

The Housing Authority
of the City of Seattle, Washington

Annual Comprehensive Financial Report

For the year ended
December 31, 2021



**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Annual Comprehensive Financial Report

For the year ended December 31, 2021

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

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

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**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Section I

**Introductory Section
(Unaudited)**



June 30, 2022

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") Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2021. This report was prepared by the Authority's Finance staff, and the Authority's 2021 financial statements included in this ACFR 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 can be found in Section 2 of the ACFR. We invite the public to review the [SHA 2021 ACFR](#).

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 2021 financial conditions, please review "Management's Discussion and Analysis," found in Section 2, FINANCIAL SECTION of the ACFR, 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 one of the original 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 agreements of all 39 MTW agencies were extended through 2028 under their original terms. The MTW program was created as a demonstration by Congress in 1996 and has three statutory objectives:

- 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 an 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.

In 2016, Congress authorized expansion of the MTW program to include 100 more public housing authorities, with a preference for smaller agencies ranging in size from less than 1,000 housing units to no more than 27,000 units. Seventy new MTW authorities were added by the end of April 2022.

Governing Body and Strategic Guidance: The governing body of the Authority is its Board of Commissioners (Board), which is comprised of seven members, including two residents, appointed by the Mayor of Seattle 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 Strategic Plan, Annual Budget, Annual MTW Plan and actions of the Board by Resolution. The current Strategic Plan, originally adopted by the Board for 2016 through 2020, has been maintained without change to date through the years of the COVID-19 pandemic to maintain a continuity of direction. As we emerge from the pandemic, SHA is in the planning stages for a new Strategic Plan that will be developed with the residents and community over 2022 and 2023,

with a process based on SHA's commitment to race and social justice equity. The foundations for the current 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. The Authority's current Strategic Plan lays out three **Strategic Directions** that frame the Authority's **Key Objectives**:

Expand Housing Opportunities.

SHA serves more people by cultivating additional resources and employing strategies that 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 providing 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 Strategic Plan also recognizes seven critical **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 the cornerstones below:

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 and 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.

The Authority will undertake a process beginning in 2022 through 2024 to review with stakeholders our current Strategic Plan and Cornerstones and make revisions and refinements for the future, with the adoption of an updated plan expected in 2024 or early 2025.

Housing and People Profile

As of the end of 2021, the Authority owns and/or manages nearly 8,549 units of housing and administers 12,412 rental vouchers, providing rental housing or rental assistance to over 37,000 low-income people and more than 18,931 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 28 high-rise buildings; and in multiple, duplex, triplex, and small apartment buildings across the City. In total, SHA manages units in 364 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.

2021 By the numbers

Demographics of individuals served


37,600
People served

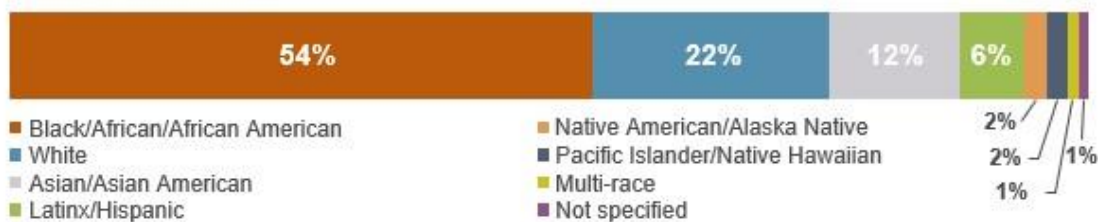
Gender



Age



Race and ethnicity

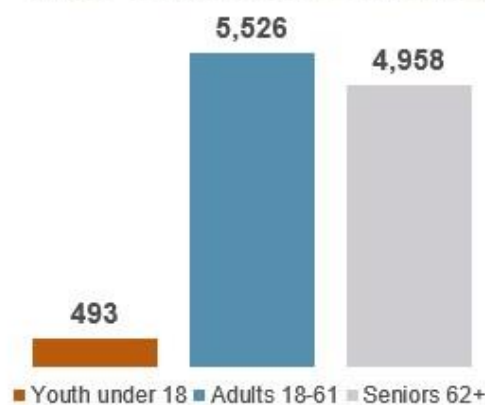


53 Languages spoken

Top non-English languages spoken:

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

People with an identified disability



30%

(10,977 people)

Of total individuals served identified one or more disabilities.

Demographic information reflects individuals/households for which SHA collects applicable data.

2021 By the numbers

Demographics of households served



18,526

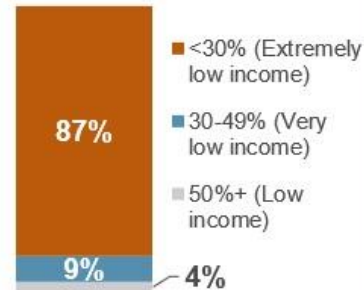
Households served



1,615

New households were admitted in 2021

Area Median Income¹



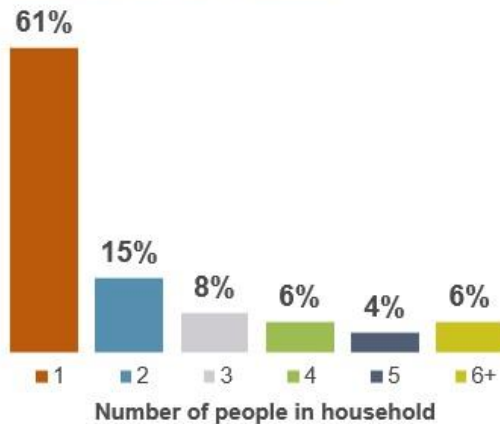
¹Distribution of households by Area Median Income.

Income limits

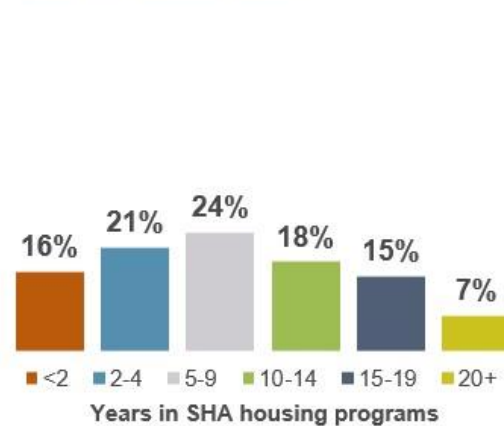
30% AMI
\$34,700
50% AMI
\$57,850
80% AMI
\$90,500

Based on 2021 family size of 4.

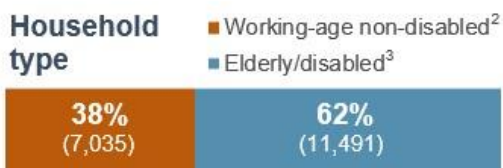
Household composition



Years of participation



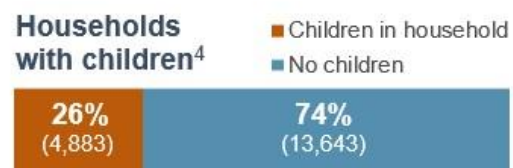
Household type



²At least one working-age non-disabled adult in the household.

³All adults in the household are age 62+ and/or have a disability.

Households with children⁴



⁴Households with at least one child under 18 years old.

Economic Conditions and Financial Outlook

State and Local Economy¹

State and local economic forecasts build off of national consensus economic forecasts and modify those forecasts based on state or local regional data to assess and project forecasts for state and local areas.

For SHA, all three of the forecasts, national, state, and local/regional impact the well-being of our low-income tenants, affect our operations, and impact our housing development programs.

The State of Washington (State) and local forecasts for 2022 and at least through 2023 show continued growth and recovery from the impacts of COVID-19 and point to mostly strengthening key indicators through the first five months of 2022. That said, however, the two main sources on which we rely, both express caution that continued increases in inflation, the war in Ukraine, and potential new supply chain disruptions, as well as low consumer confidence may turn the tables.

Below are highlights of conclusions from the economic forecasts of the Washington Economic and Revenue Forecast Council (ERFC) and from the Puget Sound Economic Forecaster's Current Economic Indicators (PSEF).

The State (ERFC)

- Despite the pandemic continuing, the economy has largely reopened and, with the help of stimulus monies, economic growth has resumed. Even with the rapid improvement, however, not all economic activity has fully recovered.
- With four months of new Washington employment data from 2022, non-farm payroll employment increased by 57,800 jobs, over 12.5% above expected in the February update of the State economic forecast. Washington is now just 1,400 jobs below its peak in February 2020.
- The U.S. unemployment rate published by the Bureau of Labor Statistics was 3.6% at the end of April, matching the March 2022 U.S. rate. The unemployment rate for Washington state fell by one-tenth of a point from 4.2% in March 2022 to 4.1% in April 2022.
- Washington personal income grew only 2.0% in the third quarter of 2021 due to the reduction in income from COVID-related programs. Washington personal income, excluding these payments, increased at an 11.0% annual rate.
- Washington housing construction remained very strong in the first quarter of 2022 due to booming multi-family activity. The number of multi-family units permitted in each of the last

¹ This economic outlook information is 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 Economic and Revenue Forecast Council. Comments incorporate the forecasts and their updates through May 2022.

three quarters was higher than any previous quarter in the history of the series, which dates back to 1968.

- Washington exports increased 29% from the first quarter 2021 to the first quarter 2022. After more than years two years of year-over-year declines, Washington export of transportation equipment (mostly Boeing planes) increased over the year for a fourth consecutive quarter, rising 92%.
- On the downside, real U.S. GDP declined in the first quarter of 2022 by (1.4%), following an increase of 6.9% in the fourth quarter of 2021. National, state, and local inflation rates, as measured by the Consumer Price Index (CPI), have continued to increase and remain high through the first five months of the year.

Puget Sound Region (PSEF)

- Overall, PSEF's March 2022 forecast reflects a disappointing end to 2021, which ripples through 2022. Inflation is expected to continue to diminish wages, which will be consequential for the rest of the economy. Nonetheless, recession is possible, but unlikely. More probable for 2022 is very modest growth.
- April and May 2022 current economic indicators are overall extremely positive, though the positivity is overshadowed by a steep increase in inflation, which is likely to impact the economy at least through the end of the year.
- Employment picked up significantly in May 2022, showing a 6.9% annualized increase in jobs in the Puget Sound over the past three months. While most sectors performed well, the construction sector saw especially strong growth, adding more than 2,000 jobs from February to March.
- The rise in jobs and gradual return to the workforce brings the unemployment rate to 3.0% in the Puget Sound and 3.6% in the U.S. for April 2022.
- Despite concerns about mortgage rates increasing to over 4%, home sales are skyrocketing out of the winter slump. The average home price in King County increased to over \$1 million, with the Puget Sound average increasing 18% since this time in 2021 to nearly \$880,000.
- Measured by the CPI, inflation increased to 10.8% annualized over the past three months in the U.S.; inflation in the Puget Sound outpaced the U.S., increasing to 12.3% over the same 2022 period. Much of this is due to the rapid rise in gas prices, though many goods have been hit by rising prices.
- While prices continue to increase, incomes are not keeping up. Personal incomes rose by just 5.7%, while inflation was over 10% during the same period. If this trend continues, the economy could see serious setbacks.
- There are many promising signs in May's current economic indicators, but high inflation is expected to persist and cause lasting impacts on the economy in the year ahead.

While there is general agreement among local and State economists that a recession is unlikely in 2022 and probably 2023 in the State or the Puget Sound Region, they will also say that if their forecasts miss the mark, then they are more likely too optimistic. At the same time, there is a robust debate going on among nationally recognized economists as to whether there will be a recession and when it is likely to start, if there is one. The major uncertainty most economists cite as to whether the U.S. is headed for a recession is inflation and whether the Federal Reserve's plans are sufficient to curb inflation anytime soon. They also site several other uncertainties adding to their concerns: geopolitical concerns and disruptions to the world economy from the war in Ukraine, energy supply disruption from sanctions on Russia, the continuing uncertainties over COVID-19 variants and the adequacy of vaccines in poorer countries, and political gridlock and threats to democracy here and elsewhere in the world.

Economic Impacts on Seattle Housing Authority – Economic conditions affect SHA's residents and voucher households, and changes in economic conditions affect SHA as a business entity:

- ***All Tenants*** – Conditions of rising inflation affect low-income people disproportionately because they require trade-offs among basic expenses and necessities. Eighty-seven percent (87%) of SHA tenants have incomes of 30% or below of the Area Median Income (AMI).
- ***Elderly and Disabled Tenant*** – Approximately two-thirds of SHA tenants are elderly and/or disabled living on a fixed income. Inflation has a pronounced effect for many of these tenants, who have limited wherewithal to increase their income.
- ***Voucher Households*** – These households, especially those leasing a private market rental unit, pay rent to their landlord and when rents increase, the tenant may not be able to afford to remain in the unit. According to *Apartment List*, between April 2021 and April 2022, Seattle rents increased an average of 16%.
- ***New Voucher Households*** – A rental assistance voucher is an important benefit to aid low-income people to live in an affordable unit since the household pays 30% of their eligible income toward the rent and the rental voucher picks up the amount up to the voucher payment standard for the unit. If the rental price is above the voucher payment standard, then the tenant may pay up to 40% of their income as their share of the rent, above that level the household with the voucher must shop for a more affordable unit. In a tight labor market with rapidly rising rents, it takes longer for the shopper to find an available affordable unit, and in some cases the household gives up and turns back their voucher.
- ***SHA Operations and Maintenance Costs*** – Inflationary times create long term increased costs for SHA and most public and private businesses. Some salary levels may be tied to inflation indices and escalate, along with benefit costs that are tied to salaries. If high levels of inflation persist, the escalation compounds.

- ***SHA Capital Preservation and Housing Development*** – Capital preservation and rehab projects tend to have a two- to four-year life between when first funded and completed; while development projects, usually new construction only, have a cycle from planning to funding to construction to completion of 5 to more than 7 years. Unanticipated changes in labor and materials inflation, in the cost of borrowing, in terms for bond capacity, in changes in federal law affecting financing sources, and in labor conditions—shortages or strikes—all contribute to the volatility of development. For a public agency, any set of these conditions and their costs may be manageable or may be catastrophic for the development.

Federal Funding – Status and Outlook

The Authority relies on federal funding through the Department of Housing and Urban Development (HUD) for just under 50 percent of SHA 2022 overall sources and approximately 70% to 75% 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, most of the time.

Federal Budget Support – 2020 through 2022

In the past decade, SHA will develop and propose the budget for the ensuing year by September and the SHA Board will adopt the proposed budget, as may be amended by the Board in October for the following calendar year. Over the period 2020 through 2022, the federal budget has not been adopted by the September 30 annual deadline and, consequently, Congress has enacted a Continuing Resolution at the prior-year budget authority to avoid a government shutdown until Congress and the President come to an agreement on the budget for the fiscal year that began months previous.

For the federal FY 2022 beginning October 1, 2021, Congress passed, and the President signed, the Consolidated Appropriations Act of 2022 (Act) on March 15, 2022. The Act generally requires that allocation of federal programmatic funds be made within 90 days to State and local agencies. Consequently, HUD has until June 2022 to tell public housing authorities what their funding allocations will be for calendar year 2022.

SHA is fortunate that we have tried to budget for federal funds realistically, while erring on the conservative side in our revenue forecasts. During the past three years, our federal funding levels have come in higher than anticipated and have supported budget increases that had not been anticipated for addressing continuing COVID-19 impacts. Although federal budget decisions have been delayed beyond the end of the fiscal years for 2020 through 2022, each year has seen increases in appropriations for HUD's discretionary programs and SHA has been able to address pressing needs more adequately for SHA tenants and voucher households, fund critical capital program repairs, and maintain investments in planned housing development work.

Over the period of the pandemic, SHA has also had the benefit of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Recovery Act, passed in 2020 and 2021, respectively. Over 2020 and 2021, SHA received nearly \$11 million in CARES Act funds to provide emergency assistance in planning for, addressing the impacts of; and protecting the health and

safety of residents and staff during the COVID-19 pandemic. These funds helped support procurement of personal protective equipment (PPE) for SHA workers and funded expanded services to residents confined to their units under stay-at-home regulations, including food delivery, grocery shopping and delivery, medications pick-up and delivery, staffing of remote call center centers to receive resident calls and triage responses, a program of wellness calls to residents from staff to check in and see how residents were doing and connect residents with case managers, as needed. In addition, CARES funds provided capacity to focus staff efforts on bringing testing clinics and vaccinations to SHA residential buildings, particularly to meet the needs of vulnerable populations and underserved communities. They also supported safe practices in performing critical cleaning/sanitizing in common areas of residential and office buildings, and in continuing life safety work orders in units and capital projects for life safety installations in buildings.

Through the American Recovery Act, December 2021 through May 2022 SHA has received approximately \$10.1 million in Emergency Rental Assistance for about 2,500 tenants. These funds paid for up to nine months of an eligible applicant's unpaid rent balance from the beginning of the pandemic in March 2020 and three months of prospective rent. To be eligible to participate in the program, landlords, including SHA, agreed to pay any outstanding arrears for tenants prior to March 2020 or any back rent in excess of nine months, as well as agreed not to evict participating tenants for non-payment of rent for six months. SHA contributed approximately \$1.2 million of non-federal funds in compliance with these conditions.

