020	$	(60,694)
2021		(60,694)
2022		(60,694)
2023		(60,694)
2024		(60,694)
Thereafter		(74,987)
Total	$	(378,457)

(e) Sensitivity of the OPEB Liability to Changes in the Discount Rate

The table below presents the Authority's total OPEB liability calculated using the discount rate of 4.10 percent as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.10 percent) or one percentage point higher (5.10 percent) than the current rate.

		1% decrease	Current discount rate	1% increase
Total OPEB Liability	$	1,766,003	1,622,439	1,491,884

(f) Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the Authority's total OPEB liability calculated using an initial healthcare cost trend rate of 7.7 percent that decreases to the ultimate rate of 4.5 percent in 2030, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.7 percent decreasing to 3.5 percent) or one percentage point higher (8.7 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

		1% decrease	Current Healthcare Cost Trend Rates	1% increase
Total OPEB Liability	$	1,443,927	1,622,439	1,831,952

(13) 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. The total insured value for buildings, business personal property and business income are insured on a blanket basis. 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 $25,000 per occurrence. The Authority also maintains a number of other insurance policies necessary and appropriate in the normal course of business, including employee fidelity, public official liability and cyber liability 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.

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).

(14) Contingencies

In connection with various federal and state grant programs, the Authority is obligated to administer related programs and spend the grant monies 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

(Continued)

program monies. 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, 2019, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately $19.0 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.

(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. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. As of December 31, 2019, the amount of available general revenue was $225.6 million and the total pledged revenues are as follows:

Description of Debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2019 general revenue	Term of commitment	Annual debt service
Obligations of the Authority						
Project revenues are primary repayment source:						
Fixed Rate taxable	Refunding of bonds for Gamelin/Genesee mixed use buildings	2015	$ 3,974,133	0.11%	2035	$ 250,483
Fixed Rate bonds	2013 Refunding for Montridge Arms, Main Street Apartments, 2002 Replacement Housing projects, Yesler Court properties	2013	20,194,639	0.33	2043	755,106
Fixed Rate bonds	2014 Refunding for Market Terrace, Mary Avenue Townhomes, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Ave, 924 MLK Way and Baldwin Apartments	2014	21,485,362	0.38	2044	860,544
Fixed Rate bonds	2018 Refunding for NewHolly Phase II and III, Rainier Vista Phase I and Wedgewood estates	2018	53,853,023	0.87	2047	1,951,647
Non-revolving line of credit	Purchase of Northgate Apartments	2019	73,947,485	0.80	2024	1,800,500
General revenues are primary repayment source:						
Variable Rate bonds	Rehabilitation of Douglas Apartments	2009	2,567,460	0.06	2040	124,250
Acquisition line of credit	Purchase of Weller Apartments, MLK Apartments, Golden Sunset Apartments	2019	32,364,778	0.37	2020	841,484
Non-revolving line of credit $2.5 million	Loan to West Seattle Properties	2018	2,500,000	0.04	2020	99,000

Description of Debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2019 general revenue	Term of commitment	Annual debt service
Obligations of the Authority for component units						
Project revenues are primary repayment source:						
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase I	2004	$ 11,639,014	0.31	2036	705,952
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase II	2007	19,030,000	0.28	2039	640,000
Fixed Rate bonds for component unit	Construction of housing units at Kebero Court	2013	12,779,091	0.22	2045	486,823
Fixed Rate note for component unit	Construction of housing units at Raven Terrace	2015	7,061,549	0.12	2046	261,539
Fixed Rate note for component unit	Construction of housing units at Hoa Mai Gardens	2016	21,305,106	0.31	2038	633,512
Fixed Rate bonds for component unit	Rehabilitation of houring units at New Holly Phase I	2016	9,757,483	0.16	2046	359,731
Fixed Rate bonds for component unit	Rehabilitation of houring units at Longfellow creek, Roxhill Court and Wisteria Court	2017	13,295,691	0.23	2047	529,063
Fixed Rate loan for component unit	Construction of housing units at Red Cedar	2018	24,360,301	0.27	2038	609,887
Equity investment is primary repayment source:						
Variable rate construction loan	Construction of housing units at Red Cedar	2017	21,628,535	9.59	2020	21,628,535
Variable rate construction bonds	Rehabilitation of houring units at Longfellow creek, Roxhill Court and Wisteria Court	2017	16,661,475	0.16	2020	16,661,475
Total General Revenue Pledge and annual debt service			$ 368,405,125			$ 49,199,531

(16) Discretely Presented Component Units Condensed Financial Information

The following tables reflect the condensed statements of net position and statements of revenues, expenses, and changes in net position for the discretely presented component units as of and for the year ended December 31, 2019:

	Condensed statements of net position			
	Tamarack Place	Rainier Vista NE	High Point North	High Point South
Cash and cash equivalents	$ 939,216	1,772,951	3,373,927	1,845,565
Current receivables from primary government	58,661	50,272	74,818	12,255
Capital assets, net	10,796,669	17,342,522	37,889,633	42,030,960
Other assets	20,095	84,526	297,866	191,916
Total assets	$ 11,814,641	19,250,271	41,636,244	44,080,696
Current payables due to primary government	152,088	289,879	375,269	93,883
Other current payables	133,570	196,788	1,044,765	2,717,533
Long-term payables to primary government	11,024,000	16,336,627	28,652,166	14,577,974
Bonds and other long-term liabilities	854,445	2,273,461	9,032,850	15,029,095
Total liabilities	$ 12,164,103	19,096,755	39,105,050	32,418,485
Net investment in capital assets	(463,237)	(1,304,645)	3,442,749	13,462,846
Restricted net position	566,794	1,156,984	2,910,612	1,232,632
Unrestricted net position	(453,019)	301,477	(3,822,167)	(3,033,267)
Total net position	$ (349,462)	153,816	2,531,194	11,662,211
	Condensed statements of revenues, expenses and changes in net position			
Operating revenues	$ 941,976	1,600,349	4,178,518	3,780,150
Depreciation/amortization	(363,608)	(698,126)	(1,803,258)	(1,625,631)
Other operating expenses	(685,550)	(933,670)	(2,734,303)	(2,134,129)
Operating income (loss)	(107,182)	(31,447)	(359,043)	20,390
Nonoperating expense	(161,858)	(367,500)	(690,782)	(1,118,101)
Change in net position before partners' contributions	(269,040)	(398,947)	(1,049,825)	(1,097,711)
Partners' contributions	—	—	—	—
Beginning net position	(80,422)	552,763	3,581,019	12,759,922
Ending net position	$ (349,462)	153,816	2,531,194	11,662,211