In our judgment, this was a highly successful program locally for low-income people, who through no fault of their own lost jobs, experienced fewer work hours, and saw their already extremely low-income drop due to the pandemic and emergency conditions imposed on the economy. As the administrator of the program locally, King County established an approach to using the funds designed to achieve a clean slate for the eligible participants and three months of rental assistance going forward to help tenants get on their feet again. And, it provided participating landlords an opportunity to receive a substantial amount of outstanding rent payments in exchange for helping clear the arrears for any remaining balances and agreeing to maintain the tenancy of participating tenants without fear of eviction for a six-month period. This is a win-win for everyone—tenants, landlords, and the community.

Prospects for the 2023 Federal Budget

While SHA has begun its 2023 SHA budget development process, at this stage we have only one marker for the FY 2023 federal budget: President Biden's 2023 Proposed Budget submitted to Congress on March 28, 2022. For HUD, the President proposes a robust increase in HUD's discretionary program budget for 2023 of \$71.9 billion or an increase of 9.4% over the FY 2022 enacted HUD budget. The President's 2023 Budget center piece is an increase in Tenant Based Rental Assistance programs of 17.1%, including funding for a new increment of vouchers to expand assistance to 200,000 new households, in addition to the 2.3 million households with renewal assistance.

Both the House and the Senate Appropriations Committees and Sub Committees have begun hearings acknowledging the President's FY 2023 Budget proposal, but there is not apparent agreement to adopt a 2023 Budget ahead of the mid-term elections in November. While there are reasons that both parties could benefit by passing a budget before the September deadline, it is not clear an agreement to do so has as yet found a path across the House and Senate and party aisles. The President always proposes, and the Congress disposes on the federal budget, but again this year we may have to wait and see until September 2022 rolls around how the brinkmanship plays out.

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 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.

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 online survey to gather views on pressing housing priorities from residents, voucher-holders, and stakeholders. 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% to 75% of the combined Operating, HAPs, and Capital revenues. The operating and capital budgets are developed from the community or program level up in SHA'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 the Asset Management Departments.

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. Traditionally there are also quarterly reviews of all Housing Portfolios by the Authority's Asset Management Committee. These sessions were suspended during the COVID-19 and will be restored in a virtual platform of Teams following the agency's return mid-year of those staff working remotely throughout the pandemic. 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 was adopted by the Board 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 an 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. With the Board Committed Funds Resolution, SHA reported to the Board a projected Operating Reserve for the agency of three months.

Component Units of Seattle Housing Authority

The Authority has 19 discretely presented component units as of December 31, 2021. 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 2021, the Authority's component units represented 3,640 units or 43% 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 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 of 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; 12 separate private grants from five foundations totaling \$2.6 million; and 12 awards from the City of Seattle, totaling \$19.7 million, ranging from \$5,000 to \$6,575,000. All of these contributions go to benefit housing development, community, and supportive services investments.

Major Long-Term Initiative – Yesler Terrace Redevelopment

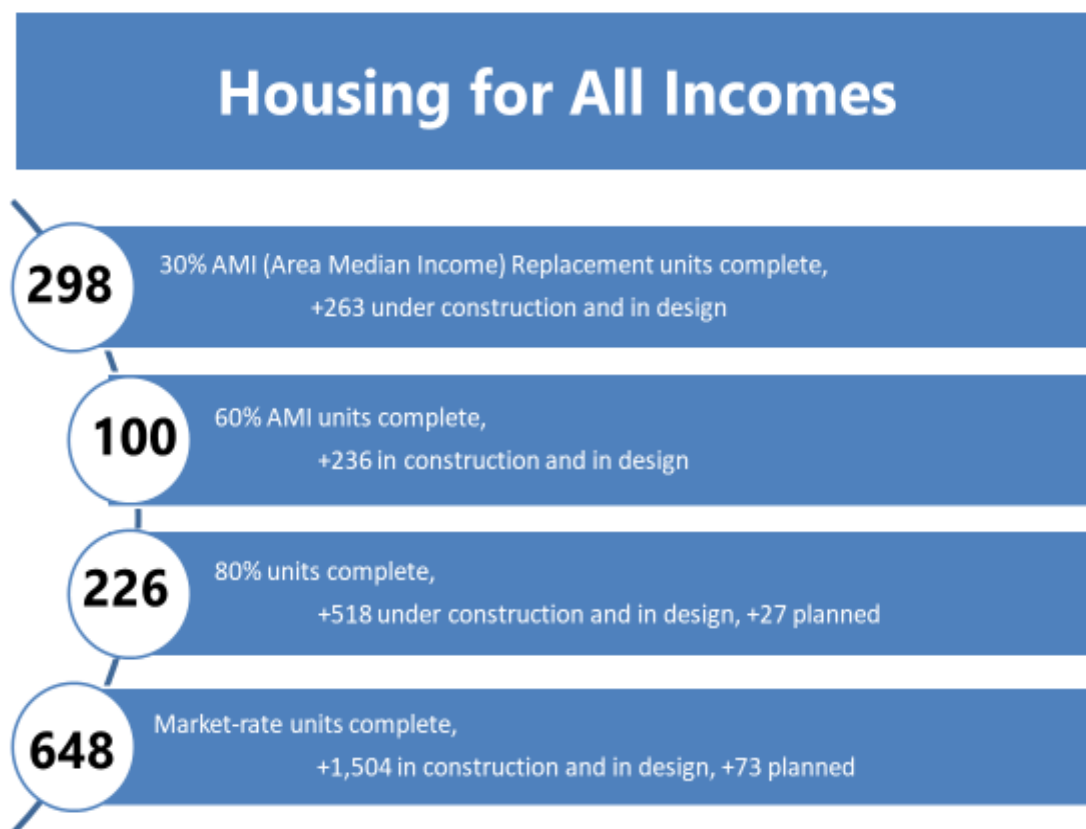
Investing in People, Neighborhood and Housing

Yesler Terrace is a 30-acre site near downtown Seattle, initially developed by the Seattle Housing Authority in the early 1940s as Seattle’s first publicly subsidized housing. Now, more than 80 years later, it is in 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 City of Seattle, Seattle University, The Kresge Foundation, RAVE Foundation, JPMorgan Chase Foundation, and the Robert Wood Johnson Foundation.

Highlights of 2021 Accomplishments

This section highlights the major accomplishments for redevelopment in 2021.



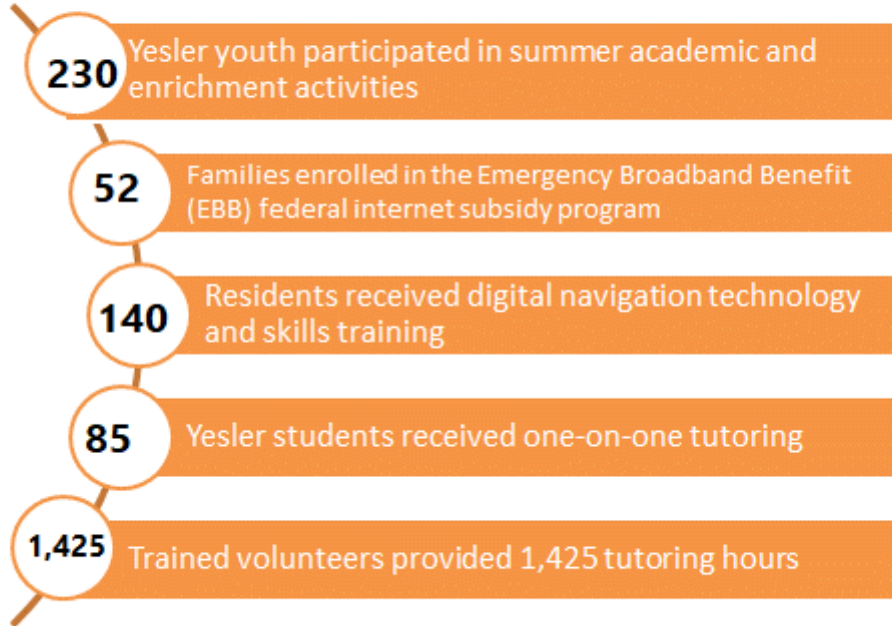
A Complete Neighborhood

- ✓ Yesler Terrace Park is open for public enjoyment
- ✓ Fir Street pocket park finished, design for 2 other Pocket Parks finalized
- ✓ Construction of new streets, sidewalks, access drives completed
- ✓ Two P-Patches plus Yesler Farm in operation, Green Street Loop with exercise stations completed
- ✓ Large-scale and smaller art installations throughout the community

Original Yesler Residents

- 493** Original households given priority for the 561 new Replacement Housing units at the new Yesler
- 100%** Original households successfully relocated
- 260** Original households continue to live at Yesler
- 204** Relocated households prefer living in their new communities, but retain the option to return to Yesler
- 4** Future buildings for relocated residents to return: Hinoki (2022), Yesler Family Housing, Sawara, and Juniper (2023+)

Quality Education for All



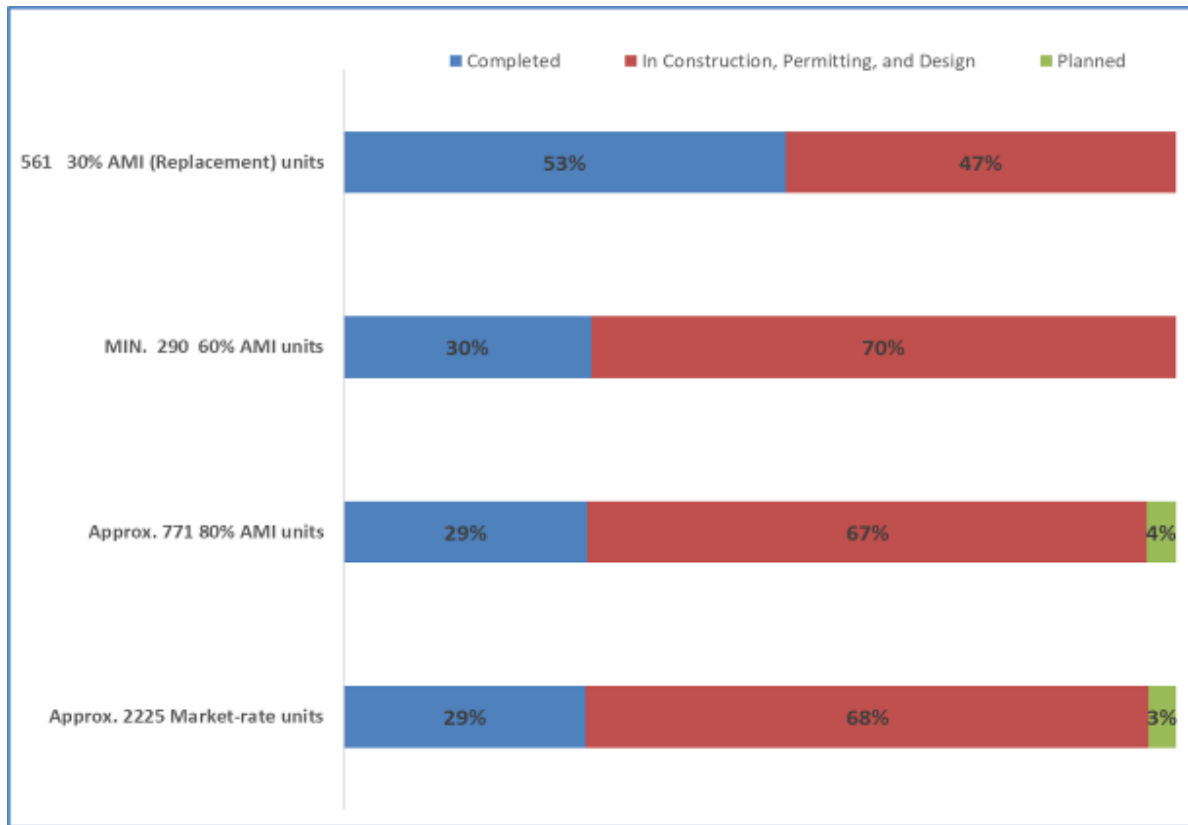
The Authority and its partners are implementing a comprehensive approach to redeveloping Yesler Terrace into a safe, healthy, and sustainable community that meets the needs of all people regardless of their background or income.

Throughout the Yesler neighborhood transformation, the Authority has included residents and community partners through the Citizen Review Committee (CRC), which is made up of a diverse array of participants from the immediate neighborhood and stakeholders representing the entire City. Resident members were selected by the Yesler Terrace Community Council. Membership categories on the committee included residents, affordable housing and smart growth/sustainability advocates, adjacent neighborhoods, anchor institutions, City agencies, and service providers. The CRC created the Guiding Principles document, which defined the core values and goals for the redevelopment. SHA staff and partners continue to regularly attend a wide variety of community meetings, adjusted accordingly during the COVID-19 pandemic, to get input and feedback on the remaining housing, neighborhood design, and program activities.

Housing Development

Designing a housing mix to accommodate families, single occupants, the elderly, and those with disabilities.

Yesler Housing Progress



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.

SHA Housing Development

- The renovated [Baldwin](#) apartments continue to be home to 15 Yesler 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. The Affordable Housing Finance Magazine selected Raven Terrace as a 2017 Reader's Choice Awards Finalist in the "Public Housing" category.

- **Hoa Mai Gardens**, with 111 low-income apartments, was completed in June 2017. The building is fully leased. The building is the winner of PCBC's 2018 Gold Nugget Grand Award in the "Best Affordable Housing" category.
- **Red Cedar** is SHA's newest completed building complex with 119 low-income apartments. The building, completed in spring 2019, was the 2020 winner of the ULI Jack Kemp Excellence in Affordable and Workforce Housing award.



- **Hinoki**, now under construction, contains 136 low-income apartments. Completion is scheduled for summer 2022.
- **Sawara** started construction in December 2021. The building will contain 114 affordable units. The project also includes a new pocket park to the north.
- **Juniper** will be SHA's final building at Yesler and will include approximately 93 affordable units. The building is in the design stage, with construction planned for 2023.



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% AMI.
- **Batik**, developed by Vulcan Real Estate and 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 located at the intersection of Yesler and Broadway. The building includes a community kitchen that opens onto the pedestrian pathway connector. The kitchen and adjacent community space are available for block parties, community events, and neighborhood gatherings.
- **Cypress** (Vulcan Real Estate) opened in spring 2019. The building has 237 apartments, 48 of which are designated for households earning less than 80% of AMI. The building's ground floor has retail locations available for lease.
- **Emerson Seattle** (developed by Mill Creek) has 288 apartments, 76 of which are restricted to households with incomes up to 80 percent of the Area Median Income. The building was completed in 2020.
- **Mason and Main** (developed by Lowe Enterprises) is a two-building complex under phased construction. The project has a total of 550 apartments, 133 of which will be available to households with incomes up to 80% of the AMI. The buildings will be finished in two phases, with both phases expected to be completed in late 2023.
- **Yesler Towers**, to be developed by Bellevue-based Su Development, is under construction and expected to be completed in two phases. Perched above Interstate 5, the two towers will be a gateway to the City from the south. The first phase will be completed in 2023, with the second phase to begin construction immediately after phase one completion. The building complex will have approximately 352 apartments, 26.5% of which will be affordable at 80 percent AMI.



- **Wayfarer** (Vulcan Real Estate) began construction in January 2021. The building will have 261 apartments, of which 52 will be designated for households earning less than 80% AMI.
- **Mack Real Estate Group** will begin construction in 2022 on an apartment building with a total of 200 apartment units. Of the 200 apartments, 53 apartments will be affordable at 80% AMI.

Non-Profit Sector Housing Development

- The Seattle Chinatown International District Preservation and Development Authority, in partnership with Community Roots Housing (formerly known as Capitol Hill Housing), was selected by SHA to build 156 affordable apartments, including 92 units of replacement housing (up to 30% AMI) and 64 units designated for the 60% AMI level. [Yesler Family Housing](#) is located at 1215 E Fir Street. The building broke ground in 2021 and expected to be completed in early 2023.

Funding Summary

The Yesler Terrace Redevelopment Project has successfully leveraged public and private funding for the purpose of rebuilding infrastructure and creating affordable housing. The graphs and charts below show funding by sources and status.

Properties at Yesler Terrace Sold or Leased by Year

Location	Type	Purchaser	Sale Proceeds *	Year of Sale
Block 2 East	Sale	Vulcan	4,890,000	2016
Block 3	Sale	Vulcan	6,450,000	2017
Block 4	Sale	Vulcan	7,730,000	2017
Block 5a East	Sale	Mill Creek	19,470,000	2018
Block 5b	Sale	Lowe	32,620,000	2019
Block 6.1a	Sale	Su Development	19,700,000	2020
Block 7.2	Sale	Kaiser Permanente	35,300,000	2021
Block 6.1b	Sale	MREG	13,240,000	2021
Block 7.1 North	Sale	NW Kidney Centers	6,000,000	2021

Total: 145,400,000

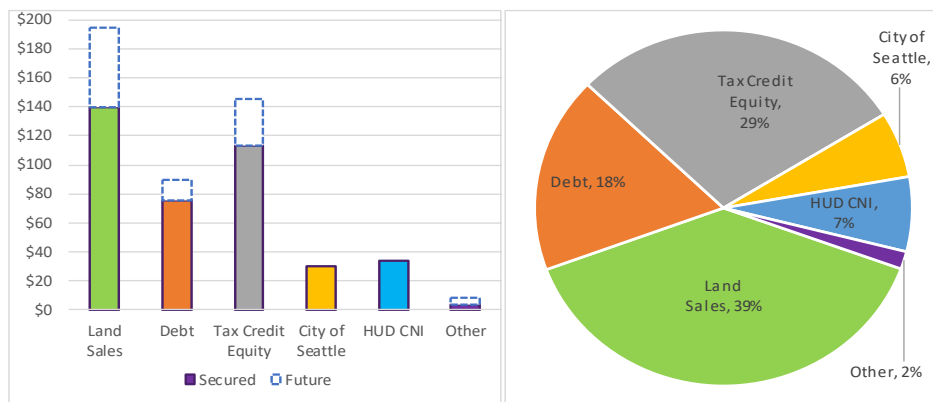
** Environmental cleanup costs are not known at time of sale. Sale proceeds are reduced by environmental cleanup reimbursement to Purchaser.*

Additional properties secured, but not yet finalized

	Type	Purchaser	Sale Proceeds *	Year of Sale
Various	Sale	Various	41,200,000	2022-2023

Yesler Funding Progress

Secured and future funding by SHA, in millions. Private developer projects not included.