	Condensed statements of net position				
	Alder Crest	South Shore Court	homeWorks I	homeWorks II	homeWorks III
Cash and cash equivalents	$ 324,013	543,308	4,316,093	3,951,600	2,998,670
Current receivables from primary government	97,669	—	38,178	—	90,604
Capital assets, net	4,361,797	8,048,096	22,634,742	27,048,781	21,004,074
Other assets	10,788	31,918	138,042	111,760	82,019
Total assets	$ 4,794,267	8,623,322	27,127,055	31,112,141	24,175,367
Current payables due to primary government	—	100,153	—	112,525	—
Other current payables	232,510	828,686	726,578	494,740	381,969
Long-term payables to primary government	918,578	1,630,570	29,766,153	33,545,379	24,835,618
Bonds and other long-term liabilities	2,013,236	6,153,809	39,989	41,230	36,817
Total liabilities	$ 3,164,324	8,713,218	30,532,720	34,193,874	25,254,404
Net investment in capital assets	1,756,106	298,459	(1,007,161)	(680,143)	366,747
Restricted net position	312,013	422,652	4,145,436	3,781,387	2,856,857
Unrestricted net position	(438,176)	(811,007)	(6,543,940)	(6,182,977)	(4,302,641)
Total net position	$ 1,629,943	(89,896)	(3,405,665)	(3,081,733)	(1,079,037)
	Condensed statements of revenues, expenses and changes in net position				
Operating revenues	$ 337,576	481,916	6,000,250	7,015,133	6,262,618
Depreciation/amortization	(252,018)	(246,732)	(860,086)	(998,357)	(747,236)
Other operating expenses	(312,760)	(282,924)	(4,755,558)	(4,780,474)	(4,320,622)
Operating income (loss)	(227,202)	(47,740)	384,606	1,236,302	1,194,760
Nonoperating expense	(23,561)	(162,015)	(663,916)	(985,595)	(895,034)
Change in net position before partners' contributions	(250,763)	(209,755)	(279,310)	250,707	299,726
Partners' contributions	—	—	—	—	—
Beginning net position	1,880,706	119,859	(3,126,355)	(3,332,440)	(1,378,763)
Ending net position	$ 1,629,943	(89,896)	(3,405,665)	(3,081,733)	(1,079,037)

	Lake City Court	Leschi House	Kebero Court	Raven Terrace	Hoa Mai Gardens
	Condensed statements of net position				
Cash and cash equivalents	$ 818,724	632,762	1,255,349	923,896	2,255,917
Current receivables from primary government	34,859	—	43,613	—	—
Capital assets, net	21,478,196	11,575,542	25,830,467	23,312,162	44,065,766
Other assets	107,096	3,189,672	1,035,989	138,422	275,860
Total assets	$ 22,438,875	15,397,976	28,165,418	24,374,480	46,597,543
Current payables due to primary government	92,656	155,376	128,404	102,944	179,707
Other current payables	123,786	377,552	462,600	270,708	313,600
Long-term payables to primary government	18,925,317	655,422	10,003,521	11,820,144	17,922,528
Bonds and other long-term liabilities	12,650	7,026,349	8,311,454	4,853,589	10,405,506
Total liabilities	$ 19,154,409	8,214,699	18,905,979	17,047,385	28,821,341
Net investment in capital assets	3,765,029	3,863,246	8,627,042	8,213,782	16,623,755
Restricted net position	652,361	299,098	721,098	537,920	693,760
Unrestricted net position	(1,132,924)	3,020,933	(88,701)	(1,424,607)	458,687
Total net position	$ 3,284,466	7,183,277	9,259,439	7,327,095	17,776,202
	Condensed statements of revenues, expenses and changes in net position				
Operating revenues	$ 874,166	740,036	1,342,105	979,577	1,563,762
Depreciation/amortization	(873,972)	(422,569)	(813,870)	(836,928)	(1,305,741)
Other operating expenses	(763,029)	(464,146)	(743,697)	(489,071)	(779,492)
Operating income (loss)	(762,835)	(146,679)	(215,462)	(346,422)	(521,471)
Nonoperating (expense) revenue	(188,823)	(219,450)	(656,447)	(461,457)	(676,291)
Change in net position before partners' contributions	(951,658)	(366,129)	(871,909)	(807,879)	(1,197,762)
Partners' contributions	—	—	—	—	649,584
Beginning net position	4,236,124	7,549,406	10,131,348	8,134,974	18,324,380
Ending net position	$ 3,284,466	7,183,277	9,259,439	7,327,095	17,776,202

		Condensed statements of net position			
		Red Cedar	**NewHolly Phase I**	**West Seattle Properties**	**Total**
Cash and cash equivalents	$	3,460,645	4,804,735	2,663,802	36,881,173
Current receivables from primary government		—	—	656,282	1,157,211
Capital assets, net		64,494,383	40,318,177	50,860,571	473,092,538
Other assets		3,716,097	334,547	191,805	9,958,418
Total assets	$	71,671,125	45,457,459	54,372,460	521,089,340
Current payables due to primary government		15,289	859,103	3,543,600	6,200,876
Other current payables		25,217,498	916,331	18,247,633	52,686,847
Long-term payables to primary government		18,919,868	18,949,539	25,122,801	283,605,905
Bonds and other long-term liabilities		16,954,049	8,689,795	7,717,250	99,445,574
Total liabilities	$	61,106,704	29,414,768	54,631,284	441,939,202
Net investment in capital assets		10,309,661	13,275,563	93,714	80,643,513
Restricted net position		2,718,290	3,527,540	1,603,458	28,262,600
Unrestricted net position		(2,463,530)	(760,412)	(1,955,996)	(29,755,975)
Total net position	$	10,564,421	16,042,691	(258,824)	79,150,138

		Condensed statements of revenues, expenses and changes in net position			
Operating revenues	$	744,420	3,058,521	1,425,338	41,326,411
Depreciation/amortization		(457,745)	(1,651,491)	(1,014,346)	(14,971,714)
Other operating expenses		(661,550)	(2,574,107)	(1,129,896)	(28,544,978)
Operating income (loss)		(374,875)	(1,167,077)	(718,904)	(2,190,281)
Nonoperating revenue (expense)		(321,658)	(601,460)	(725,938)	(8,919,886)
Change in net position before partners’ contributions		(696,533)	(1,768,537)	(1,444,842)	(11,110,167)
Partners’ contributions		3,579,898	17,077,649	—	21,307,131
Beginning net position		7,681,056	733,579	1,186,018	68,953,174
Ending net position	$	10,564,421	16,042,691	(258,824)	79,150,138

(17) Lease Commitment

During August 2011, the Authority executed a long-term operating lease for the central office. The lease began on April 1, 2012 and the following schedule shows the future minimum rentals under the lease:

Year ending December 31:		
2020	$	1,753,638
2021		1,753,638
2022		1,753,638
2023		438,410
2024		—
Total	$	5,699,324

Total lease expense for the year ended December 31, 2019 was $1,742,759 and is recorded on the statement of revenues, expenses and change in net position as a component of housing operations and administrative expenses.

(18) Pollution remediation

During the year, the Authority negotiated a settlement agreement with a buyer of one of the parcels sold at Yesler Terrace in 2018. The Authority agreed to reimburse the buyer $310,000 for environmental contamination on the site. Under the settlement agreement, payment will be made in 2020. In addition, the Authority incurred costs of $421,869 to clean up soil contamination at Yesler Terrace in preparation for development of the firth housing project at this site.

(19) Subsequent Events

The Authority completed a debt refunding April 28, 2020 for $63 million which involved paying off existing amounts on the acquisition line of credit, and debts for the Ritz Apartments and for the HighPoint North partnership. In addition, the Authority defeased the 2013 Bond Refunding and the 2014 Bond Refunding and borrowed approximately $10 million that will be used for capital repairs needed at the properties covered under the new debt. In conjunction with the refunding, the Authority borrowed approximately $15 million from the City of Seattle which was used to pay off the remaining amounts on the acquisition line of credit.

The World Health Organization declared the novel coronavirus (COVID-19) a pandemic in March 2020. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as the impact on the economy. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on tenants, employees and vendors, all of which are uncertain and cannot be determined at this time.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION
PENSION AND OPEB PLANS

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Schedules of Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years (Unaudited)

		2015	2016	2017	2018	2019
PERS 1						
Proportion of the net pension liability		0.279123%	0.285530%	0.286530%	0.288160%	0.278146%
Proportionate share of the net pension liability	$	14,600,729	15,334,306	13,596,072	12,869,324	10,695,702
Covered payroll through the measurement date	$	252,404	223,081	137,438	42,626	40,303
Proportionate share of the net pension liability as a percentage of covered payroll		5784.67%	6873.87%	9892.51%	30191.25%	26538.23%
Plan fiduciary net position as a percentage of the total pension liability		59.10%	57.03%	61.24%	63.22%	67.12%
PERS 2/3						
Proportion of the net pension liability		0.354073%	0.360458%	0.365225%	0.368896%	0.358294%
Proportionate share of the net pension liability	$	12,651,234	18,148,776	12,689,823	6,298,571	3,480,253
Covered payroll through the measurement date	$	31,546,379	33,932,176	36,047,071	38,413,259	40,454,205
Proportionate share of the net pension liability as a percentage of covered payroll		40.10%	53.49%	35.20%	16.40%	8.60%
Plan fiduciary net position as a percentage of the total pension liability		89.20%	85.82%	90.97%	95.77%	97.77%

Schedule of Pension Plan Contributions

Last Ten Fiscal Years (Unaudited)

		2015	2016	2017	2018	2019
PERS 1						
Contractually required contribution	$	22,792	22,957	7,396	5,846	2,034
Contributions in relation to the contractually required contribution	$	(22,792)	(22,957)	(7,396)	(5,846)	(2,034)
Contribution deficiency (excess)	$	—	—	—	—	—
Covered payroll	$	223,273	205,337	63,272	45,856	15,860
Contributions as a percentage of covered payroll		10.21%	11.18%	11.69%	12.75%	12.82%
PERS 2/3						
Contractually required contribution	$	3,329,025	3,918,248	4,433,870	5,038,768	5,406,866
Contributions in relation to the contractually required contribution	$	(3,329,025)	(3,918,248)	(4,433,870)	(5,038,768)	(5,406,866)
Contribution deficiency (excess)	$	—	—	—	—	—
Covered payroll	$	32,579,187	35,044,215	37,096,578	39,553,027	42,087,118
Contributions as a percentage of covered payroll		10.22%	11.18%	11.95%	12.74%	12.85%

Notes to the Required Supplementary Information for the year ended December 31, 2019.

Changes in benefit terms

There were no changes in the benefit terms for pension plans.

Changes of assumptions

There were no changes in the assumptions for pension plans.

GASB 68 was adopted in 2015, prior years data not available.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE
WASHINGTON

Schedules of Required Supplemental Information

Schedule of Changes in Total OPEB Liability

Last Ten Fiscal Years (Unaudited)

		2018	2019
Total OPEB liability			
Service cost	$	137,862	143,357
Interest cost		71,892	57,540
Changes of benefit terms		—	—
Differences between expected and actual experience		226,248	—
Changes of assumptions		(621,629)	(93,255)
Benefit payments		(69,000)	(28,797)
Net changes in total OPEB liability		(254,627)	78,845
Total OPEB liability – beginning		1,798,221	1,543,594
Total OPEB liability – ending	$	1,543,594	1,622,439
Covered payroll	$	41,293,112	41,293,112
Net OPEB liability as a percentage of covered payroll		3.74%	3.93%

Notes to the Required Supplementary Information for the year ended December 31, 2019.

Schedule of contributions not required as funding is not based on actuarially determined contributions and contributions are neither statutorily or contractually established.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Material assumption changes during the measurement period include updating the discount rate as of each measurement date, as required by GASB 75. The discount rate used for the 2018 total OPEB liability was 3.44% and the discount rate used for the 2019 OPEB liability was 4.10%, resulting in a reduction of the total OPEB liability.

GASB 75 was adopted in 2018, prior years data not available.

SUPPLEMENTARY INFORMATION
COST CERTIFICATES (SEE INDEPENDENT AUDITORS' REPORT)

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

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 Public Housing Authority (PHA) 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.

PHA Name:	Modernization Project Number:
HOUSING AUTHORITY OF THE CITY OF SEATTLE	WA19P00150115

The PHA 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. Funds Approved	$ 9,937,135
B. Funds Disbursed	$ 9,937,135
C. Funds Expended (Actual Modernization Cost)	$ 9,937,135
D. Amount to be Recaptured (A–C)	$
E. Excess of Funds Disbursed (B-C)	$

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 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;
5. That the time in which such liens could be filed has expired; and
6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.
7. Please mark one.

☐ **A.** This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ **B.** This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

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)

Name & Title of Authorized Signatory (type or print clearly):
Andrew J. Lofton - Executive Director

Signature of Executive Director (or Authorized Designee):
X

Date: 6/24/19

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):
Approved for Audit (Director, Office of Public Housing)
X HARLAN STEWART

Digitally signed by HARLAN STEWART
DN: CN = HARLAN STEWART C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
Date: 2019.06.28 14:24:00 -07'00'

Date: 06/28/2019

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):
Approved: (Director, Office of Public Housing)
X

Date:

form **HUD-53001** (10/96)

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

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 Public Housing Authority (PHA) 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.