	Total	Secured	Future	Percentage
Land Sales	\$194	\$139	\$55	39%
Debt	\$89	\$75	\$14	18%
Tax Credit Equity	\$145	\$114	\$32	29%
City of Seattle	\$30	\$30	\$0	6%
HUD CNI	\$34	\$34	\$0	7%
Other	\$8	\$4	\$4	2%
Total	\$501	\$396	\$105	100%

Arts and Equitable Placemaking – Community During COVID-19

Thanks to Partner Kresge Foundation

Support

SHA continues to be a leading innovator in using arts and culture strategies as redevelopment tools. In 2021, artists served Yesler in various ways, partnering with SHA staff and local service providers to both tailor arts activities for the Yesler community, and adapt to and, in some cases, address the impacts of the COVID-19 pandemic on the lives of residents.

March 2021 marked the final phase of funding from the Kresge Foundation Arts and Culture program, providing SHA staff and donors an opportunity to reflect on the myriad gains and lessons learned over the past five years of Kresge Foundation support. Since the grant was first announced in the fall of 2015, Yesler Arts programs have hosted 5,577 attendees, hired 14 artists, conducted 2,634 hours of artist and program staff engagement, and offered 503 arts activities and programs. SHA continues to support arts and culture as a critical part of its redevelopment strategy.



The program has gained recognition nationally through an in-depth feature article “[More Than a Mural: How Arts and Culture Advance the Mission of the Seattle Housing Authority](#)” in Shelterforce, an online publication with a focus on community development across the United States. A comprehensive report on Yesler Arts programs, commissioned by SHA, will be available in 2022 to housing, arts and culture, community development, and other interested groups.

Arts Engagement Makes a Special Impact During COVID-19

- **The Yesler Hello** – Produced by artist Kristen Ramirez, this colorful, high-quality printed quarterly broadsheet is a collaborative effort between the artist and SHA staff, local service providers, and residents. Notable sections in 2021 issues included original writings by Yesler residents, community news related to the pandemic, celebrations of community contributions, development-related timelines, and real estate news in an accessible, visual format.
- **Art and Social Clubs** – Facilitated by artists at the request of residents, these online meetups provided a valuable opportunity for residents to gather weekly around a shared activity, such as sewing or watercolor painting, and support one another. In some cases, artist facilitators were able

to recognize food stability needs and connect residents with the appropriate SHA staff for services. Programs introduced creative skills to residents while providing much-needed social opportunities during the pandemic. In the fall of 2021, both the sewing and watercolor groups also met in person.

- ***Intergenerational Family Albums*** — In partnership with the Seattle Public Library, artist Jenn Charoni worked with individuals and families across Yesler to create visual albums of the personal journeys of residents. Translation services were provided, with community members paid to translate and serve as project leads. Albums provided residents with a chance to reflect on personal history and culture.



- ***Girls Support Group*** — Artist Sumayya Diop led the *Global Girls Village*, a summer afterschool program for girls with a focus on leadership, identity, and community. In partnership with mothers, Yesler youth literacy service provider *Bureau of Fearless Ideas* and SHA Education Specialist Saadia Hamid, Diop created a supportive environment for writing, dancing, and reflection for the girls as a response to the challenges young people face during the pandemic.

- ***Institutional partner development with Path with Art, an arts organization serving marginalized communities in Seattle*** — This formal partnership allows SHA to connect residents across the agency's portfolio with free high-quality art classes and resources, as well as plan quarterly site-specific workshops with Yesler residents.

P-Patch Community Gardens and Yesler Urban Farm – Community + Foods

As early as in 2015, the City of Seattle's P-Patch program and community partners coordinated volunteer work parties to complete the P-Patch community garden at Horiuchi Park. The garden opened in spring 2015 with 28 gardening plots. In 2017, a P-Patch was completed at SHA's Hoa Mai Gardens with 20 plots. A third P-Patch will open when SHA's newest building, Hinoki, is completed in summer 2022. Efforts are ongoing to identify locations for community gardening opportunities.



The Yesler Urban Farm – “***Yes Farm,***” located in the WSDOT right-of-way along Interstate 5 just south of Yesler Way, is operated by the Black Farmers Collective, which BFC recently received grants from the City of Seattle to expand the farming operations further south. This past year saw a significant rise in crop production that was then distributed to BIPOC communities in the area, emphasizing the importance of fresh, locally grown food sources. In addition to farming activities, the farm partnered with Urban Teen and hosted youth programs and other community building activities with a focus on healing.

Yesler Relocation

Minimizing impacts of relocation and guaranteeing the right to return for current Yesler residents

The relocation of residents during the redevelopment of Yesler was conceived to be carried out in five phases. Rather than requiring all residents to leave the site at once, the phased relocation allowed the majority of residents to remain living in the community throughout the redevelopment process. The last phase was 2020, when all residents successfully relocated from the original Yesler housing. Of the original cohort of 493 households, 55 percent continue to be live on-site in new Yesler housing, while 45 percent remain in their chosen relocation housing in other neighborhoods.

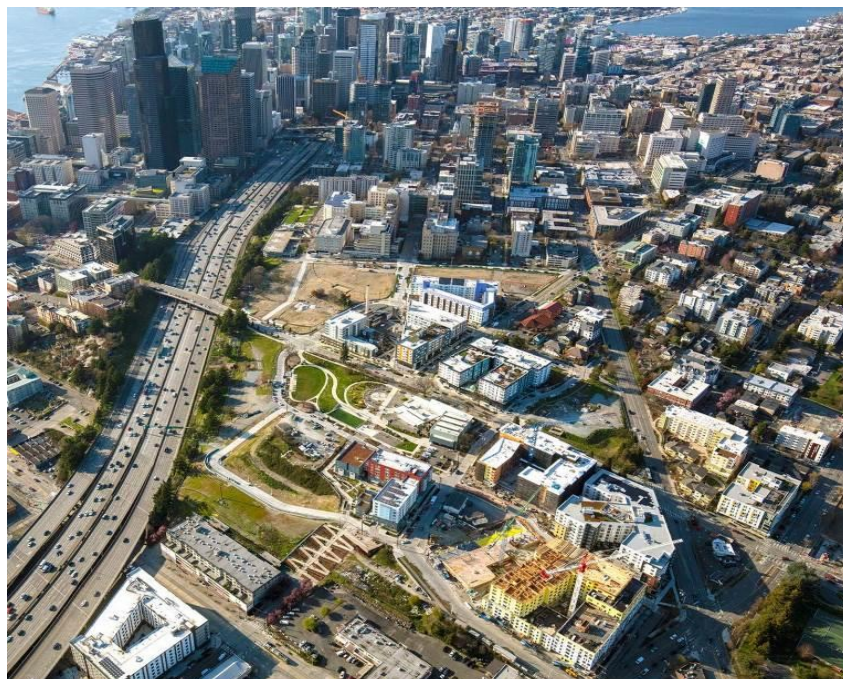
One household returned to Yesler in 2021, and the relocation team remains in touch with the remaining 193 offsite households (accounting for attrition). They were sent an invitation to exercise their option to return to the next new SHA building, Hinoki. Twenty-one households responded and indicated they are interested in returning to Yesler when Hinoki begins leasing in summer 2022.

SHA provided the following relocation services in 2021, as described in the updated Yesler Terrace Redevelopment Relocation Plan submitted to the City of Seattle:

- Moving and packing. Unpacking assistance was also provided to one household who returned to Raven Terrace from an offsite building.
- A mailing was sent to households living offsite to help them consider return options to Yesler. This will continue until the last replacement housing is completed.

Lease Enforcement Actions

There were no lease enforcement actions that resulted in eviction in 2021.



Awards and Recognition

During 2021, the Authority and its residents received or repeated distinctions and recognitions, including:

2021 Awards

- ***Certificate of Achievement for Excellence in Financial Reporting***

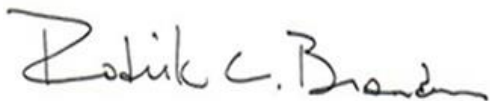
The Authority was awarded a Certificate of Achievement for Excellence in Financial Reporting in 2021 by the Government Finance Officers Association (GFOA) of the United States and Canada. In a statement, GFOA said the Certificate of Achievement for SHA's 2020 Annual Comprehensive Financial Report (ACFR) "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." This represents the 24th consecutive year SHA has been recognized with this juried award.

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 Authority. A special thanks to Janet Hayes, SHA's Controller, whose talents, dedication, and oversight of preparation of the 2021 ACFR occurred throughout the COVID-19 pandemic, for a third year, 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 Authority, to acknowledge and thank the members of the Board of Commissioners for their tireless support and guidance.

Respectfully submitted,



Rodrick C. Brandon, Executive Director
Seattle Housing Authority

cc: SHA Cabinet members
SHA PublicWebsite

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Principal Officials

Commissioners as of December 31, 2021	Term expires
Paul Purcell, Chair	December 1, 2022
Gerald Smiley, Commissioner, Vice Chair	March 19, 2023
Sally Clark, Commissioner	March 20, 2023
Robert Crutchfield, Commissioner	December 1, 2022
Dr. Paula Houston, Commissioner	March 20, 2024
Rita Howard, Commissioner	March 19, 2025
Twyla Minor, Commissioner	September 30, 2022

Administrative Staff

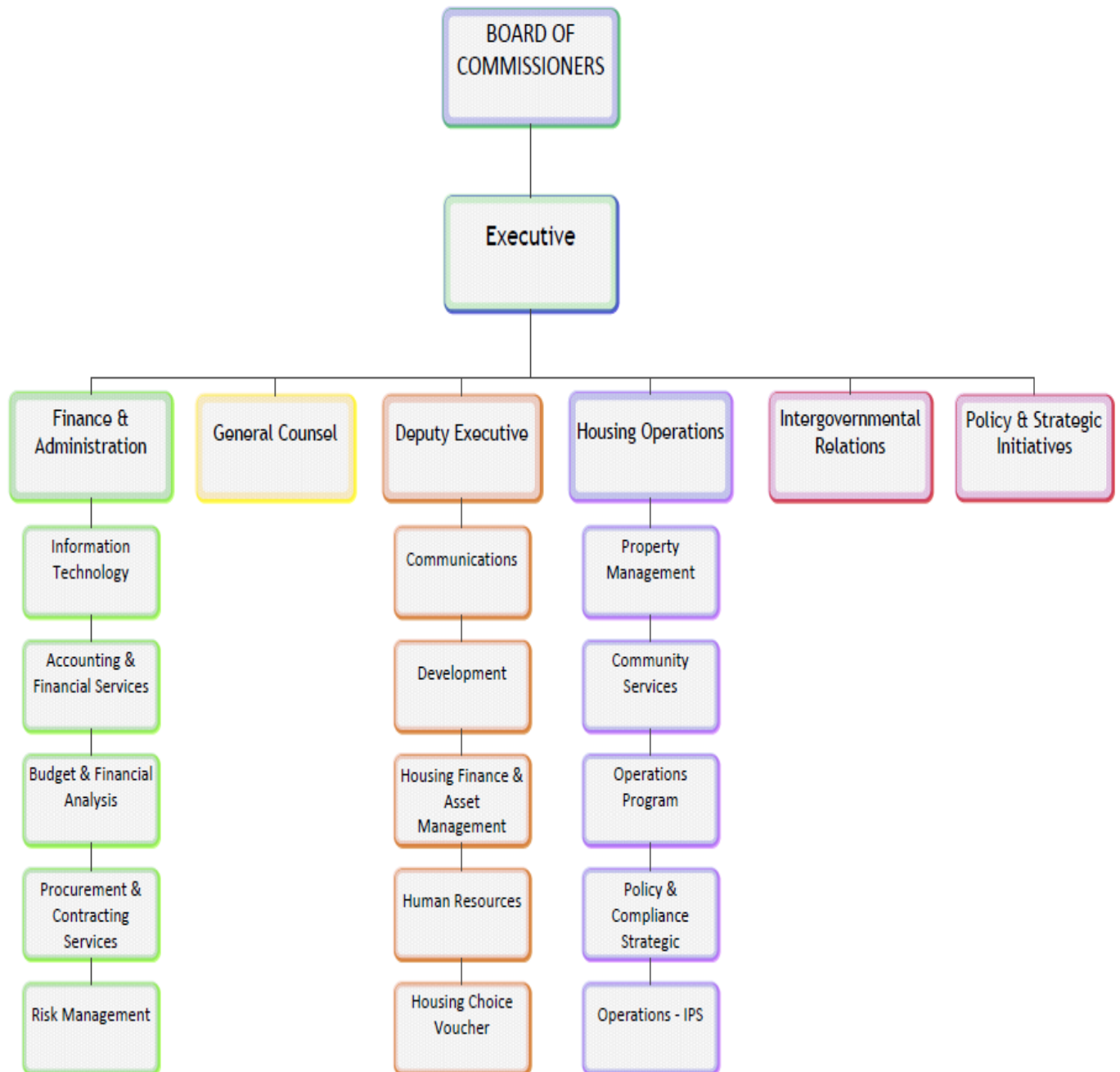
Rod Brandon, Secretary-Treasurer/Executive Director

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Financial Section

Section II



KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of the City of Seattle, Washington (the Authority), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority, as of December 31, 2021, 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.

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 (LLLLP), 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 74% of the total assets, 70% of the total liabilities, 97% of the total net position, 100% of the total revenues and 100% of the total expenses of the aggregated discretely presented component units as of December 31, 2021 and for the year then ended. 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 those entities, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. The financial statements of the discretely presented component units that were audited by other auditors as listed in the paragraph above were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 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
June 30, 2022

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Management's Discussion and Analysis (Unaudited)

December 31, 2021

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority or SHA) is pleased to present its basic financial statements as of and for the year ended December 31, 2021, 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, 2021, with comparative data for the year ended December 31, 2020. Please read this section in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2021 by \$817.4 million (net position), representing an increase of \$91.0 million over 2020. Unrestricted net position of \$349.7 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 comprise \$178.9 million of the Authority's net position at the end of 2021, which reflects \$58.2 million in committed funds adopted by the Board of Commissioners, \$18.0 million in assigned funds, and \$97.8 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 2021 represented approximately 4 months and 13 days (based on 20 business days in the month) of average monthly expenses and principal debt service.
- Total net position increased by \$91.0 million in 2021, which is 92% higher than the 2020 increase in net position of \$47.4 million. There were two primary drivers of this positive result. Operating revenues increased by \$42.3 million while operating expenses decreased slightly from 2020. In the discussion below of the statement of revenues, expenses and changes in net position, these changes will be addressed in detail. In 2021, nonoperating activities produced a net expense of \$7.6 million while in 2020 nonoperating activities produced a net expense of \$5.6 million—a difference of \$2.0 million from 2020. Also contributing to the increase in net position were increased capital contributions in 2021 of \$3.1 million compared to 2020, reflecting easing of restrictions placed on capital work in 2020 by Washington State during the COVID-19 pandemic.

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- The Authority's current ratio that measures liquidity increased slightly during the year from 7.3 to 7.9. Current assets increased by \$28.7 million because of an increase of \$20.1 million in current unrestricted and restricted investments. This was offset by a corresponding increase in current liabilities of \$1.6 million.
- Total notes receivable increased from \$260.4 million by \$7.0 million to \$267.4 million. The Authority has made loans to nonprofit agencies providing low-income housing and to its component units that are redeveloping housing communities under the Choice Neighborhoods Implementation grant and using Low Income Housing Tax Credit mixed financings. During the year, the Authority loaned an additional \$4.0 million to a nonprofit and \$3.1 million to limited partnerships for developments at Yesler Terrace.
- The Authority's total debt decreased slightly from \$225.2 million to \$225.1 million during the current reporting period. While the total debt changed little from 2020, the Authority replaced \$65.0 million of notes payable with \$67.6 million of bonds for Northgate Apartments, to provide a small capital increase and to take advantage of highly advantageous interest rates.

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, 2021 and 2020 amounted to \$1,202.0 million and \$1,088.1 million, respectively, an increase of 10.5% or \$113.9 million. Current assets increased by \$28.7 million and non-current assets increased by \$85.2 million. 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, notes receivable and net pension assets. 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 notes receivable as described above, total cash and investments also increased by a total of \$70.6 million as a result of strong land sales at the Yesler redevelopment sites and positive operating results. Net pension assets of \$37.8 million are reported in 2021 for the PERS2 plan compared to the net pension liability of \$5.1 million reported in 2020 as a result of favorable changes in projected and actual investment earnings of the pension plans.

Total liabilities of the Authority were \$350.1 million and \$362.4 million at December 31, 2021 and 2020, respectively, representing an decrease of 3.4% or \$12.3 million. Current liabilities include accounts payable, accrued liabilities, unearned revenue, current portion of long-term debt, and short-term borrowings. Pension liability decreased from \$16.0 million in 2020 to \$3.6 million in 2021 as a result of favorable change in projected and actual investment earnings of the pension plans as noted above.