PHA Name:	Modernization Project Number:
HOUSING AUTHORITY OF THE CITY OF SEATTLE	WA19R00150115

The PHA 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. Funds Approved	$ 17,034
B. Funds Disbursed	$ 17,034
C. Funds Expended (Actual Modernization Cost)	$ 17,034
D. Amount to be Recaptured (A–C)	$
E. Excess of Funds Disbursed (B-C)	$

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 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;
5. That the time in which such liens could be filed has expired; and
6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.
7. Please mark one:

☐ **A.** This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ **B.** This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

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)

Name & Title of Authorized Signatory (type or print clearly):

Andrew J. Lofton - Executive Director

Signature of Executive Director (or Authorized Designee):
X [signature] **Date:** 6/24/19

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked):
Approved for Audit (Director, Office of Public Housing)
X HARLAN STEWART

Digitally signed by HARLAN STEWART
DN: CN = HARLAN STEWART C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration
Date: 2019.06.28 14:28:11 -07'00'

Date: 06/28/2019

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):
Approved: (Director, Office of Public Housing)
X

Date:

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 03/31/2020)

Capital Fund Program (CFP)

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 Public Housing Authority (PHA) 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.

PHA Name:	**Modernization Project Number:**
HOUSING AUTHORITY OF THE CITY OF SEATTLE	WA19R00150215

The PHA 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. Funds Approved	$ 281,483
B. Funds Disbursed	$ 281,483
C. Funds Expended (Actual Modernization Cost)	$ 281,483
D. Amount to be Recaptured (A–C)	$
E. Excess of Funds Disbursed (B-C)	$

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 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;
5. That the time in which such liens could be filed has expired; and
6. That for any years in which the grantee is subject to the audit requirements of the Single Audit Act, 31 U.S.C. § 7501 et seq., as amended, the grantee has or will perform an audit in compliance with said requirements.
7. Please mark one:

☐ **A.** This grant **will** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

☐ **B.** This grant **will not** be included in the PHA's next fiscal year audit per the requirements of the Single Audit Act.

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)

Name & Title of Authorized Signatory (type or print clearly):
Andrew J. Lofton - Executive Director

Signature of Executive Director (or Authorized Designee):	**Date:**
X [signature]	6/24/19

For HUD Use Only

The Cost Certificate is approved for audit (if box 7A is marked): Approved for Audit (Director, Office of Public Housing)	**Date:**
X HARLAN STEWART Digitally signed by HARLAN STEWART DN: CN = HARLAN STEWART C = US O = U.S. Government OU = Department of Housing and Urban Development, Office of Administration Date: 2019.06.28 15:19:02 -07'00'	06/28/2019

The costs shown above agree with HUD verified costs (if box 7A or 7B is marked):

Approved: (Director, Office of Public Housing)	**Date:**
X	

form **HUD-53001** (10/96)

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statistical Section
(Unaudited)

Section III

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 Position by Component – Primary Government

Last Ten Fiscal Years (Unaudited)

Year		Net investment in capital assets	Restricted	Unrestricted	Total
2010	$	229,826,301	6,486,917	170,526,030	406,839,248
2011 (a)		224,771,337	8,543,577	185,863,188	419,178,102
2012 (a)		199,273,982	9,406,113	212,444,630	421,124,725
2013 (b)		210,293,958	10,069,831	228,421,457	448,785,246
2014 (c)		218,243,381	11,669,052	217,985,386	447,897,819
2015		223,534,799	13,578,114	243,740,195	480,853,108
2016		242,874,725	14,808,756	259,687,843	517,371,324
2017 (d)		260,634,170	34,443,955	266,899,301	561,977,426
2018 (e)		314,522,771	31,295,592	286,775,327	632,593,690
2019		298,993,267	72,470,937	307,880,727	679,344,931

Notes:
(a) Net position for 2011 and 2012 were restated as a result of the adoption of GASB Statement No. 65.
(b) Net position for 2013 was restated as a result of the merger with Ravenna School Limited Partnership, a component unit of the Authority.
(c) Net position for 2014 was restated as a result of the merger with Othello Street Limited Partnership, a component unit of the Authority and as a result of GASB Statement No. 68.
(d) Net position for 2017 was restated as a result of the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority and as a result of GASB Statement No. 75.
(e) Net position for 2018 was restated as a result of the merger with Ritz Apartments Limited Partnership.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Changes in Net Position – Primary Government

Last Ten Fiscal Years (Unaudited)

	2010	2011 (b)	2012 (b)	2013 (c)	2014 (d)	2015	2016	2017 (e)	2018 (f)	2019
Operating revenues:										
Tenant rentals	$ 19,853,164	21,338,005	20,690,177	21,550,029	22,785,736	22,837,426	23,540,026	26,239,514	24,669,439	26,589,003
Housing assistance payment subsidies	96,202,546	95,645,677	105,422,182	103,981,489	109,438,967	115,101,121	126,672,548	128,201,000	152,967,302	156,685,178
Operating subsidies and grants (a)	21,258,217	22,814,568	19,522,792	28,020,480	28,898,006	29,245,755	31,641,807	34,150,522	36,755,420	41,844,957
Other	19,480,446	21,762,895	18,081,083	18,619,880	21,002,883	28,511,890	21,451,962	43,158,723	46,572,501	66,672,160
Total operating revenues	156,794,373	161,561,145	163,716,234	172,171,878	182,125,592	195,696,192	203,306,343	231,749,759	260,964,662	291,791,298
Operating expenses:										
Housing operations and administration	42,453,709	44,662,095	41,680,059	39,786,646	48,731,040	49,455,950	51,948,733	54,637,955	54,799,142	60,270,665
Tenant services	3,729,452	3,937,994	3,602,554	3,542,648	4,096,481	5,072,113	4,878,898	4,695,275	4,973,614	5,682,197
Utility services	4,718,662	4,998,955	5,393,684	5,990,952	6,334,799	6,045,785	6,061,780	6,373,419	5,827,961	6,405,673
Maintenance	20,082,664	18,824,304	15,081,988	17,409,835	18,696,116	18,481,187	18,552,983	20,691,487	19,937,245	21,019,459
Housing assistance payments	73,550,131	76,942,437	79,478,249	78,552,745	79,543,161	82,775,844	88,541,664	97,660,333	102,181,935	114,785,518
Other	4,209,600	1,318,772	2,021,796	30,221,452	1,398,022	3,344,964	736,987	4,101,298	4,940,844	8,969,285
Depreciation and amortization	10,059,962	10,676,293	10,258,105	10,232,876	10,077,223	9,314,799	9,230,730	11,716,648	11,804,649	12,593,955
Total operating expenses	158,804,180	161,360,850	157,516,435	185,737,154	168,876,842	174,490,642	179,951,775	199,876,415	204,465,390	229,726,752
Operating income (loss)	(2,009,807)	200,295	6,199,799	(13,565,276)	13,248,750	21,205,550	23,354,568	31,873,344	56,499,272	62,064,546
Nonoperating revenues (expenses):										
Interest expense	(7,479,432)	(6,887,452)	(5,721,825)	(5,500,338)	(5,082,076)	(4,572,533)	(3,979,539)	(4,541,717)	(2,850,195)	(3,367,147)
Interest income	5,257,848	1,536,648	1,397,221	461,197	3,698,302	3,520,102	3,947,513	7,003,861	5,716,585	7,103,809
Change in fair value of investments	44,842	68,742	(74,996)	(94,819)	(40,763)	(1,704)	(32,797)	31,103	(13,011)	204,103
Insurance proceeds, net	—	—	—	—	—	—	1,157,909	—	404,523	—
Loss from refinancing					—				(606,336)	—
Loss on notes receivable	—	(479,017)	—	—	—	—	—	—	—	—
Loss on investment in limited partnerships	(67,624)	(1,321)	(621,387)	(70,809)	(2,320,774)	(1,160)	(1,230,014)	(2,266,676)	2,468,913	(1,182,699)
Disposition of assets	(19,878,330)	(16,774,091)	(12,343,242)	(11,826)	(2,540,988)	(403,789)	(73,161)	—	(2,487,637)	(30,343,160)
Net nonoperating expenses	(22,122,696)	(22,536,491)	(17,364,229)	(5,216,595)	(6,286,299)	(1,459,084)	(210,089)	226,571	2,632,842	(27,585,094)
Change in net position before contributions	(24,132,503)	(22,336,196)	(11,164,430)	(18,781,871)	6,962,451	19,746,466	23,144,479	32,099,915	59,132,114	34,479,452
Capital contributions	46,544,071	34,675,050	13,249,971	17,146,108	21,307,488	13,208,823	15,221,989	11,833,838	10,308,247	12,271,789
Increase (decrease) in net position	22,411,568	12,338,854	2,085,541	(1,635,763)	28,269,939	32,955,289	38,366,468	43,933,753	69,440,361	46,751,241
Net position at beginning of year	384,427,680	406,839,248	419,178,102	421,263,643	419,627,880	447,897,819	480,853,108	519,219,576	563,153,329	632,593,690
Net position at end of year	$ 406,839,248	419,178,102	421,263,643	419,627,880	447,897,819	480,853,108	519,219,576	563,153,329	632,593,690	679,344,931