Deferred outflows of resources and deferred inflows of resources arise from the pension liability and Other Postemployment Benefits (OPEB) 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,

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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 2021, the Authority's pension and OPEB-related deferred outflows decreased by \$800 thousand and deferred inflows increased by \$34.5 million, also as a result of the change in the PERS2 plan from a net pension liability to a net pension asset.

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 are 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 5.1%, or \$16.9 million, during the year from \$332.8 million to \$349.7 million. This was offset by a decrease in investments in capital assets of \$10.8 million. Restricted net assets increased \$85.2 million as the Authority increased amounts held for Yesler redevelopment.

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Condensed Statement of Net Position

(In thousands)

	December 31	
	2021	2020
Assets:		
Current assets, net	\$ 232,981	204,327
Noncurrent cash and investments	134,799	87,008
Capital assets, net	507,938	517,171
Notes receivable, long-term, net	267,298	260,232
Other noncurrent receivables and other	58,929	19,334
Total assets	1,201,945	1,088,072
 Pension and OPEB-related deferred outflows of resources	 5,487	 6,236
Total assets and deferred outflows of resources	\$ 1,207,432	1,094,308
 Liabilities:		
Current liabilities	\$ 29,660	28,062
Noncurrent liabilities	320,413	334,364
Total liabilities	350,073	362,426
 Pension and OPEB-related deferred inflows of resources	 39,963	 5,444
Net position:		
Net investment in capital assets	291,254	302,066
Restricted	176,407	91,526
Unrestricted	349,735	332,846
Total net position	817,396	726,438
Total liabilities and net position	1,167,469	1,088,864
 Total liabilities, net position and deferred inflows of resources	 \$ 1,207,432	 1,094,308

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 nonoperating 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

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Authority. Nonoperating 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, 2021 compared to the year ended December 31, 2020. Overall, operating revenues increased by approximately 14.0% or \$42.3 million from 2020 to 2021 and operating expenses decreased by less than 0.1% or approximately \$0.1 million for the year; net nonoperating expenses increased by 35.0% or approximately \$2.0 million; and capital contributions increased approximately 38.5% or \$3.1 million. Net position increased in 2021 by approximately \$91.0 million. Explanations of principal reasons for these changes follow.

The primary reason for favorable increases in operating revenues was a result of continued strong land sales at Yesler Terrace in the amount of \$55.6 million compared to \$22.7 million in 2020. The Authority also experienced increases in housing assistance payment subsidies of approximately 7.9% or \$13.7 million due to favorable HUD budget allocations in 2021. These proceeds from land sales at Yesler Terrace are primarily dedicated to the continuing redevelopment efforts at Yesler Terrace. Income from tenant rentals increased from 2020 to 2021 by \$2.1 million or 6.4%.

The most significant increase in operating expenses was the increase in housing assistance payment (HAP) expense of \$6.4 million or 5.0%. HAP increased due to an increase in the number of vouchers as well as increases in average HAP per voucher, mainly due to the effect of the pandemic on participants' income levels. There was also a significant decrease in the Authority's administrative expenses of \$5.3 million or 8.1%. This decrease was caused by a reduction in the Authority's pension expense of \$11.3 million compared to 2020 and was also reflected in the liability decrease as noted above. If not for the adjustment to the pension expense, administrative expenses increased by approximately \$6.0 million or 8.7%. The Authority also experienced small decreases in tenant services and maintenance expenses as the pandemic-related expenses were lower compared to 2020.

Net nonoperating expenses increased by approximately \$2.0 million or approximately 35% during the year. The primary reason for the increase was related to dispositions of assets that totaled \$5.1 million in 2021 compared to \$30 thousand in 2020. Also, interest expense decreased slightly in 2021 while interest income continued to decrease. Both of these outcomes were a result of lower interest rates in the overall economy. Additionally, in 2020, the Authority reported losses on investments in limited partnerships of \$2.4 million while gains on partnerships of \$1.6 million were recognized in 2021 due to the Authority's \$1.8 million contribution to Phase I homeWorks.

Capital contributions for the year ended December 31, 2021 were made up of \$11.3 million from HUD capital grants and were approximately \$3.1 million higher than in 2020. Due to the coronavirus pandemic, the Authority had to postpone a number of capital projects planned for the year.

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Statement of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Year ended December 31	
	2021	2020
Operating revenues:		
Tenant rentals	\$ 34,327	32,261
Housing assistance payment subsidies	187,239	173,524
Operating subsidies and grants	45,742	46,907
Other	77,648	50,000
Total operating revenues	<u>344,956</u>	<u>302,692</u>
Operating expenses:		
Housing operations and administration	60,264	65,587
Tenant services	7,218	7,385
Utility services	8,090	7,888
Maintenance	25,690	26,772
Housing assistance payments	134,774	128,336
Other	7,036	7,225
Depreciation and amortization	14,632	14,602
Total operating expenses	<u>257,704</u>	<u>257,795</u>
Operating income	<u>87,252</u>	<u>44,897</u>
Nonoperating revenues (expenses):		
Interest expense	(5,697)	(6,411)
Interest income	2,653	4,353
Insurance proceeds, net	—	468
Change in fair value of investments	(53)	(4)
Loss from refinancing	(1,050)	(1,546)
Gain (loss) on investment in limited partnerships	1,620	(2,441)
Loss on disposition of assets	(5,050)	(33)
Net nonoperating expenses	<u>(7,577)</u>	<u>(5,614)</u>
Change in net position before capital contributions	79,675	39,283
Capital contributions	<u>11,283</u>	<u>8,146</u>
Change in net position	90,958	47,429
Total net position, beginning of year	<u>726,438</u>	<u>679,009</u>
Total net position, end of year	<u>\$ 817,396</u>	<u>726,438</u>

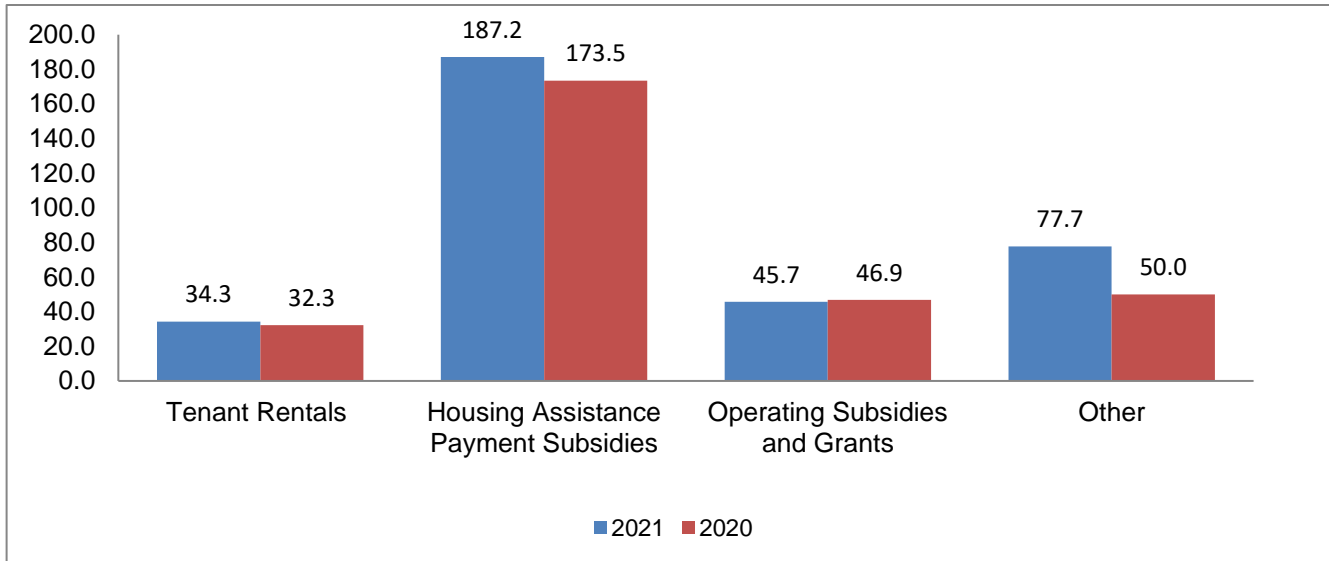
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Operating revenues are shown in detail in the chart below:

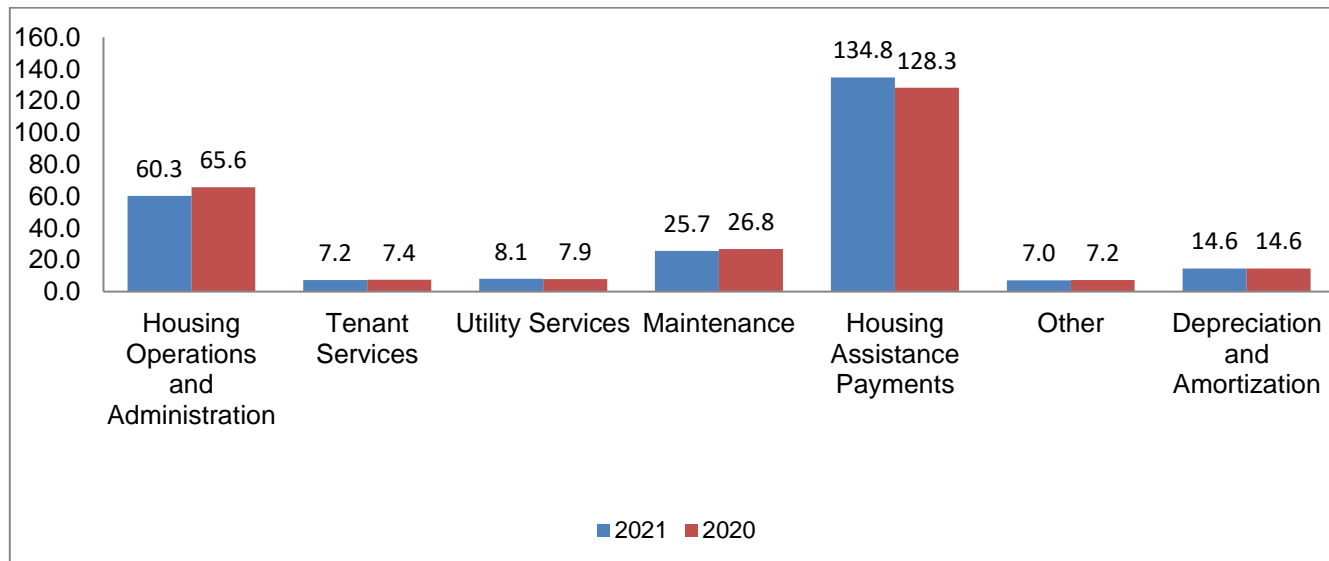
Operating Revenues – 2021 and 2020



Dollars (in millions)

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2021 and 2020



Dollars (in millions)

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Capital Asset and Debt Administration

The Authority decreased net capital assets during the year ended December 31, 2021 by approximately \$9.2 million. Total structures decreased as depreciation and dispositions exceeded additions and construction in progress decreased when infrastructure work at Yesler Terrace was written off when ownership transferred to the City of Seattle (the City).

Note 5 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year ended December 31, 2021.

The table below shows the Authority's capital assets, net of accumulated depreciation and amortization, at December 31, 2021 and 2020 (in thousands):

	<u>2021</u>	<u>2020</u>
Land	\$ 135,737	135,737
Land improvements	34,583	35,824
Structures	297,075	302,262
Leasehold improvements	421	500
Equipment	5,687	4,502
Construction in progress	<u>34,435</u>	<u>38,346</u>
Total capital assets, net	<u>\$ 507,938</u>	<u>517,171</u>

The following schedule shows the significant components of the construction in progress as of December 31, 2021 and 2020 (in thousands):

	<u>2021</u>	<u>2020</u>
Modernization funds – Capital grants	\$ 3,741	3,439
Yesler Terrace infrastructure	23,500	22,187
Other programs	<u>7,194</u>	<u>12,720</u>
Total construction in progress	<u>\$ 34,435</u>	<u>38,346</u>

The table below shows the Authority's outstanding debt at December 31, 2021 and 2020 (in thousands):

	<u>2021</u>	<u>2020</u>
Notes payable	\$ 99,184	165,481
Bonds payable	<u>125,960</u>	<u>59,710</u>
Total debt outstanding	<u>\$ 225,144</u>	<u>225,191</u>

Total debt outstanding increased by \$50 thousand from December 31, 2020 to 2021. The Authority had no short-term borrowings during the year and entered into \$67.6 million of new bonds for Northgate Apartments,

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which were used to provide funds to pay off \$65 million of notes for Northgate Apartments and to provide additional funds for capital improvements at the property.

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the year ended December 31, 2021.

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 2021, the Authority earned \$233.0 million in federal dollars for its Move To Work (MTW) and non-MTW operating programs and \$11.3 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 \$507.9 million of capital assets as of December 31, 2021.

Near Term: After three extensions of the FY 2022 Continuing Resolution extending existing 2021 appropriations for federal programs, Congress passed and President Joe Biden signed the Consolidated Appropriations Act of 2022 on March 15, 2022, establishing the FY 2022 budget for federal defense and nondefense discretionary programs.

The final enacted federal budget represented an increase in the HUD department budgets of 8.6% for the three core fund sources the Authority receives from HUD, including a 15.7% increase in Public Housing Capital funds, a 4.4% increase in Housing Choice vouchers (HCV) Voucher Renewal funds, and a 4.0% increase in Public Housing Operating funds. These funding increases exceed the forecast of revenue increases that the Authority included in its 2022 Budget, which was adopted by the Authority Board of Commissioners in October 2021. Consequently, the Authority expects to receive greater levels of funding in 2022 from its annual HUD allocations than it did in 2021, and more than the Authority anticipated for 2022. This will ensure continuity of the Authority's HUD-supported operating programs and an increase in the Authority's capital preservation resources.

Long Term: The Authority was one of the first group of Public Housing Authorities (PHAs) to participate in the MTW Demonstration Program, when the Authority joined in 1999. The MTW program, created by Congress, was designed to provide member PHAs with both regulatory and funding flexibility to demonstrate actions to streamline administrative processes and achieve savings, expand housing choices for residents and participants, advance self-sufficiency, and address local community low-income housing needs.

The expiration of the initial 10-year MTW contracts was in 2018 and after protracted negotiation between HUD and the then-39 MTW PHAs, Congress reauthorized a second 10 years for the program under terms of the existing contracts without change, unless mutually agreed by HUD and the MTW agencies. These contracts for the original 39 MTW agencies will expire in 2028. Preparations for negotiations are already underway and expected to begin well ahead of expiration. It is likely that HUD will seek to change the contracts to limit the flexibilities and change funding provisions. Depending on the scope of changes that may result, the Authority could lose a significant amount of current funding for its low-income public housing operations and rental assistance programs.

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COVID-19 Impacts and Future Implications – Effects on Residents

Over the period from March 2020 through December 31, 2021, the Authority used more than \$10 million in federal CARES Act funds to help address needs and impacts arising from the COVID-19 pandemic on its low-income clients under conditions where most staff were to work at home or remotely from interactions with clients or each other. In addition, the Authority spent more than an additional \$5 million from its funds toward planning for and responding to government requirements associated with the pandemic and changing needs of residents and voucher tenants for staff and resident safety and containment of the epidemic. And the circumstances posed new needs and requirements for the Authority's tenant services and supports. Four significant areas represent continuing concerns and future impacts for tenants:

- ***Behavioral Health Impacts and Investments:*** The stresses of the pandemic have shown themselves nationally and at the Authority in a rise of behavioral health and mental health incidents that pose new demands on housing authorities. For the Authority, this has resulted in a significant increase in resources to address tenants who require interventions and specialized services. This is likely to be a continuing need of Authority residents until we are well beyond the pandemic.
- ***Job and Income Loss:*** During the period of the pandemic of March 2020 through October 2021, the Authority processed more than 4,300 Interim Income Certifications for tenant and voucher households who experienced loss of jobs or fewer work hours, resulting in an average reduction in household income of \$16,660 per household. In response, the Authority increased staffing in its JobLinks program to provide added support to those tenants seeking jobs and those seeking educational advancement. While low-income people were some of the earliest to lose jobs during the first year of the pandemic, they have also been some of the last to find new employment, despite the general recovery of employment. The Authority has discussed intentions to continue capacity for job placement and educational advancement during 2022 and 2023.
- ***Emergency Rental Assistance (ERA):*** From late 2020 through the end of 2021, the Authority devoted the equivalent of four full-time staff working with King County government, which was charged with managing federal ERA funds for tenants with significant rental arrears to clear their balances owed from the COVID-19 period and receive funding rent for three months going forward. This was a monumental effort, and ultimately paid off as so far from December 2021 to date in 2022 more than 2,500 Authority tenants have been successful in clearing their COVID-19 arrears and receiving three months of prospective rent with more than \$10 million in federal ERA funds, and cleared pre-COVID-19 outstanding rent balances with approximately \$1.2 million contributed by the Authority from nonfederal funds.

These results from the impact of the federal ERA program provide a new platform for many of the Authority's low-income tenants to improve their financial condition, support their ability to regain employment, and add to the wherewithal for tenants to resume paying rent on their own. In addition, Authority communities will receive a significant boost from payment of the rental arrears to balance their budgets.

- ***Housing Market and Ending of Rent Increase and Eviction Moratorium:*** In early 2022, most of the pandemic local, state, and federal moratoria on rent increases and evictions for nonpayment of rent were lifted. The Authority knows this is resulting in many landlords seeking contract rent increases. For tenants and landlords who took advantage of the federal ERA program, landlords must honor the prohibition against raising rents for six months following the three months of forward rent payments. For these tenants, the ERA program affords them time and support to resume regular rental payments.