Notes: (a) Beginning with reporting year 2010, the Authority has classified Operating subsidies and grants as operating revenues. Prior years have been restated on this schedule to reflect comparative results.
(b) Net position for 2011 and 2012 were restated as a result of the adoption of GASB Statement No. 65.
(c) Net position for 2013 was restated as a result of the merger of Ravenna School LLC, a component unit of the Authority.
(d) Net position for 2014 was restated as a result of the adoption of GASB Statement No. 68 and as a result of the merger with Othello Street Limited Partnership, a component unit of the Authority.
(e) Net position for 2017 was restated as a result of the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority and as a result of GASB Statement No. 75.
(f) Net position for 2018 was restated as a result of the merger with Ritz Apartments Limited Partnership.

Table 3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Revenue Capacity

Operating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

	Tenant rentals		Housing assistance payment subsidies		Operating subsidies and grants		Other		Total	
Year	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Total
2010	19,853,164	12.7	96,202,546	61.3	21,258,217	13.6	19,480,446	12.4	156,794,373	100.0
2011	21,338,005	13.2	95,645,677	59.2	22,814,568	14.1	21,762,895	13.5	161,561,145	100.0
2012	20,690,177	12.6	105,422,182	64.4	19,522,792	11.9	18,081,083	11.1	163,716,234	100.0
2013	21,287,096	12.4	103,981,489	60.5	28,020,480	16.3	18,618,710	10.8	171,907,775	100.0
2014 (a)	22,785,736	12.5	109,438,967	60.1	28,898,006	15.9	21,002,883	11.5	182,125,592	100.0
2015	22,837,426	11.7	115,101,121	58.8	29,245,755	14.9	28,511,890	14.6	195,696,192	100.0
2016	23,540,026	11.6	126,672,548	62.3	31,641,807	15.6	21,451,962	10.5	203,306,343	100.0
2017 (b)	26,239,514	11.3	128,201,000	55.3	34,150,522	14.8	43,158,723	18.6	231,749,759	100.0
2018 (c)	24,407,125	9.4	152,967,302	58.7	36,755,420	14.1	46,570,077	17.8	260,699,924	100.0
2019	26,589,003	9.1	156,685,178	53.7	41,844,957	14.3	66,672,160	22.9	291,791,298	100.0

Notes: (a) Year 2014 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority.
(b) Year 2017 was restated due to the merger with Desdemona Limited Partnership and Escallonia, component units of the Authority.
(c) Year 2018 was restated due to the merger with Ritz Apartments Limited Partnership, a component unit of the Authority.

Table 4

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE
WASHINGTON

Revenue Capacity

Nonoperating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

	Interest income		Change in fair value of investments		Insurance proceeds, net		Gain (loss) on investment in limited partnerships		Total	
Year	**Amount**	**Percent of total**	**Amount**	**Percent of total**	**Amount**	**Percent of total**	**Amount**	**Percent of total**	**Amount**	**Total**
2010	5,257,848	100.4	44,842	0.9	—	—	(67,624)	(1.3)	5,235,066	100.0
2011	1,536,648	95.8	68,742	4.3	—	—	(1,321)	(0.1)	1,604,069	100.0
2012	1,397,221	199.4	(74,996)	(10.7)	—	—	(621,387)	(88.7)	700,838	100.0
2013	444,930	159.3	(94,819)	(33.9)	—	—	(70,809)	(25.4)	279,302	100.0
2014 (a)	3,698,302	276.6	(40,763)	(3.0)	—	—	(2,320,774)	(173.6)	1,336,765	100.0
2015	3,520,102	100.0	(1,704)	—	—	—	(1,160)	—	3,517,238	100.0
2016	3,947,513	102.8	(32,797)	(0.9)	1,157,909	30.1	(1,230,014)	(32.0)	3,842,611	100.0
2017 (b)	7,003,861	194.9	31,103	0.9	—	—	(3,442,579)	(95.8)	3,592,385	100.0
2018 (c)	5,716,585	66.7	(13,011)	(0.2)	404,523	4.7	2,468,913	28.8	8,577,010	100.0
2019	7,103,809	116.0	204,103	3.3	—	—	(1,182,699)	(19.3)	6,125,213	100.0

Notes: (a) Year 2014 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority.
(b) Year 2017 was restated due to the merger with Desdemona Limited Partnership and Escallonia, component units of the Authority.
(c) Year 2018 was restated due to the merger with Ritz Apartments Limited Partnership, a component units of the Authority.

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 (a)	Ratio of debt service to general expenses
2013 Bond Refunding					
2015	205,000	642,406	847,406	1,135,804	0.7
2016	205,000	640,356	845,356	1,185,802	0.7
2017	210,000	634,206	844,206	1,224,700	0.7
2018	1,265,000	615,690	1,880,690	1,285,718	1.5
2019	125,000	573,244	698,244	1,105,336	0.6
2014 Bond Refunding					
2015	270,000	588,129	858,129	1,822,150	0.5
2016	275,000	586,644	861,644	1,888,396	0.5
2017	275,000	584,581	859,581	1,901,600	0.5
2018	280,000	581,144	861,144	2,004,626	0.4
2019	285,000	576,244	861,244	2,280,228	0.4
Douglas Bonds					
2011	20,000	6,752	26,752	52,454	0.5
2012	30,000	5,760	35,760	44,543	0.8
2013	30,000	5,601	35,601	46,971	0.8
2014	30,000	3,827	33,827	42,993	0.8
2015	30,000	3,384	33,384	45,342	0.7
2016	40,000	9,950	49,950	42,085	1.2
2017	40,000	17,194	57,194	46,156	1.2
2018	40,000	26,987	66,987	42,813	1.6
2019	40,000	27,500	67,500	46,485	1.5
Gamelin/Genesee 2015 bond refunding					
2016	125,000	120,446	245,446	182,271	1.3
2017	125,000	121,631	246,631	187,057	1.3
2018	125,000	122,234	247,234	157,020	1.6
2019	135,000	117,963	252,963	156,599	1.6
2018 Bond refunding					
2019	810,000	1,152,500	1,962,500	2,315,321	0.8

Notes: (a) General expense includes operating expenses except for depreciation and amortization.

(Continued)

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)

Year	Bonds payable	Notes payable	Total debt	Capital assets, net	Ratio of total debt to capital assets	Ratio of debt for housing units to total debt (a)
2010	98,950,816	62,277,978	161,228,794	343,138,706	46.99	51.45
2011	79,675,557	55,221,591	134,897,148	322,532,095	41.82	53.07
2012	77,128,664	49,564,954	126,693,618	291,056,484	43.53	54.07
2013	71,408,875	40,188,127	111,597,002	288,455,844	38.69	54.71
2014 (b)	73,169,909	40,493,796	113,663,705	299,240,816	37.98	57.27
2015	65,436,551	39,990,204	105,426,755	306,245,985	34.43	42.15
2016	50,175,000	36,948,841	87,123,841	317,607,863	27.43	32.57
2017 (c)	35,244,999	36,796,574	72,041,573	372,803,550	19.32	15.65
2018 (d)	62,540,000	21,936,819	84,476,819	399,599,068	21.14	22.74
2019	61,145,000	86,938,910	148,083,910	477,791,955	30.99	25.34

Note: (a) Unit count excludes Section 8 units not owned by the Authority and excludes units owned by component units where the related debt is held by the component unit.

(b) 2014 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority.

(c) 2017 was restated due to the merger with Desdemona Limited Partnership and Escallonia Limited Partnership, component units of the Authority.

(d) 2018 was restated due to the merger with Ritz Apartments Limited Partnership, a component unit of the Authority.

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

		Public housing program			
Calendar year	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly disabled**
2010	4,888	1,823	3,089	9,800	1,839
2011	5,029	1,909	3,180	10,118	1,807
2012	5,140	1,970	3,317	10,427	1,774
2013	4,953	2,008	3,148	10,109	1,691
2014	4,795	2,049	3,079	9,923	1,716
2015	4,582	2,073	3,003	9,658	1,655
2016	4,603	2,883	3,133	10,619	1,738
2017	4,442	3,118	2,924	10,484	1,581
2018	4,873	2,311	3,209	10,393	1,485
2019	4,756	2,346	3,092	10,194	1,684

		Section 8 program (a)			
Calendar year	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly disabled**
2010	8,371	2,059	5,937	16,367	3,451
2011	8,694	2,307	5,949	16,950	3,520
2012	8,654	2,477	5,938	17,069	3,510
2013	8,528	2,547	5,717	16,792	3,503
2014	8,295	2,638	5,733	16,666	3,419
2015	8,252	2,695	5,639	16,586	3,387
2016	8,185	2,621	5,880	16,686	3,480
2017	8,122	2,964	5,582	16,668	3,585
2018	8,194	3,187	5,547	16,928	3,559
2019	8,438	3,387	5,971	17,796	3,634

(Continued)

Table 7

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

		Senior and local housing programs [b]			
Calendar year	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly disabled**
2010	926	1,001	424	2,351	117
2011	994	1,039	426	2,459	86
2012	1,023	1,042	434	2,499	110
2013 [c]	1,040	1,058	499	2,597	93
2014 [d]	994	1,074	474	2,542	102
2015	929	1,136	442	2,507	91
2016	1,138	1,117	549	2,804	83
2017 [e]	1,129	1,087	575	2,791	83
2018 [f]	790	1,134	491	2,415	77
2019	1,487	1,107	728	3,322	31

		Agency wide totals			
Calendar year	**Adults**	**Elderly**	**Minors**	**Total number of tenants**	**Nonelderly disabled**
2010	14,185	4,883	9,450	28,518	5,407
2011	14,717	5,255	9,555	29,527	5,413
2012	14,817	5,489	9,689	29,995	5,394
2013	14,521	5,613	9,364	29,498	5,287
2014	14,084	5,761	9,286	29,131	5,237
2015	13,763	5,904	9,084	28,751	5,133
2016	13,864	5,723	9,562	29,149	5,256
2017	13,693	7,169	9,081	29,943	5,249
2018	13,857	6,632	9,247	29,736	5,121
2019	14,681	6,840	9,791	31,312	5,349

Notes: [a] Includes incoming portable vouchers and excludes outgoing portable vouchers and participants living in the Authority's Senior Housing program.
[b] Effective 2009, Senior and Local Housing Programs includes tenants from privately managed properties.
[c] Excludes 36 households whose age is unknown
[d] Excludes 37 households whose age is unknown
[e] Excludes 58 households whose age is unknown
[f] Excludes 30 households whose age is unknown

Table 8

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Regional Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Year	King County population (a)	Seattle population (a)	Per capita income King County (b)	Per capita income King Metro region (b)	Public school (d)	King County average annual unemployment rate (c)
2010	1,931,249	608,660	58,050	51,370	47,008	8.4
2011	1,942,600	612,100	61,801	53,931	48,496	7.1
2012	1,957,000	616,500	67,880	52,267	49,525	6.1
2013	1,981,900	626,600	68,156	55,190	51,094	5.6
2014	2,017,250	640,500	71,018	62,481	52,819	4.2
2015	2,052,800	662,400	74,802	63,623	53,844	4.5
2016	2,105,100	686,800	79,742	66,358	54,489	3.4
2017	2,153,700	713,700	84,542	69,913	55,007	3.6
2018	2,190,200	730,400	90,438	74,620	55,185	3.3
2019	2,226,300	747,300	N/A	N/A	55,417	2.1

Notes:
(a) As of April 1, source: Washington State Office of Financial Management, 2019 Population Trends for Washington State estimates only.
(b) Source: U.S. Bureau of Economic Analysis, 2018 is most current available.
(c) Preliminary source: Washington State Employment Security Department.
(d) Source: Seattle Public Schools P 233 Enrollment Report September 11, 2019 (pre-adjusted)