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It is also the case that many landlords have not been able to apply a rent increase for up to three years to their tenants and are now seeking to increase rents based on reasonable rent standards. The Authority anticipates that there will be some number of voucher-assisted households who are unable to pay updated rents, particularly for tenant-based vouchers in the private sector. The Authority is committed to working with landlords and tenants to resolve potential eviction actions in favor of continuing housing stability for these tenants and has invested in mediation services to assist tenants and landlords in resolving their differences to achieve this end.

- ***Resident Access to Testing and Vaccinations:*** Partnering with the Public Health Department, Community Health Clinics and service providers, and the Seattle Fire Department, the Authority looked for every opportunity and partners to bring COVID-19 testing and COVID-19 vaccine clinics to Authority residents and staff at Authority residential buildings from mid-2020 to the present day.

As COVID-19 has continued through new variants in 2021 and into 2022, the Authority continues to offer on-site vaccines to those not previously inoculated and to offer boosters once to those who already have the initial two shots. The Authority is continuing to provide on-site clinics with community partners to provide residents and staff, particularly those who are most vulnerable, free access to the full range of vaccines and testing available and recommended by public health officials.

Authority Response to COVID-19: Conditions of Employment for Authority Staff

The Authority adopted a policy at the outset of the COVID-19 pandemic to establish protocols for its operations and the safety of staff and residents based on the requirements of federal, state, and local governments under emergency orders and on the advice, recommendations, and requirements of public health agencies—the federal Center for Disease Control, the State Department of Health, and the Seattle-King County Health Department.

This led the Authority to a decision to make vaccination of all Authority employees a condition of employment. That policy was communicated to all staff in early August 2021 with an effective date of November 1, 2021 as the deadline for staff to present records showing they were fully vaccinated or had an approved medical or religious exemption and an agreed accommodation.

As of November 1, 2021, the Authority achieved a full vaccination rate of 92 percent of the staff; there were approximately 3.5% exemptions with required accommodation terms and approximately 4% of employees separated from Authority employment. The Authority has maintained the vaccination requirement and all employees hired since November 1, 2021 to date have at least two COVID-19 vaccine shots.

SHA began a phased return to work for employees working remotely full-time or nearly full-time, beginning April 1, 2022, and concluding May 16, 2022. Employees have come back to a hybrid work environment where all staff work at least two days a week in the office or as many days as their jobs and Authority business needs require.

The Authority will continue to maintain workplace protocols for reporting and quarantining in the event of off-the-job or on-the-job exposure to the COVID-19 virus and will continue immediate contact tracing whenever an exposure incident occurs. The Authority's COVID-19 Workplace Protocols require individual employees to immediately inform Human Resources (HR) if they test positive for COVID-19 or if they have been exposed to anyone testing positive. Upon notice, the Authority has dedicated staff trained to perform contact tracing and authorized under Authority protocols to direct periods of quarantine for positive cases and exposure instances.

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With an organization of about 625 staff over the period of the COVID-19 pandemic, the Authority has not had any work-site transmission of COVID-19 from staff to staff through 2021.

The Authority's Labor Market Experience

As seems to be reflected in the overall job market at this time, the Authority is experiencing wage growth beyond expectations as a result of the high Consumer Price Index in Seattle that is tied to many of the Authority's staff wage levels. The Authority is also experiencing recruitment challenges as labor force participation rates have declined. The Authority is also experiencing new employee demands regarding the terms of their employment. While the Authority expects that some of these pressures will recede over time, they do seem to bode increased labor costs above historic trends into the future.

Relocation of the Authority's Central Offices

The Authority's existing central headquarters building lease will expire in March 2023 and, following a nine-month market review and assessment of alternatives, the Board of Commissioners has endorsed a recommendation of the administration to move from the Authority's existing building; to continue to lease office space; to remain in the same central vicinity as the current building; to upgrade the space for services to residents; to provide for future capacity for expansion, including with partner agencies; and to significantly upgrade the healthful work environment of Authority employees. The price for the space is below the commercial median for the area, but over a term of 15 years represents an annualized increase in the Authority's rent of \$500,000 for approximately 90,000 square feet. The Authority has planned for an increase and can absorb the change without affecting core services over the term of the lease.

Continuing Housing Development Activity

For several decades, the Authority has been successfully engaged in an active process of redevelopment and expanded capacity of its residential housing portfolios. The Authority expects to continue into the future to engage in opportunities to expand its hard housing units and redevelop properties whose useful life has expired. The Authority's development pipeline includes the following:

- **Completion of Yesler Redevelopment:** The fifth of seven mixed-income residential buildings, **Hinoki (136 units)** will be occupied in mid-2022; the sixth building, **Sawara (114 units)** is under construction in 2022 and will open in early 2024; and the seventh and last Authority building, **Juniper (96 units)** will begin construction in 2023 and lease-up in early 2025. At completion, the Authority's Yesler residential buildings will include 561 replacement units for extremely low-income households (30% of Area Median Income (AMI)) and 290 units serving very low-income households (60% of AMI).
- **Pipeline Development Projects:** The Authority has three development and one major rehabilitation projects in varying stages of implementation or planning. One project, **LamBow (82 units)** is under construction and expected to be completed in late 2023/early 2024. The major rehabilitation project is **Jefferson Terrace (283 units)**; it will entail significant temporary relocation of residents and is planned for a late 2022 summer finance closing and construction start, with completion in mid-to-late 2025. **Jackson Park Village** is expected to receive bond cap in 2024 for replacement of 41 existing three- and four-bedroom units and expansion with 52 new two-bedroom units and replacement. Finally, replacement of **Holly Court** is next in for preliminary and concept planning. As this project will likely involve adjacent properties and relocations of an existing agency, the Authority has discussed that feasibility work may begin in 2023.

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- **Northgate Commons:** This development opportunity in a high-opportunity area, with high-speed transit access, schools and parks, and retail center nearby, was purchased by the Authority at the end of 2019 as a prime opportunity for a joint City and Authority project. Management of the property and its existing 211 units, as well as performance of the master planning of the site, has been undertaken by the Authority to date. The occurrence of the pandemic disrupted the original plans, but not the common desire of the Authority and the City to capitalize on this prime opportunity for redeveloping the property as a mixed-income development. Achieving a development agreement and financial commitments during 2022 will be required if a joint development plan is to occur.
- **Acquisition Program:** The Authority's Board and Commissioners and the administration committed in the 2022 Authority budget to seed funding of \$6.5 million for a follow-on acquisition program to the completed 2020 program. Given changes in the market, this is expected to be a much more opportunistic procurement program and one that is focused on properties currently serving tenants between 60% and 80% AMI, where the Authority might be able to bring a limited number of extremely low-income units into the property.
- **Challenges Facing the Authority's Development Plans and Aspirations:** There are three important challenges the Authority faces at this time in the development cycle for its plans:
 - ✓ Availability of State Bond Cap for Housing Development Projects: This is a case of supply and demand, as there are many more eligible competing development proposals to the Washington State Housing Finance Agency for the amount of State bond capacity to support all the demands. This is having three effects: (1) a requirement to provide added debt capacity to the project above the 50% debt requirement; (2) a longer time in the queue for State bond capacity to be available for a bond capacity allocation; and (3) longer periods from bond cap availability to project financing, which results in higher project cost.
 - ✓ Cost Inflation Adding to Total Development Cost: Most recently, local development projects experienced delays and cost increases due to the "cement" strike and construction projects locally are now facing current inflation numbers of up to 9%. There is no doubt that current and near-term projected inflation level will challenge construction budgets versus realities.
 - ✓ Tightening Monetary Policy – Higher Costs of Money: As the Federal Reserve System, the U.S. Central Bank uses its monetary policy to fight inflation, interest rates for borrowing money—i.e., the cost of bond funding or other debt borrowing—increase and make the Authority's development projects more expensive.

These three factors may affect the timing, scope, and financing approaches/sources for these projects.

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 Avenue North, Seattle, WA 98109, or by e-mail at janet.hayes@seattlehousing.org.

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BASIC FINANCIAL STATEMENTS

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statement of Net Position

December 31, 2021

Assets and Deferred Outflows of Resources	Primary government	Component units
Current assets:		
Cash and cash equivalents	\$ 10,737,902	3,876,004
Restricted cash	17,105,863	31,623,354
Investments	162,719,463	1,418
Accounts receivable:		
Tenant rentals and service charges	2,461,397	2,124,017
Other	1,846,324	30,477
Due from:		
Other governments	10,776,898	—
Primary government	—	653,194
Component units	4,375,164	—
Inventory and prepaid items	1,119,826	1,375,113
Restricted investments	20,311,765	—
Unamortized charges	623,038	1,002,829
Notes receivable	32,715	—
Notes receivable from component units	93,600	—
Assets held for sale	771,177	—
Other assets	5,731	—
Total current assets	<u>232,980,863</u>	<u>40,686,406</u>
Noncurrent assets:		
Investments	5,455,110	—
Cash restricted for long-term purpose	3,013,376	48,834,884
Restricted investments	126,330,792	21,067,308
Due from component units (net of allowance of \$24,584,860)	10,318,904	—
Other	10,734,663	7,239,925
Capital assets:		
Land	135,737,181	4,926,009
Land improvements	54,341,034	21,040,731
Leasehold improvements	1,538,041	—
Structures	597,660,272	497,069,750
Equipment	26,795,116	9,302,745
Construction in progress	34,434,666	87,630,545
Less accumulated depreciation and amortization	<u>(342,567,968)</u>	<u>(121,614,735)</u>
Capital assets, net	507,938,342	498,355,045
Notes receivable, less current portion (net of allowance of \$5,065,873)	17,925,607	—
Notes receivable from component units, less current portion (net of allowance of \$7,317,948)	249,372,468	—
Net pension asset	<u>37,874,935</u>	<u>—</u>
Total noncurrent assets	<u>968,964,197</u>	<u>575,497,162</u>
Total assets	1,201,945,060	616,183,568
Pension and OPEB-related deferred outflows of resources	5,487,144	—
Total assets and deferred outflows of resources	<u><u>\$ 1,207,432,204</u></u>	<u><u>616,183,568</u></u>

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statement of Net Position

December 31, 2021

Liabilities, Deferred Inflows of Resources and Net Position	Primary government	Component units
Current liabilities:		
Accounts payable:		
Vendors and contractors	\$ 7,005,224	14,675,171
Other	1,796,485	808,337
Accrued liabilities	6,602,413	4,118,966
Due to component units	653,194	—
Due to primary government	—	4,375,164
Security deposits	1,767,852	1,380,078
Current portion of long-term debt from primary government	—	93,600
Current portion of long-term debt	2,833,795	1,483,736
Unearned revenue	9,000,927	201,569
Total current liabilities	<u>29,659,890</u>	<u>27,136,621</u>
Noncurrent liabilities:		
Due to primary government	—	34,903,764
Unearned revenue	88,857,531	—
Long-term payables and liabilities	232,023	—
Long-term debt, less current portion:		
Notes payable to primary government	—	255,584,053
Notes payable	97,845,490	65,984,203
Bonds payable	124,465,000	138,351,724
Accrued compensated absences	3,680,862	406,545
Total OPEB liability	1,716,617	—
Net pension liability	3,615,880	—
Total noncurrent liabilities	<u>320,413,403</u>	<u>495,230,289</u>
Total liabilities	<u>350,073,293</u>	<u>522,366,910</u>
Pension and OPEB-related deferred inflows of resources	39,962,709	—
Total liabilities and deferred inflows of resources	<u>390,036,002</u>	<u>522,366,910</u>
Net position:		
Net investment in capital assets	291,254,190	106,165,886
Restricted for debt service and other	175,758,713	30,837,311
Restricted for endowment funds	648,313	—
Unrestricted (deficit)	349,734,986	(43,186,539)
Total net position	<u>817,396,202</u>	<u>93,816,658</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,207,432,204</u>	<u>616,183,568</u>

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
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Statement of Revenues, Expenses, and Changes in Net Position

Year ended December 31, 2021

	<u>Primary government</u>	<u>Component units</u>
Operating revenues:		
Tenant rentals	\$ 34,327,236	38,005,425
Housing assistance payment subsidies	187,239,208	—
Operating subsidies and grants	45,741,581	—
Other	77,648,023	1,619,931
Total operating revenues	<u>344,956,048</u>	<u>39,625,356</u>
Operating expenses:		
Housing operations and administration	60,264,333	8,984,211
Tenant services	7,217,838	—
Utility services	8,090,097	6,343,857
Maintenance	25,689,903	8,667,815
Housing assistance payments	134,773,828	—
Other	7,036,219	3,195,403
Depreciation and amortization	14,631,694	14,817,384
Total operating expenses	<u>257,703,912</u>	<u>42,008,670</u>
Operating income (loss)	<u>87,252,136</u>	<u>(2,383,314)</u>
Nonoperating revenues (expenses):		
Interest expense	(5,696,685)	(8,908,617)
Interest income	2,653,363	12,667
Change in fair value of investments	(52,702)	708,696
Loss from refinancing	(1,050,000)	—
Gain on investment in limited partnerships	1,619,620	—
Loss on disposition of assets	(5,050,414)	—
Net nonoperating expenses	<u>(7,576,818)</u>	<u>(8,187,254)</u>
Change in net position before contributions	<u>79,675,318</u>	<u>(10,570,568)</u>
Contributions:		
Capital contributions	11,283,378	—
Partners' contributions	—	4,157,071
Total contributions	<u>11,283,378</u>	<u>4,157,071</u>
Change in net position	<u>90,958,696</u>	<u>(6,413,497)</u>
Total net position at beginning of year	<u>726,437,506</u>	<u>100,230,155</u>
Total net position at end of year	<u>\$ 817,396,202</u>	<u>93,816,658</u>

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
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Statement of Cash Flows

Year ended December 31, 2021

	Primary government
Cash flows from operating activities:	
Receipts from residents	\$ 32,851,229
Receipts from other sources	76,816,661
Operating grants and subsidies received	230,443,338
Advances to affiliates	158,843
Payments to vendors	(65,468,915)
Housing assistance payments	(134,773,828)
Payments for salaries and benefits	(59,513,357)
Net cash provided by operating activities	<u>80,513,971</u>
Cash flows from capital and related financing activities:	
Capital contributions	12,032,380
Acquisition and construction of capital assets	(10,389,342)
Proceeds from long-term borrowings	66,550,000
Principal payments on notes and bonds payable	(67,646,961)
Interest paid	(5,545,314)
Net cash used in capital and related financing activities	<u>(4,999,237)</u>
Cash flows from investing activities:	
Investment income received	2,273,762
Maturity of investment securities	64,716,774
Purchases of investment securities	(135,417,199)
Decrease in net investment in partnerships	(146,305)
Collections on notes receivable	2,727,177
Advances on notes receivable	(9,787,623)
Net cash used in investing activities	<u>(75,633,414)</u>
Decrease in cash and cash equivalents	(118,680)
Cash and cash equivalents at beginning of year, as restated	<u>30,975,819</u>
Cash and cash equivalents at end of year	<u>\$ 30,857,139</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 87,252,136
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	14,631,694
Changes in operating assets and liabilities:	
Accounts receivable and other assets	(9,380,530)
Inventory and prepaid items	(68,261)
Accounts payable and other liabilities	(1,237,254)
Accrued compensated absences	(944,126)
Unearned revenue and other	(9,739,688)
Total adjustments	<u>(6,738,165)</u>
Net cash provided by operating activities	<u>\$ 80,513,971</u>
Supplemental disclosure of noncash activities:	
Loss on disposal of assets	\$ (5,050,414)
Gain on investment in limited partnerships	1,619,620
Change in fair value of investments	(52,702)

See accompanying notes to basic financial statements.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Notes to Basic Financial Statements

December 31, 2021

(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 4,876 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). Of the 4,876 units, 228 scattered site units are accounted for in one of the Authority's blended component units.
- *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 12,412 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
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Notes to Basic Financial Statements

December 31, 2021

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. As of December 31, 2021, the Authority had one property under this program with 30 units. The remaining four properties under this program at December 31, 2020 were converted to the Housing Choice Voucher program during the current fiscal year.

The Section 8 Moderate Rehabilitation program operates under HUD's ACC S-0068K and consists of the operations of 286 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 2,072 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 (i) a separately elected governing board, (ii) a governing board appointed by a higher level of government, or (iii) a jointly appointed board.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Notes to Basic Financial Statements

December 31, 2021

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 has both blended component units and discretely presented component units.

Blended Component Units

The Authority has three blended component units that share the same governing boards as the primary government. The entities have a December 31 year-end and financial statements may be obtained by contacting the Authority.

Campus of Learners Foundation is a Washington State nonprofit corporation incorporated in 1999 to support the provision of services and facilities that will enable public housing residents and their low- and moderate-income neighborhoods to achieve self-sufficiency by (a) raising funds to support Authority projects; (b) planning and/or administering programs of employment and training, education, and individual and family counseling, as well as other community and support services that target low-income persons and lead to self-sufficiency; and (c) providing consultation and training to public housing authorities and other entities that house or plan to house low- and moderate-income people.

Special Projects and Creative Energies (S.P.A.C.E.) Foundation is a Washington State nonprofit corporation formed in 1985 to assist the Authority in its endeavors to develop and operate affordable housing. The S.P.A.C.E. Foundation acts as an instrumentality of the Housing Authority. During the year, the S.P.A.C.E. Foundation entered into a new agreement to lease and operate 228 scattered site low-income housing units.