Table 9

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Principal Industries

Last Ten Fiscal Years (Unaudited)

	2019			2018			2017		
Industry	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank
Retail trade	162,400	11.06%	1	156,400	10.90%	1	152,200	10.86%	1
Professional and technical	133,700	9.10	2	128,800	8.97	2	124,500	8.88	2
Information	121,200	8.25	3	110,500	7.70	3	103,000	7.35	3
Local government	105,600	7.19	4	103,100	7.18	5	100,800	7.19	4
Food services and drinking places	104,200	7.09	5	103,300	7.20	4	100,000	7.14	5
Manufacturing durable goods	79,900	5.44	6	78,000	5.43	6	77,200	5.51	6
Administrative and waste services	73,400	5.00	7	72,000	5.02	7	72,400	5.17	7
Wholesale trade	64,200	4.37	8	65,000	4.53	8	64,700	4.62	8
Ambulatory health care services	62,600	4.26	9	61,400	4.28	9	59,500	4.25	10
Transportation and warehousing	54,500	3.71	10	54,200	3.78	11	52,600	3.75	11
State government	51,100	3.48	11	55,800	3.89	10	61,000	4.35	9
	1,012,800	68.95%		988,500	68.88%		967,900	69.07%	

	2016			2015			2014		
Industry	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank
Retail trade	141,000	10.19%	1	133,800	10.19%	1	128,000	10.02%	1
Professional and technical	120,800	8.79	2	115,500	8.79	2	112,000	8.76	2
Information	96,000	6.81	5	92,400	7.03	4	85,600	6.70	5
Local government	98,100	7.25	3	89,400	6.81	5	92,400	7.23	3
Food services and drinking places	96,800	7.03	4	95,200	7.25	3	88,300	6.91	4
Manufacturing durable goods	80,100	6.29	6	82,600	6.29	6	83,000	6.49	6
Administrative and waste services	70,900	5.35	7	70,300	5.35	7	67,400	5.27	7
Wholesale trade	63,000	4.74	8	62,300	4.74	8	61,700	4.83	8
Ambulatory health care services	57,100	4.23	10	55,500	4.23	10	54,100	4.23	10
Transportation and warehousing	50,600	3.70	11	48,600	3.70	11	46,200	3.62	11
State government	60,200	4.49	9	59,000	4.49	9	57,200	4.48	9
	934,600	68.87%		904,600	68.87%		875,900	68.54%	

	2013			2012			2011		
Industry	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank	Number of employees	Percentage of Employment	Rank
Retail trade	120,200	9.75%	1	113,600	9.62%	1	109,300	9.47%	1
Professional and technical	107,100	8.68	2	102,200	8.66	2	97,900	8.49	2
Information	82,300	6.67	5	80,900	6.85	4	80,200	6.95	4
Local government	90,400	7.33	3	89,100	7.55	3	88,800	7.70	3
Food services and drinking places	84,100	6.82	4	79,600	6.74	6	76,400	6.62	6
Manufacturing durable goods	82,100	6.66	6	80,000	6.78	5	77,100	6.68	5
Administrative and waste services	66,100	5.36	7	64,000	5.42	7	63,000	5.46	7
Wholesale trade	60,600	4.91	8	59,400	5.03	8	58,500	5.07	8
Ambulatory health care services	50,400	4.09	10	49,200	4.17	10	48,400	4.20	10
Transportation and warehousing	43,500	3.53	12	42,700	3.62	12	43,400	3.76	12
State government	56,800	4.61	9	55,500	4.70	9	55,000	4.77	9
	843,600	68.41%		816,200	69.14%		798,000	69.17%	

	2010		
Industry	Number of employees	Percentage of Employment	Rank
Retail trade	105,900	9.33%	1
Professional and technical	93,400	8.23	2
Information	79,400	7.00	4
Local government	89,300	7.87	3
Food services and drinking places	74,400	6.56	6
Manufacturing durable goods	75,200	6.63	5
Administrative and waste services	61,000	5.37	7
Wholesale trade	58,000	5.11	8
Ambulatory health care services	47,400	4.18	10
Transportation and warehousing	42,400	3.74	12
State government	55,800	4.92	9
	782,200	68.94%	

Source: Washington Employment Security Department Labor Market and Economic Analysis.

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

Number of Units by Program (c)

Last Ten Fiscal Years (Unaudited)

Fiscal year	Public housing	Section 8	Senior housing	Other housing programs (i)	Hope IV nonpublic units (i)	Total
2010	5,316	9,612	994	915	661	17,498
2011 (c)	5,408	10,164	994	915	385	17,866
2012 (c)	5,441	10,558	994	876	739	18,608
2013 (c, d)	5,401	10,775	994	876	739	18,785
2014 (e)	5,259	11,036	1,029	826	596	18,746
2015 (f)	5,146	11,248	1,029	929	596	18,948
2016 (g)	5,146	11,262	1,030	961	596	18,995
2017 (h)	5,139	11,299	1,030	1,102	739	19,309
2018	5,139	11,414	1,030	1,177	739	19,499
2019 (j)	5,000	11,774	1,030	1,510	739	20,053

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (a)	Total households on waiting lists (b)
2010	13,220	8,179
2011	13,765	7,523
2012	13,769	7,586
2013	13,601	9,435
2014	13,532	8,569
2015	13,516	8,481
2016	13,526	7,380
2017	13,471	10,526
2018	13,703	8,962
2019	14,694	7,689