SHA Instrumentality LLC is a Washington State nonprofit corporation formed in 2020 to assist the Authority in its endeavors to develop and operate affordable housing. The purpose of this entity is to function as a limited partner in Authority tax credit partnerships in the absence of a tax credit equity investor.

Discretely Presented Component Units

The Authority is the 0.01% owner and the general partner in 19 real estate limited partnerships as of December 31, 2021. The limited partner interests in these 19 limited partnerships are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities that enable it to impose its will on the limited partnerships given that the limited partnerships do not have separate boards. 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 \$263.5 million at December 31, 2021. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Notes to Basic Financial Statements

December 31, 2021

The 19 component units are: 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), West Seattle Affordable Housing, Limited Liability Limited Partnership (West Seattle Properties), Yesler Block 5.1 Limited Liability Limited Partnership (Hinoki), 6935 Delridge Way LLLP (LamBow) and Yesler Block 7.3 LLLP (Sawara).

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, 2021, 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, 2021, Alder Crest has no outstanding developer fees payable to the Authority. The limited partner exited the partnership on January 1, 2022.

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, 2021, 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

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
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Notes to Basic Financial Statements

December 31, 2021

expenses as well as contributions to reserve accounts. As of December 31, 2021, 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, 2021, 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, 2021, South Shore Court owed the Authority developer fees in the amount of \$51,740.

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, 2021, 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 \$1,229,777 is payable as of December 31, 2021. If an operating deficit exists, the Authority is obligated to contribute funds to the partnership up to \$515,000. As of December 31, 2021, 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, 2021, 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

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
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Notes to Basic Financial Statements

December 31, 2021

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 capital lease of 99 years and 5 months 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, 2021, Leschi House has no developer fees owed to the Authority.

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, 2021, 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, 2021, Raven Terrace owed the Authority developer fees in the amount of \$275,506.

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, 2021, Hoa Mai Gardens owed the Authority developer fees in the amount of \$392,606.

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, 2021, 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

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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, 2021, developer fees in the amount of \$2,271,096 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 exists, 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, 2021, developer fees in the amount of \$74,526 were owed to the Authority.

Hinoki is a separate legal entity created on March 29, 2019 for the purpose of constructing the fifth building at the Yesler Terrace redevelopment and is planned as a single building complex with 136 apartment units as well as a community service facility space. During 2020, Hinoki 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 obligation to fund operating deficits up to \$1,000,000 at any time prior to the second installment of the limited partners' contribution. The operating deficit loan should be provided to cover operating deficits during the lease-up period and other deficits in the first three years 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, 2021, developer fees in the amount of \$50,000 were owed to the Authority.

LamBow is a separate legal entity created on August 23, 2018 for the purpose of developing, constructing, and operating an 82-unit apartment complex intended for rental to families of low income. During 2021, LamBow 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 obligation to fund operating deficits using an operating deficit loan during the first three years of operations up to a maximum of \$650,000 and may be less if certain other conditions exist. As of December 31, 2021, no developer fees were owed to the Authority.

Sawara is a separate legal entity created on February 8, 2021 for the purpose of constructing the sixth building at the Yesler Terrace redevelopment and is planned as a single-building complex with 114 apartment units as well as a community service facility space. During 2021, Sawara 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 obligation to fund operating deficits using an operating deficit loan during the first three

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years of operations up to a maximum of \$850,000 and may be less if certain other provisions exist. As of December 31, 2021, developer fees in the amount of \$50,000 were owed to the Authority.

All 19 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2021 and may be obtained by contacting the Authority.

(c) New Accounting Standards Adopted

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in US GAAP for state and local governments. GASB Statement No. 98 was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. The new term is founded on a commitment to promote inclusiveness. The requirements of this statement are effective for periods beginning after December 31, 2021; however, the Authority adopted for the current reporting period.

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

GASB Statement No. 87, *Leases*, establishes a single model for lease accounting based on the principle 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. 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. 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 various topics and is 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 consistency 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 will be working with lenders to changing the rate structure on existing lines of credit to replace LIBOR with SOFR.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, will improve financial reporting by establishing definitions of PPPs and

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APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The uniform guidance will provide more relevant and reliable information for financial statement users. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Technology Arrangements*, will improve financial reporting by establishing a definition for these arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet the definition. This will result in greater consistency, enhance the relevance and reliability of the government's financial statements, and allow users to understand the scale and impact on the government's obligations. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32*. This Statement provides guidance intended to increase consistency and comparability related to reporting of fiduciary component units in situations where a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform. The Statement also intends to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans). Lastly, the Statement seeks to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan, and for benefits provided through those plans. Some requirements of the statement related to defined contribution post-employment benefit plans and fiduciary defined benefit post-employment benefit plans are effective immediately. The remaining requirements are effective for the fiscal year ending June 30, 2022.

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

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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 allows 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 fair 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 represents 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.

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(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 Job Link 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 ten traditional holidays. Holiday pay is recorded as an expense when incurred.

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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) 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 2020 and no amounts are due and payable as of December 31, 2021.

(o) Unearned Revenue

The Authority has unearned revenue resulting from operating lease payments received in advance at the inception of the leases from 11 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.

(p) 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)(1)(A)(v) and 170 (c)(1) of the Internal Revenue Code of 1986, as amended.

(q) 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.

(r) Postemployment Benefits Other Than Pensions

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources, and OPEB expense, information is derived from the fiduciary net position of the City

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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.

(s) 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, 2021, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post Office deposits) was \$30,847,659 and the bank balance was \$31,614,235. The bank deposits are held with financial institutions and are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net position. All deposits in excess of the Federal Deposit Insurance Corporation (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 \$6,982 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, 2021:

Statement of net position caption	December 31, 2021
Current assets:	
Investments	\$ 162,719,463
Restricted investments	20,311,765
Noncurrent assets:	
Investments	5,455,110
Restricted investments	<u>126,330,792</u>
Total investments	<u>\$ 314,817,130</u>

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

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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.

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 prices 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.

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

	Totals	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Unobservable inputs
Money market funds	\$ 670,403	670,403	—	—
U.S. agency securities	5,455,110	5,455,110	—	—
Total investments at fair value	6,125,513	6,125,513	—	—
Investments carried at amortized cost	23,955,656			
State investment pool carried at amortized cost	284,735,961			
Total investments	\$ 314,817,130			

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, 2021, 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, which 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.

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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	\$ 670,403	—	—	670,403
U.S. agency securities	AAA	1,455,490	27,955,276	—	29,410,766
State investment pool	n/a	284,735,961	—	—	284,735,961
Total investments		<u>\$ 286,861,854</u>	<u>27,955,276</u>	<u>—</u>	<u>314,817,130</u>

(c) Component Unit Deposits

As of December 31, 2021, the component units' carrying amount of deposits (excluding petty cash) was \$84,333,642 and the bank balance was \$84,355,462. 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 \$600 in petty cash funds.

(d) Component Unit Investments

As of December 31, 2021, investments of \$21,068,726 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, 2021, 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	\$ 21,068,726	—	21,068,726
Total investments		<u>\$ 21,068,726</u>	<u>—</u>	<u>21,068,726</u>

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(3) Restricted Cash and Investments

The Authority's restricted cash and investments as of December 31, 2021 are summarized in the following table with a further analysis of the purpose of each restriction in the sections that follow:

Security deposits	\$ 1,767,852
Bond trust funds and mortgage reserves	34,830,526
HUD CARES unspent subsidy	5,884,956
Other required replacement reserves	2,358,829
Other restricted funds:	
JobLink Escrow account	232,023
Dream Big Scholarship fund	74,721
High Point Endowment Trust	225,052
Lake City Court Endowment Trust	164,881
Yesler Endowment	315,412
HUD held for High Point and Yesler Terrace developments	6,880,316
Unspent proceeds from 2020 refunding	8,121,420
Yesler Land sale proceeds	93,392,386
Loan fund commitments to component units	<u>12,513,422</u>
	<u>\$ 166,761,796</u>

The following is a reconciliation of restricted cash and investments to the statement of net position as of December 31, 2021:

Current assets:	
Restricted cash	\$ 17,105,863
Restricted investments	20,311,765
Noncurrent assets:	
Cash restricted for long-term purpose	3,013,376
Restricted investments	<u>126,330,792</u>
	<u>\$ 166,761,796</u>

(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, 2021 as shown in the schedule below:

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Total security deposits	\$ 1,680,666	87,186	1,767,852

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(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2021, funds held for bond trust funds and mortgage reserves are shown below:

	<u>Balance</u>
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 0.01% as of December 31, 2021.	\$ 253,192
Investments are 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 U.S. Treasury notes and bear interest of 0.78% as of December 31, 2021.	11,854,655
Restricted cash is held for the Beacon operating reserves and replacement reserves. The funds consist of money market funds and bear interest at approximately 0.01%.	134,745
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.01%.	101,526
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 0.01%.	139,776
Restricted cash held for bond activity related to the Douglas Apartment bonds. The account bears interest of approximately 0.05%.	488,122
Reserves are held in cash accounts for Ravenna School replacement reserves and bear interest at approximately 0.01%.	185,774
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 0.01%.	1,023,287

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	<u>Balance</u>
Money market funds are held for replacement reserves for Westwood Heights East. The funds bear interest of approximately 0.35%.	\$ 155,922
Restricted investments are held for the payment of principal and interest for properties of 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 0.77%.	12,101,015
Restricted cash is held for Holly Park Phase II public housing expense reserve and operating deficit reserve. The funds bear interest at approximately 0.01%.	570,304
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%.	982,335
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%.	1,044,196
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%.	3,224,219
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%.	692,401
Restricted cash is held for replacement and operating reserves at the Ritz Apartments. The funds bear interest at 0.05%.	101,531
Restricted investments are held for the payment of principal and interest for the Northgate Apartment bonds and bear interest at approximately 0.01%	417,207
Restricted investments are held for replacement reserves for properties covered under the 2020 Refunding and bear interest at approximately 0.09%.	1,277,181
Restricted cash is held for replacement reserves at Market Terrace and bear interest at approximately 0.01%.	<u>83,138</u>
Total	<u>\$ 34,830,526</u>

(c) Other Restricted Funds

The Authority has restricted investments held as deferred revenue under the Section 8 non-MTW voucher program in the amount of \$5,884,956.

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In addition to replacement reserves required under debt agreements, the Authority's blended component unit S.P.A.C.E. Foundation held restricted cash amounts of \$2,358,829 for replacement reserves at the scattered site properties it operates.

Restricted cash amounts of \$232,023 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 age 18 or older. Residents work with career coaches to map out individual plans for better employment.

Restricted cash amounts of \$74,721 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 \$225,052 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 \$23.

Restricted cash amounts of \$164,881 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 \$16.

Restricted cash amounts of \$315,412 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 withdrawals of \$673,521 were made to fund services for residents and the account earned interest of \$356.

Restricted cash in the amount of \$6,880,316 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.

The Authority also has unspent loan proceeds related to the 2020 Refunding Note in the amount of \$8,121,420. These funds are held for capital improvements needed on the buildings involved in the refunding.

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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, 2021, \$93,392,386 was held in restricted investments for this purpose.

Partnership loan commitments total \$12,513,422 and are held as restricted investments for Hinoki Apartments. The Authority expects the funds to be loaned to the partnership during 2022.

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(4) Notes Receivable

(a) Other Than from Component Units

	<u>December 31, 2021</u>	<u>Due within one year</u>
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 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 I and II 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	—

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	<u>December 31, 2021</u>	<u>Due within one year</u>
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.	601,161	32,715
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 HRG for the purchase of Judkins Park Apartments. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of February 29, 2044.	400,340	—
Due from the Archdiocesan Housing Authority and ML King Housing Limited Partnership. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of July 31, 2044.	266,013	—

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	<u>December 31, 2021</u>	<u>Due within one year</u>
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 CHHIPS for the construction of Broadway and Pine Apartments. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are due on the maturity date of November 4, 2055.	548,465	—
Due from Delridge Neighborhood Development, managing member of the West Seattle Resource Center, LLC. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are payable on the maturity date of February 1, 2056.	325,000	—
Due from Neighborhood House for land sold at Rainier Vista. The note 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 Sanots Place. The note bears no interest and matures August 7, 2067.	150,175	—
Due from 6600 Roosevelt LLP for the construction of Cedar Crossing Condominiums. The note bears simple interest at 1% per annum. Principal and interest are due at the maturity date of December 31, 2072.	1,000,000	—

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	<u>December 31, 2021</u>	<u>Due within one year</u>
Due from Big Village LLLP for the construction at the former King County Records site. The note bears simple interest at 1% per annum and matures September 1, 2078. Payments begin June 30, 2038 from net cash flows.	\$ 4,000,000	—
Allowance for loss	<u>(884,377)</u>	<u>—</u>
Total notes receivable, net	<u>\$ 17,958,322</u>	<u>32,715</u>

The Authority has a gross notes receivable and an allowance of \$4,181,496 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.

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(b) Notes Receivable from Component Units

	Balance December 31, 2021	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, 2021, the amount of interest payable to the Authority was \$7,444,250.	\$ 24,000,000	—
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, 2021 was \$170,847.	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. Interest payable to the Authority on December 31, 2021 was \$3,612.	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 1% per annum and mature in 2062. Interest payments are due annually from available net cash flows. As of December 31, 2021, interest payable to the Authority was \$1,155,859.	13,212,665	—
Two notes due from homeWorks Phase II in the amounts of \$12,000,000 and \$16,051,551. The notes bear interest at 4.88% and 4.60%, respectively, during rehabilitation and 3.5% thereafter. Both notes mature December 21, 2046. As of December 31, 2021, 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, 2021, interest payable to the Authority was \$5,088,663.	20,950,000	—

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	Balance December 31, 2021	Due within one year
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, 2021, interest payable to the Authority was \$597,745.	\$ 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, 2021, 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, 2021, interest payable to the Authority was \$1,584,252.	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.	1,229,776	—
Due from South Shore Court. The note accrues interest at 4.80% per annum and matures June 2040. As of December 31, 2021, interest payable to the Authority was \$6,200.	1,550,000	50,000
Two notes due from Kebero Court. The notes accrue interest at 3.0% per annum and mature April 1, 2065. As of December 31, 2021, interest payable to the Authority was \$1,713,687.	8,783,627	—
Due from Raven Terrace. The note accrues interest at 2.5% and matures in 2069. As of December 31, 2021 interest payable to the Authority was \$1,621,174.	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, 2021, interest payable to the Authority was \$7,723.	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, 2021 interest payable to the Authority was \$846,810.	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, 2021 interest payable to the Authority was \$1,229,685.	13,034,079	—

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Authority was \$1,350,810 as of December 31, 2021.	\$ 5,198,656	—
Two notes due from Red Cedar bearing interest at 1.0% per annum compounded annually and is payable from available cash flows. Interest payable to the Authority was \$486,208 as of December 31, 2021.	15,967,509	—
Due from West Seattle Properties from a rehabilitation loan bearing interest at 1% payable from cash flow. The loan matures December 1, 2067. Interest payable to the Authority was \$94,458 as of December 31, 2021.	4,898,447	—
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% and \$235,004 was payable as of December 31, 2021.	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, 2021 interest payable to the Authority was \$2,169,475.	20,125,000	—
Due from Hinoki Apartments. The note accrues interest at 1% per annum and matures in 2070. The maximum loan amount is \$38.5 million and interest payable to the Authority was \$293,204 as of December 31, 2021.	23,882,604	—
Due from LamBow Apartments. The note accrues interest at 0.05% and matures in 2071. The maximum loan amount is \$13,402,663 and interest payable to the Authority as of December 31, 2021 was \$388.	889,241	—
Due from Sawara. The note accrues interest at 1% per annum and matures in 2071. The maximum loan amount is \$32,000,000 and interest payable to the Authority as of December 31, 2021 was \$1,163.	1,351,523	—
Allowance for loss	(7,317,948)	—
Total notes from component units, net	\$ 249,466,068	93,600

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(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2021:

	Balance January 1, 2021	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 135,737,181	—	—	135,737,181
Construction in progress	38,345,936	22,364,919	(26,276,189)	34,434,666
Total capital assets, not being depreciated	<u>174,083,117</u>	<u>22,364,919</u>	<u>(26,276,189)</u>	<u>170,171,847</u>
Depreciable capital assets:				
Land improvements	54,289,490	51,544	—	54,341,034
Structures	590,993,097	8,784,337	(2,117,162)	597,660,272
Leasehold improvements	1,538,041	—	—	1,538,041
Equipment	25,182,555	2,421,814	(809,253)	26,795,116
	<u>672,003,183</u>	<u>11,257,695</u>	<u>(2,926,415)</u>	<u>680,334,463</u>
Less accumulated depreciation and amortization for:				
Land improvements	(18,465,616)	(1,292,332)	—	(19,757,948)
Structures	(288,731,241)	(11,986,203)	132,323	(300,585,121)
Leasehold improvements	(1,038,403)	(78,807)	—	(1,117,210)
Equipment	(20,680,517)	(1,227,927)	800,755	(21,107,689)
Total accumulated depreciation and amortization	<u>(328,915,777)</u>	<u>(14,585,269)</u>	<u>933,078</u>	<u>(342,567,968)</u>
Total capital assets, being depreciated, net	<u>343,087,406</u>	<u>(3,327,574)</u>	<u>(1,993,337)</u>	<u>337,766,495</u>
Total capital assets, net	<u>\$ 517,170,523</u>	<u>19,037,345</u>	<u>(28,269,526)</u>	<u>507,938,342</u>

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. Dispositions of construction in progress include \$3.7 million for LamBow Apartments and Sawara, two new discretely presented component units of the Authority in 2021 and approximately \$13.6 million of non-capitalizable projects and related expenses.

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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.

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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, 2021:

	Balance January 1, 2021	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 4,926,009	—	—	4,926,009
Construction in progress	32,383,668	59,137,804	(3,910,927)	87,610,545
Total capital assets not being depreciated	37,309,677	59,137,804	(3,910,927)	92,536,554
Depreciable capital assets:				
Land improvements	20,898,412	142,319	—	21,040,731
Structures	494,282,284	2,787,466	—	497,069,750
Equipment	8,482,155	820,590	—	9,302,745
	523,662,851	3,750,375	—	527,413,226
Less accumulated depreciation for:				
Land improvements	(7,711,408)	(1,157,794)	—	(8,869,202)
Structures	(93,868,082)	(13,008,376)	—	(106,876,458)
Equipment	(5,363,096)	(505,979)	—	(5,869,075)
Total accumulated depreciation	(106,942,586)	(14,672,149)	—	(121,614,735)
Total capital assets, being depreciated, net	416,720,265	(10,921,774)	—	405,798,491
Total capital assets, net	\$ 454,029,942	48,216,030	(3,910,927)	498,335,045

(6) Short-Term Borrowings

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 0.95%, at December 31, 2021 and requires monthly interest payments. The line of credit has an initial maturity date of December 31, 2022. With the bank's approval, the executive director may extend the line until December 31, 2029. At December 31, 2021, there were no outstanding amounts on the line.

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, and construction of facilities as well as general corporate

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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 0.95%, at December 31, 2021 and requires monthly interest payments. The nonbank qualified tax-exempt portion of the line carries an interest rate of LIBOR plus 1.3%, or 1.45%, at December 31, 2021. The line of credit has an initial term of three years and may be extended by the executive director until December 31, 2031 with the bank's approval. At December 31, 2021, there were no outstanding amounts on the line.

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(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, 2021:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2021</u>	<u>Due within one year</u>
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	—
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	—

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	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2021</u>	<u>Due within one year</u>
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 1% per year compounded monthly, with 50 annual payments of \$27,698. The note is secured by a deed of trust on the property.	673,534	—	—	673,534	—
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	—

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	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Due within one year
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	—
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, which bears interest at 1%, and are 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	—

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	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Due within one year
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	—
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2064.	543,356	—	—	543,356	—
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2065.	457,470	—	—	457,470	—
Note payable to Key Bank for the acquisition of Northgate apartments. The note was repaid during the year.	65,000,000	—	65,000,000	—	—
Note payable to Washington State Housing Trust Fund for NewHolly Phase III. The note bears Interest at 1%. Payments of principal and interest were deferred until December 1, 2015 when payments of unpaid interest and principal began and will continue until all amounts are paid over 20 years.	2,000,000	—	—	2,000,000	—

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	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Due within one year
Note payable to the City of Seattle for New Holly Phase III 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	—
Note payable to Washington State Housing Assistance Program for High Point North. The note bears interest at 1% per annum. Payments were deferred for 12 years with interest payments beginning April, 2016 and principal and interest payments begin April, 2021 until the maturity date of January, 2046.	2,000,000	—	—	2,000,000	—
Note payable to the City of Seattle, Office of Housing for the MLK Apartments. The note bears interest at 1.75% and has an initial maturity date of May 1, 2025 and may be extended for two years. Payments are due from cash flows or at maturity.	14,820,565	—	—	14,820,565	—
Note payable to Key Bank for the refunding of outstanding bonds for the local housing program, as well as the High Point North bonds. The note bears interest rate at 3.2% for the first 10 years and resets April, 2030. Payments are due semi-annually and final maturity date is April, 2050.	62,366,374	—	1,296,961	61,069,413	1,338,795
Total notes payable	165,481,246	—	66,296,961	99,184,285	1,338,795
Bonds payable for Gamelin and Genese 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 general revenue of the Authority.	2,675,000	—	135,000	2,540,000	140,000
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.	1,600,000	—	—	1,600,000	100,000

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	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Due within one year
Fixed rate bonds for Replacement housing properties, Montridge Arms, Main Street Apts and Yesler Court. Interest rates range from 0.7% to 5.6%. Bonds mature September 2043 and are secured by a deed of trust on the properties.	\$ 10,225,000	—	80,000	10,145,000	90,000
Fixed rate bonds 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. Bonds mature December 1, 2044 and are secured by a deed of trust on the properties. Rates range from 0.25% to 3.50%.	11,995,000	—	295,000	11,700,000	305,000
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.	33,215,000	—	840,000	32,375,000	860,000
Fixed rate bonds payable for Northgate Apartments secured by a deed of trust on the property. Bonds bear interest at 1.0% and mature June 2026.	—	67,600,000	—	67,600,000	—
Total bonds payable	59,710,000	67,600,000	1,350,000	125,960,000	1,495,000
Accrued compensated absences	5,005,158	4,632,711	5,576,835	4,061,034	380,172
Total long-term obligations	\$ 230,196,404	72,232,711	73,223,796	229,205,319	3,213,967

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.

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The following is a summary of debt service requirements of the Authority for long-term obligations as of December 31, 2021:

			Total	
	Bonds	Notes	Principal	Interest
2022	\$ 4,571,548	3,398,807	2,833,795	5,136,560
2023	4,440,518	3,491,373	2,855,607	5,076,284
2024	4,640,504	3,491,305	3,156,123	4,975,686
2025	4,690,807	19,608,602	18,133,651	6,165,758
2026	71,950,173	3,491,167	71,021,542	4,419,798
2027–2031	19,764,107	17,604,170	18,679,031	18,689,246
2032–2036	19,738,302	19,985,607	24,155,435	15,568,474
2037–2041	18,541,602	24,207,369	32,311,351	10,437,620
2042–2046	14,701,458	20,890,875	29,739,791	5,852,542
2047–2051	1,913,594	13,877,822	14,532,078	1,259,338
2052–2056	—	3,554,398	2,626,671	927,727
2057–2061	—	3,010,667	2,790,194	220,473
2062–2066	—	2,021,273	1,979,756	41,517
2067–2071	—	329,260	329,260	—
Total requirements	\$ <u>164,952,613</u>	<u>138,962,695</u>	<u>225,144,285</u>	<u>78,771,023</u>

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, 2021, 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 14 series of bonds amounting to \$175,228,701 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.

As of December 31, 2021, there were 25 series of outstanding special revenue bonds for private non-profits and private developers. The aggregate principal payable could not be determined for four of the

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bonds, their original issue amount totaled \$18,800,000. The aggregate principal payable as of December 31, 2021 for the remaining 21 series of bonds totaled \$71,684,857.

(c) Component Unit Debt

High Point South has bonds outstanding at December 31, 2021 totaling \$12,855,000. 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, 2021, 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. During the year, interest payments totaling \$473,703 were paid 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 \$2,647,141 as of December 31, 2021. 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 \$962,503. Of this amount, \$412,503 requires quarterly payments. The entire amount bears no interest and is payable in full on 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 5.0% 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, 2021. 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, 2021. 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.

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Phase II homeWorks has long-term obligations totaling \$28,051,551 as of December 31, 2021. 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, 2021. 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, 2021. 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, 2021. 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 \$7,700,000 as of December 31, 2021. 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 \$1,550,000, 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, 2021, Tamarack Place has outstanding long-term obligations in the amount of \$11,239,165. Of this amount, \$839,165 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.

As of December 31, 2021, Lake City Court has outstanding long-term obligations in the amount of \$17,588,282. 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 deed of trust on the project. Lake City Court also has a lease payable to the Authority in the amount \$1,229,777, which is payable from available cash flows.

As of December 31, 2021, Rainier Vista NE has outstanding long-term obligations in the amount of \$18,594,142. Rainier Vista NE has a fixed rate note payable to U.S. Bank in the amount of \$2,257,007, 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, 2021, \$6,337,135 was outstanding.

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As of December 31, 2021, Kebero Court has outstanding long-term obligations in the amount of \$17,076,722. Of this amount, \$6,438,095 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 \$1,855,000, which bears interest at 1.0% and matures in April 2065. 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.

As of December 31, 2021, Leschi House has outstanding long-term obligations in the amount of \$7,846,051. Of this amount, \$3,092,802 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, 2021, Raven Terrace has outstanding long-term obligations in the amount of \$15,164,796. Of this amount \$1,300,000 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 \$3,671,776. 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, 2021, Hoa Mai Gardens has outstanding long-term obligations in the amount of \$27,293,162. Of this amount, \$10,317,965 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, 2021, \$10,292,373 was drawn from that note.

As of December 31, 2021, NewHolly Phase I has outstanding long-term obligations in the amount of \$26,874,314. Of this amount, \$6,310,000 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, 2021, \$5,198,656 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.

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As of December 31, 2021, Red Cedar has outstanding long-term obligations in the amount of \$33,020,399. Of this amount \$13,682,890 represents the outstanding amount on a fixed interest rate loan bearing 4.56% per annum permanent loan with a maximum of \$13,960,000 and a 35-year amortization period. As of December 31, 2021, \$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 two loans from the Authority with a maximum loan amount of \$17,900,000 maximum note amount from the Authority at an annual interest rate of 1%. As of December 31, 2021, the project had drawn \$15,967,509 on this loan. Payments are to be made annually from cash flow and the maturity date is May 1, 2067.

As of December 31, 2021, West Seattle Properties has outstanding long-term obligations in the amount of \$27,203,447. Of this amount, \$8,035,000 represents 30-year bonds with a rate of 3.6%. 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 \$4,898,447 as of December 31, 2021. The loan carries a maximum amount of \$5,500,000 and bears interest at a rate of 1.00% per annum and matures December 1, 2067 with payments due annually from available cash flow.

Hinoki has outstanding long-term obligations in the amount of \$75,139,464 as of December 31, 2021. Of this amount, \$41,300,000 represents the outstanding amount from the Housing Authority of the City of Seattle Revenue Bonds, Series 2020A (Hinoki Apartments Project). The City of Seattle Taxable Revenue Bonds, Series 2020B (Hinoki Apartments Project) amount is \$8,525,000. Series 2020A Bonds maturity date is June 1, 2052. Series 2020B bonds maturity date is June 1, 2023 and will be paid in full upon receipt of the limited partners' equity investment. In addition, Hinoki has a \$38,500,000 maximum note amount from the Authority. As of December 31, 2021, the project had drawn \$23,882,604 on this loan. The note bears interest at 1.00% and carries a term of 50 years.

As of December 31, 2021, LamBow has outstanding long-term obligations in the amount of \$25,034,241. Of this amount, \$20,995,000 represents 30 year bonds, with rates of 1.0% to 4.0%. LamBow has approved a \$13,402,663 maximum note amount from the Authority. As of December 31, 2021, the project had drawn \$889,241 on this loan. The note bears interest at 0.50% and carries a term of 50 years. In addition, LamBow has a loan from City of Seattle for \$3,150,000. The maximum loan amount is \$3,500,000 which bears interest at the rate of 1.0% and matures in 2073.

As of December 31, 2021, Sawara has outstanding long-term obligations in the amount of \$41,841,523. Of this amount, \$37,340,000 represents 30 year bonds, with rates of 1.0% to 4.0%. Sawara has approved a \$32,000,000 maximum note amount from the Seattle Housing Authority. As of December 31, 2021, the project had drawn \$1,351,523 on this loan. The note bears interest at 1.00% and carries a term of 50 years. In addition, Sawara has a loan from City of Seattle for \$3,150,000. The maximum loan amount is \$3,500,000 which bears interest at the rate of 1.0% and matures in 2073.

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

	Balance January 1, 2021	Additions/ transfers	Retirements	Balance December 31, 2021	Due within one year
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	11,224
Loans payable to primary government from Alder Crest	581,231	—	—	581,231	—
Loan payable to Washington State Housing Trust fund from Alder Crest	962,503	—	—	962,503	—
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	1,650,000	—	100,000	1,550,000	50,000
Loan payable to the Department of Commerce from South Shore Court	2,500,000	—	—	2,500,000	—
Loans payable to primary government from Tamarack Place	10,400,000	—	—	10,400,000	—
Loan payable to WCRA from Tamarack Place	859,604	—	20,439	839,165	21,958
Loan payable to primary government from Rainier Vista NE	16,337,135	—	—	16,337,135	—

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	Balance January 1, 2021	Additions/ transfers	Retirements	Balance December 31, 2021	Due within one year
Loan payable to US Bank for construction of Rainier Vista NE	\$ 2,311,421	—	54,414	2,257,007	62,900
Lease payable to primary government from Lake City Court	16,358,505	—	—	16,358,505	—
Lease payable to primary government from Lake City Court	1,275,158	—	45,381	1,229,777	—
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	6,559,581	—	121,486	6,438,095	128,489
Loan payable to primary government from Kebero Court	8,783,627	—	—	8,783,627	—
Loan payable to City of Seattle from Kebero Court	1,855,000	—	—	1,855,000	—
Loan payable to primary government from Raven Terrace	10,193,020	—	—	10,193,020	—
Loan payable to City of Seattle from Raven Terrace	1,300,000	—	—	1,300,000	—
Loan payable to Chase Bank from Raven Terrace	3,742,226	—	70,450	3,671,776	74,165
Construction loan from Hoa Mai Gardens	10,448,447	—	136,482	10,311,965	143,157
Loan payable to primary government from Hoa Mai Gardens	16,981,197	—	—	16,981,197	—
Loan payable to primary government from Red Cedar	13,845,248	—	162,358	13,682,890	170,025
Loan payable to primary government from Red Cedar	15,967,509	—	—	15,967,509	—
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	—

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	Balance January 1, 2021	Additions/ transfers	Retirements	Balance December 31, 2021	Due within one year
Loan payable to City of Seattle from NewHolly Phase I	\$ 801,579	—	—	801,579	—
Loan payable to primary government from NewHolly Phase I	18,232,735	—	—	18,232,735	—
Loan payable to primary government from West Seattle properties	25,023,447	—	—	25,023,447	—
Capital lease to primary government from West Seattle properties	2,180,000	—	—	2,180,000	43,600
Loan payable to primary government from Hinoki	22,731,480	1,151,124	—	23,882,604	—
Loan payable to primary government from LamBow	—	889,241	—	889,241	—
Loan payable to City of Seattle from LamBow	—	3,150,000	—	3,150,000	—
Loan payable to primary government from Sawara	—	1,351,523	—	1,351,523	—
Loan payable to City of Seattle from Sawara	—	3,150,000	—	3,150,000	—
	<u>314,671,525</u>	<u>9,691,888</u>	<u>711,010</u>	<u>323,652,403</u>	<u>705,518</u>
Total notes					
Bonds payable:					
High Point South	13,275,000	—	420,000	12,855,000	420,000
Leschi House	3,150,688	—	57,886	3,092,802	66,818
New Holly Phase I	6,310,000	—	170,000	6,140,000	170,000
West Seattle Properties	8,035,000	—	235,000	7,800,000	215,000
Hinoki	49,825,000	—	—	49,825,000	—
LamBow	—	20,995,000	—	20,995,000	—
Sawara	—	37,340,000	—	37,340,000	—
	<u>80,595,688</u>	<u>58,335,000</u>	<u>882,886</u>	<u>138,047,802</u>	<u>871,818</u>
Total bonds					
Total long-term debt	\$ <u>395,267,213</u>	<u>68,026,888</u>	<u>1,593,896</u>	<u>461,700,205</u>	<u>1,577,336</u>

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Debt service requirements of long-term obligations of the component units as of December 31, 2021 are as follows:

		Bonds	Notes	Total	
				Principal	Interest
2022	\$	4,240,822	7,584,903	1,577,336	10,248,389
2023		31,369,950	7,605,110	28,876,818	10,098,242
2024		12,719,944	7,615,589	10,658,192	9,677,341
2025		25,666,433	7,626,358	24,051,011	9,241,780
2026		4,084,278	7,647,420	2,661,154	9,070,544
2027–2031		20,801,457	40,093,836	17,037,506	43,857,787
2032–2036		21,347,088	38,624,701	18,116,149	41,855,640
2037–2041		21,793,646	48,560,685	33,004,479	37,349,852
2042–2046		16,517,277	85,411,276	69,768,798	32,159,755
2047–2051		11,936,582	50,496,864	43,749,814	18,683,632
2052–2056		17,497,687	16,446,578	18,547,145	15,397,120
2057–2061		—	39,713,016	25,216,288	14,496,728
2062–2066		—	103,003,639	91,433,191	11,570,448
2067–2071		—	72,840,429	70,702,324	2,138,105
2072–2076		—	6,502,125	6,300,000	202,125
Total requirements	\$	<u>187,975,164</u>	<u>539,772,529</u>	<u>461,700,205</u>	<u>266,047,488</u>

The component units have adopted Financial Accounting Standards Board Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs and discounts to 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	\$	256,784,017	66,868,386	138,047,802	461,700,205
Unamortized premium		—	—	1,455,901	1,455,901
Unamortized discount		—	—	(104,932)	(104,932)
Unamortized debt issuance costs		<u>(1,106,364)</u>	<u>(272,265)</u>	<u>(175,229)</u>	<u>(1,553,858)</u>
Net debt amount	\$	<u>255,677,653</u>	<u>66,596,121</u>	<u>139,223,542</u>	<u>461,497,316</u>

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(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 initial lease amount was \$1,935,000 and all payments have been received. The lease matures on 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, 2021 of \$614,836.