Notes:
(a) Excludes Mod rehab, outgoing portable vouchers, nonpublic housing tax credits, and local programs, but includes incoming portable vouchers.
(b) Reflects unique households. Excludes HOPE VI communities.
For year 2013 – Housing Choice Voucher waiting list opened and reflects unique households. Includes HOPE VI communities.
(c) 894 Senior housing units were added to public housing but are represented with senior and other local housing programs.
(d) 40 units at Yesler Terrace were demolished in 2013.
(e) 142 public housing units demolished or sold in 2014. 35 senior housing units added at Leschi House.
(f) 113 public housing units demolished or sold in 2015. 103 other affordable units added at Kebero Court.
(g) Completion of Raven Terrace added 50 project based units and 33 affordable units.
(h) Completion of Hoa Mai Gardens added 111 units. 7 units demolished at Yesler.
(i) Totals include section 8 project based units which are also included in Section 8 units.
(j) 139 units at Yesler Terrace demolished in 2019; 119 units added in Red Cedar, 211 units in Northgate Apartments acquisition.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2019 (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.	91	1971
Beacon Tower	1311 S. Massachusetts	108	1971
Bell Tower	2215 1st Avenue	120	1970
Cal-Mor Circle	6420 California Avenue SW	75	1968
Capitol Park	525 14th Avenue E.	125	1970
Cedarvale House	11050 8th Avenue NE	118	1970
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.	220	1968
Green Lake Plaza	505 NE 70th Street	130	1969
Harvard Court	610 Harvard Avenue E.	81	1968
High Point	3000 SW Graham Street	250	Various
Holly Court	3804 S. Myrtle	97	1980
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 Court	12536 33rd Avenue NE	51	2011
Lake City House	12546 33rd Avenue NE	115	1971
Lictonwood	9009 Greenwood Avenue N.	81	1970
Longfellow Creek*	5915 Delridge Way SW	34	1993
NewHolly	7050 32nd Avenue S.	400	Various
Olive Ridge	1700 17th Avenue	105	1969
Olympic West	110 W. Olympic Place	75	1970
Partnership units	Various	50	Various
Queen Anne Heights	1212 Queen Anne Avenue N.	53	1970
Rainier Vista	2917 S Snoqualmie St	251	Various
Ross Manor	1420 Western Avenue	100	1984
Roxhill Court Apartments*	9940 27th Ave SW	6	1980
Scattered Sites	Various	711	Various
Stewart Manor	6339 34th Avenue	74	1968
Tri-Court	720 N. 143rd	87	1971
University House	4700 12th Avenue NE	101	1971
University West	4544 7th Avenue NE	113	1971
West Town View	1407 2nd Avenue W	59	1977
Westwood Heights	9455 27th Avenue SW	130	1978
Wisteria Court*	7544 24th Ave SW	23	1987
Yesler Terrace	903 E. Yesler Way	124	1941
	Total units – public housing	5,000	

*Nonpublic housing units are listed under “Other housing program” section.

(Continued)

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2019 (Unaudited)

Section 8

Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers [a]	Various	11,025	—
Moderate Rehabilitation	Various	361	—
Bay View Tower	2614 4th Ave	99	1979
Golden Sunset Apartments	3256 NW 54th St	92	1968
Martin Luther King Jr Apartments	7923 Martin Luther King Jr Way S	117	1968
Weller Street Apartments	1632 S Weller St	50	1969
Market Terrace	1115 NW Market St.	30	1980
	Total number of Section 8 units	11,774	

Senior housing

Name of development	Address	Number of units	Year built or acquired
Leschi House	1011 S. Weller	69	1988
Ravenna School Apartments	6564 Ravenna Avenue NE	39	1979
South Park Manor	520 S. Cloverdale	27	1983
Bitter Lake Manor	620 N. 130th	72	1983
Blakeley Manor	2401 NE Blakeley	70	1984
Carroll Terrace	600 5th Avenue W.	26	1985
Columbia Place	4628 S. Holly	66	1983
Daybreak	1515 2nd Ave N	1	1978
Fort Lawton Place	3401 W. Government Way	24	1984
Fremont Place	4601 Phinney Avenue N.	31	1983
Gideon-Mathews Gardens	323 25th Avenue S.	45	1986
Island View	3031 California Avenue SW	48	1984
Michaelson Manor	320 W. Roy	57	1985
Nelson Manor	220 NW 58th	32	1985
Olmsted Manor	501 NE Ravenna Blvd.	35	1986
Phinney Terrace	6561 Phinney Avenue N.	51	1984
Pinehurst Court	12702 15th Avenue NE	73	1984
Pleasant Valley Plaza	3801 34th Avenue W.	41	1984
Primeau Place	308 14th Avenue E.	53	1984
Reunion House	530 10th Avenue E.	28	1984
Schwabacher House	1715 NW 59th Street	44	1984
Sunrise Manor	1530 NW 57th Street	32	1985
Wildwood Glen	4501 SW Wildwood	24	1983
Willis House	6341 5th Ave NE	42	1983
	Total number of senior housing units	1,030	

(Continued)

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2019 (Unaudited)

Other housing programs

Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th	3	2001
127th & Greenwood	12701 Greenwood Ave N	6	1983
5983 Rainier Ave S	5983 Rainier Ave S	12	2002
924 MLK Jr Way S	924 MLK Jr Way S	5	1998
Alder Crest Apartments	6520 35th Ave SW	36	1977
Baldwin Apartments	1305 E Fir Street	15	2014 rehab
Beacon House	1545 12th Ave S	6	1993
Delridge Triplexes	8136 and 8144 Delridge Way SW	6	1993
Fir Street Townhomes	Various	7	Various
Hoa Mai Gardens	221 10th Ave W	111	2017
Kebero Court	1105 E Fir St	103	2015
Lake City Commons	12745 30th Ave NE	15	2002
Lam Bow Apartments	6935 Delridge Way SW	30	1970
Lee and Willows Apartments	3801 S Willow St	15	1967
Longfellow Creek Apartments [b]	5915 Delridge Way SW	50	1993
Main Place II	308 22nd Ave S	25	1993
Main Street Apartments	2035 S Main St	12	1993
Mary Avenue Townhomes	8550-84 Mary Ave NW	8	2001
MLK Townhomes	Various	6	1996
Montridge Arms Apartments	9000 27th Ave SW	33	1968
Norman Street Townhomes	Various	15	Various
Northgate Apartments	11060 2nd Ave NE	211	1951
Raven Terrace	820 Yesler Way	83	2016
Ravenna Springs/Bryant Apts	Various	13	Various
Red Cedar	808 Fir St	119	2019
Referendum 37	Various	2	Various
Ritz Apartments	1302 E Yesler Way	30	1908
Roxhill Court Apartments [b]	9940 27th Ave SW	18	1980
South Shore Court	4811 S Henderson	44	1962
Spring Lake Apartments	12530 35th Ave NE	69	1986
Spruce Street Townhomes	Various	10	1997
Stone Ave Townhomes	8514 Stone Ave N	4	2001
Telemark Apartments	2850 NW 56th St	24	1975
Villa Park Townhomes	9111 50th Avenue S.	43	1997
Wedgewood Estates	3716 NE 75th	203	1948
Westwood Heights East Apts	9440 27th Ave SW	42	1997
Wisteria Court [b]	7544 24th Ave SW	73	1987
Yesler Court	114 23rd Ave	9	1994
	Total other housing units	1,516	
HOPE VI nonpublic housing units:			
High Point		350	
Lake City Village		35	
NewHolly		220	
Rainier Vista		134	
	Total HOPE VI Nonpublic housing (a)	739	
	Total units – All programs	20,059	

Notes: (a) Includes overlap of other housing program units and senior housing units which also have project based and program based Housing Choice Vouchers.
(b) Public housing units are listed under the public housing section.

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
2010	15	33	350	63	43	22	10	536
2011	12	32	367	54	43	19	10	537
2012	12	33	343	54	45	18	10	515
2013	13	29	308	57	40	16	9	472
2014	18	26	309	55	39	15	9	471
2015	26	50	332	61	47	18	11	545
2016	27	53	340	64	47	18	11	560
2017	30	52	353	60	47	19	12	573
2018	25	58	353	62	45	20	12	575
2019	27	57	375	65	48	21	13	606