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 on 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, 2021 of \$16,964,263.

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 on 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, 2021 of \$16,996,352.

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 on 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, 2021 of \$18,332,570.

The Authority leased the building and land of the Douglas Apartments to South Shore Court beginning in December 2008. The lease matures on December 31, 2083. The initial lease amount was \$3,650,000 and all payments have been received. 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, 2021 of \$1,065,053.

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 \$1,229,777 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 on 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 \$909,406 based on the appraised land value and was presented as a capital contribution from the

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Authority. The lease matures on December 31, 2112. Assets held for lease include land with a value of \$8,327 as of December 31, 2021.

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 on 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 \$838,446 as of December 31, 2021.

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 \$9,599,196 as of December 31, 2021.

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, 2021, accumulated depreciation was \$2,585,513, \$2,897,523, and \$1,499,160, 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, 2021.

The Authority has leased land to Big Village LLLP for the purpose of constructing a mixed use building containing child care, retail space and approximately 156 units of residential rental housing. The lease amount for the land was \$1,188 and the cost of the land to the Authority was \$4,984,287 as of December 31, 2021.

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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, 2021.

	<u>Original lease amount</u>	<u>Unearned rental revenue</u>
Alder Crest Apartments	\$ 1,935,000	1,522,200
homeWorks I	11,434,750	9,587,004
homeWorks II	12,171,533	10,323,728
homeWorks III	11,446,098	9,823,455
South Shore Court	3,650,000	3,017,328
Lake City Court	2,750,000	1,377,552
Leschi House	3,110,000	2,856,704
Kebero Court	909,406	834,021
NewHolly Phase I	19,250,000	18,227,106
West Seattle Properties	28,990,000	28,719,900
Red Cedar	3,330,000	3,175,834
Big Village	1,188	1,176
Total	<u>\$ 98,977,975</u>	<u>89,466,008</u>

Unearned lease revenues as of December 31, 2021 are reflected in the statement of net position in current and long-term liabilities in the amounts of \$821,712 and \$88,644,296, respectively.

(9) Deferred Outflows and Deferred Inflows of Resources

The composition of deferred outflows and deferred inflows of resources at December 31, 2021 are summarized as follows:

	<u>Pensions</u>	<u>OPEB</u>	<u>Total</u>
Deferred outflows of resources	\$ 5,241,396	245,748	5,487,144
Deferred inflows of resources	39,363,845	598,864	39,962,709

(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.

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(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, 2021 are presented in the table below.

	<u>Net pension asset (liability)</u>	<u>Deferred outflows</u>	<u>Deferred inflows</u>
PERS 1	\$ (3,615,880)	876,647	4,012,415
PERS 2/3	<u>37,874,935</u>	<u>4,364,749</u>	<u>35,351,430</u>
Total	<u>\$ 34,259,055</u>	<u>5,241,396</u>	<u>39,363,845</u>

(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 Plan 1 and PERS Plan 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. All of the Authority's members under PERS 1 have retired and are no longer contributing to the plan.

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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

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value, and unrealized gains and losses are included as investment income in the statement of changes in fiduciary net position presented in the DRS ACFR. 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, 2021, employer rates were decreased from 12.97% to 10.25% for all plans. Contribution rates for employees in Plan 2 were decreased from 7.90% to 6.36%.

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, 2021 were:

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	10.25%	10.25%	10.25%
Employee	6.00	6.36	varies

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	\$ —	4,085,233	1,473,431
Employee	—	2,508,727	813,919
	<u>\$ —</u>	<u>6,593,960</u>	<u>2,287,350</u>

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(e) Actuarial Assumptions

The total pension liability for each of the plans was determined by an actuarial valuation as of June 30, 2020, with the results rolled forward to the June 30, 2021 measurement date. The following actuarial assumptions have been applied to all prior periods included in the measurement:

Valuation method	Entry age normal actuarial cost method
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 developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status (that is active, retiree, or survivor), as the base table. The Washington State Office of the State Actuary (OSA) applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under generational mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

The total pension liability was determined using the most recent actuarial valuation completed in 2021 with the valuation date of June 30, 2020.

The actuarial assumptions used in the June 30, 2020 valuation report were based on the results of OSA's 2013–2018 Experience Study Report and the 2019 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2020 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 7.40 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.

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(g) Sensitivity of the Net Pension Asset (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.

<u>Plan</u>	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
PERS 1	\$ (6,159,853)	(3,615,880)	(1,397,271)
PERS 2/3	10,789,833	37,874,935	60,179,526
Total	\$ <u>4,629,980</u>	<u>34,259,055</u>	<u>58,782,255</u>

(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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
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% 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, 2021 was June 30, 2021, the Plan's fiscal year end. The Authority's contributions received and processed by DRS during DRS' fiscal year ended June 30, 2020 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, 2020 Schedules of Employer and Nonemployer Allocations for PERS Plans 1, 2 and 3. The proportionate share for the years ended December 31, 2021 and 2020 was 0.296

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percent and 0.309 percent for Plan 1, respectively, and 0.380 percent and 0.401 percent for Plan 2/3, respectively.

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

For the year ended December 31, 2021, the amount of pension income recognized by the Authority was \$604,276 for PERS 1 and \$8,581,963 for PERS 2/3. The aggregate amount for both plans was \$9,186,239 and is reported on the statement of revenues, expenses and changes in net position as a reduction of housing operations and administration expenses. Contributions made after the measurement date of June 30, 2021, but before the end of 2021 will be recognized as a reduction of the net pension liability during 2022.

The Authority's deferred outflows of resources and deferred inflows of resources pertaining to PERS as of December 31, 2021 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	\$ —	(4,012,415)
PERS 1	Contributions subsequent to the measurement date of the collective net pension liability	876,647	—
PERS 2/3	Difference between projected and actual earnings on plan investments, net	—	(31,654,561)
PERS 2/3	Contributions subsequent to the measurement date of the collective net pension liability	1,502,766	—
PERS 2/3	Difference between expected and actual experience	1,839,530	(464,310)
PERS 2/3	Change in proportionate share	967,106	(542,812)
PERS 2/3	Change of assumptions	55,347	(2,689,747)
	Total	\$ 5,241,396	(39,363,845)

* 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 \$2,379,413 will be recognized as a reduction of the net pension liability as of December 31,

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2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year</u>	<u>PERS 1</u>	<u>PERS 2/3</u>	<u>All Plans</u>
2022	\$ (1,062,889)	(8,556,074)	(9,618,963)
2023	(973,993)	(7,987,345)	(8,961,338)
2024	(920,950)	(7,655,896)	(8,576,846)
2025	(1,054,583)	(8,294,489)	(9,349,072)
2026	—	(5,011)	(5,011)
Thereafter	—	9,368	9,368
Total	\$ (4,012,415)	(32,489,447)	(36,501,862)

(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.

Contributions made after the measurement date of January 1, 2021, but before December 31, 2021 will be recognized as a reduction of the OPEB liability in the subsequent fiscal year rather than in the current period.

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

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At January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	<u>516</u>
Total	<u><u>522</u></u>

(b) Total OPEB Liability

The total OPEB liability of \$1,716,617 as of December 31, 2021 was measured as of January 1, 2021 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, 2021:

Beginning balance as of December 31, 2020 using a measurement date of January 1, 2020	\$ 1,471,610
Service cost	155,487
Interest on total OPEB liability	44,046
Change of assumptions	84,896
Differences between expected and actual experience	—
Benefit payments	<u>(39,422)</u>
Ending balance as of December 31, 2021 using a measurement date of January 1, 2021	<u><u>\$ 1,716,617</u></u>

(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.

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In the January 1, 2021 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, 25% 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 7.15% reaching the ultimate rate of 4.5% in 2030.
Valuation method	<p>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 65, and members entitled to deferred benefits, the AAL is equal to the present value of the benefits expected to be paid; there is no normal cost for these participants.</p> <p>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.</p>
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 2.74% was used for the January 1, 2020 measurement date and a discount rate of 4.10% was used for the January 1, 2019 measurement date, the date of implementation of GASB Statement No. 75.

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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 2.74%.

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

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$113,555 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	\$ 112,984	(90,275)
Changes of assumptions	75,194	(508,589)
Subtotal	188,178	(598,864)
Contributions made in year ending December 31, 2021 after the measurement date	57,570	—
Total	\$ <u>245,748</u>	<u>(598,864)</u>

Amortization of deferred outflows and deferred inflows of resources:

Year ending December 31	
2022	\$ (85,978)
2023	(85,978)
2024	(85,978)
2025	(85,479)
2026	(36,493)
Thereafter	(30,780)
Total	\$ <u>(410,686)</u>

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

The following table presents the Authority's total OPEB liability calculated using the discount rate of 2.12 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 (1.12 percent) or one percentage point higher (3.12 percent) than the current rate.

	<u>1% decrease</u>	<u>Current discount rate</u>	<u>1% increase</u>
Total OPEB liability	\$ 1,862,675	1,716,617	1,581,843

(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 7.15 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 (6.15 percent decreasing to 3.5 percent) or one percentage point higher (8.15 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	<u>1% decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% increase</u>
Total OPEB liability	\$ 1,511,726	1,716,617	1,961,116

(13) Risk Management

The Authority maintains insurance against property, liability and regulatory compliance hazards. Property insurance coverage is limited to \$150 million per claim, with a deductible of \$50,000. Coverage is provided on a blanket basis for buildings, business personal property and business income. Earthquake insurance coverage is \$5 million per occurrence, with a deductible of \$50,000 per occurrence. The Authority participates in the Housing Authority Risk Retention Group (HARRG) for its general and automobile liability insurance coverage. General liability coverage provided is \$15 million per occurrence, with a deductible of \$25,000 per occurrence. Auto liability insurance is \$12.5 million per occurrence with no deductible. The Authority also maintains a number of other insurance policies to address risks arising from the course of business, including employee fidelity, public official liability and cyber liability insurance. Claim settlements have not exceeded insurance coverage limits, either on a per claim or on an aggregate basis, 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 plus the payment of annual premiums for its general and automobile 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

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unemployment taxes and the election is authorized for all political subdivisions under Washington State Law (RCW 50.44.060). The Authority is insured by the Washington State Industrial Insurance Fund for workers' compensation and pays premiums via quarterly reports to the Washington State Department of Labor & Industries.

(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 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, 2021, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately \$91.7 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

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required payments. As of December 31, 2021, the amount of available general revenue was \$252.5 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 2021 general revenue	Term of commitment	Annual debt service
Obligations of the Authority						
Restricted investments are primary repayment source						
Fixed Rate bonds	2013 Refunding for Montridge Arms, Main Street Apartments, 2002 Replacement Housing projects, Yesler Court properties	2013	\$ 18,756,770	0.27%	2043	\$ 684,188
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	19,766,524	0.34	2044	859,812
Project revenues are primary repayment source:						
Fixed Rate taxable	Refunding of bonds for Gamelin/Genesee mixed use buildings	2015	3,475,867	0.10	2035	248,868
Fixed Rate bonds	2018 Refunding for NewHolly Phase II and III, Rainier Vista Phase I and Wedgewood Estates	2018	49,940,242	0.77	2048	1,932,930
Fixed Rate bonds	Purchase of Northgate Apartments	2021	70,642,000	0.27	2026	676,000
Fixed Rate note	2020 Refunding	2020	94,039,314	1.30	2029	3,282,391
General revenues are primary repayment source:						
Variable Rate bonds	Rehabilitation of Douglas Apartments	2009	2,371,210	0.07	2040	169,750

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Description of Debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2021 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 II	2007	\$ 17,685,000	0.28 %	2039	\$ 700,000
Fixed Rate bonds for component unit	Construction of housing units at Kebero Court	2013	11,805,446	0.19	2045	486,823
Fixed Rate note for component unit	Construction of housing units at Raven Terrace	2015	6,538,471	0.10	2046	261,539
Fixed Rate note for component unit	Construction of housing units at Hoa Mai Gardens	2016	20,038,082	0.25	2038	633,511
Fixed Rate bonds for component unit	Rehabilitation of housing units at New Holly Phase I	2016	9,034,878	0.14	2046	359,985
Fixed Rate bonds for component unit	Rehabilitation of housing units at Longfellow creek, Roxhill Court and Wisteria Court	2017	12,252,465	0.19	2047	489,228
Fixed Rate loan for component unit	Construction of housing units at Red Cedar	2018	22,951,378	0.32	2038	799,036
Fixed Rate loan for component unit	Construction of housing units at Hinoki	2020	56,482,362	0.50	2052	1,254,975
Fixed Rate loan for component unit	Construction of housing units at LamBow	2021	19,967,977	0.13	2051	322,563
Fixed Rate loan for component unit	Construction of housing units at Sawara	2021	27,159,386	0.18	2051	463,486
Equity investments are primary repayment source:						
Fixed Rate loan for component unit	Construction of housing units at Hinoki	2020	8,678,450	0.04	2023	102,300
Fixed Rate loan for component unit	Construction of housing units at LamBow	2021	8,837,813	0.04	2024	107,125
Fixed Rate loan for component unit	Construction of housing units at Sawara	2021	22,485,375	0.09	2025	217,250
Total General Revenue Pledge and annual debt service			\$ 502,909,010			\$ 14,051,760

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(16) Blended Component Units Condensed Financial Information

Condensed combining statements for the Authority and its blended component units as of December 31, 2021 are shown below:

	Condensed combining statements			
	Combined entities	Eliminations	Housing authority	Total blended component units
Current assets, net	\$ 232,980,863	(3,743,270)	229,390,343	7,333,790
Noncurrent cash and investments	134,799,278	—	134,799,278	—
Capital assets, net	507,938,342	—	507,938,216	126
Other noncurrent assets	326,226,577	(103,243,111)	328,829,345	100,640,343
Total assets	1,201,945,060	(106,986,381)	1,200,957,182	107,974,259
Deferred outflows of resources	5,487,144	—	5,487,144	—
Total assets and deferred outflows for resources	\$ 1,207,432,204	(106,986,381)	1,206,444,326	107,974,259
Current liabilities	\$ 29,659,890	(3,743,270)	31,628,947	1,774,213
Noncurrent liabilities	320,413,403	—	320,399,892	13,511
Total liabilities	350,073,293	(3,743,270)	352,028,839	1,787,724
Deferred inflows of resources	39,962,709	—	39,962,709	—
Net position				
Net investment in capital assets	291,254,190	—	291,254,064	126
Restricted net position	176,407,026	(105,343,111)	175,860,628	105,889,509
Unrestricted net position	349,734,986	2,100,000	347,338,086	296,900
Total net position	817,396,202	(103,243,111)	814,452,778	106,186,535
Total liabilities, net position and deferred inflows of resources	\$ 1,207,432,204	(106,986,381)	1,206,444,326	107,974,259
Condensed statements of revenues, expenses and changes in net position				
Operating revenues	\$ 344,956,048	(104,110,700)	343,455,404	105,611,344
Operating expenses	(257,703,912)	867,589	(256,741,288)	(1,830,213)
Operating income	87,252,136	(103,243,111)	86,714,116	103,781,131
Nonoperating income (expense)	(7,576,818)	—	(7,577,968)	1,150
Transfers in (out)	—	—	(1,190,652)	1,190,652
Change in net position before contributions	79,675,318	(103,243,111)	77,945,496	104,972,933
Capital contributions	11,283,378	—	11,283,378	—
Beginning net position	726,437,506	—	725,223,904	1,213,602
Ending net position	\$ 817,396,202	(103,243,111)	814,452,778	106,186,535

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Eliminations include the transactions related to the long-term lease of the 228 scattered site units that the Authority has with the S.P.A.C.E. Foundation beginning in September 2021. The 40-year lease was recorded as \$104,110,700 as an in-kind contribution receivable valued at the tax assessed value of the land and improvements as of the date of the lease on S.P.A.C.E. and noncurrent payable on the Authority. The assets and liabilities related to the lease are eliminated when the entities are combined. Other eliminations include net operating income for S.P.A.C.E., which is payable to the Authority each quarter under the terms of the agreement.

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(17) 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, 2021:

	Condensed statements of net position			
	Tamarack Place	Rainier Vista NE	High Point South	Alder Crest
Cash and cash equivalents	\$ 987,151	1,763,508	1,613,400	361,939
Current receivables from primary government	26,740	48,331	—	269,571
Capital assets, net	10,073,150	15,969,939	38,823,565	3,869,294
Other assets	30,647	108,288	425,397	53,490
Total assets	\$ 11,117,688	17,890,066	40,862,362	4,554,294
Current payables due to primary government	\$ 42,440	18,767	115,572	399,329
Other current payables	87,101	239,237	2,203,047	240,322
Long-term payables to primary government	10,983,381	16,337,135	14,368,524	581,231
Bonds and other long-term liabilities	828,691	2,156,558	14,262,770	2,010,172
Total liabilities	\$ 11,941,613	18,751,697	30,949,913	3,231,054
Net investment in capital assets	\$ (1,151,651)	(2,570,704)	10,993,489	1,266,683
Restricted net position	636,710	1,235,689	1,240,262	349,539
Unrestricted net position	(308,984)	473,384	(2,321,302)	(292,982)
Total net position	\$ (823,925)	(861,631)	9,912,449	1,323,240
	Condensed statements of revenues, expenses and changes in net position			
Operating revenues	\$ 990,632	1,676,267	3,964,128	379,810
Depreciation/amortization	(363,609)	(691,458)	(1,619,630)	(252,170)
Other operating expenses	(732,709)	(1,143,987)	(2,270,093)	(230,838)
Operating income (loss)	(105,686)	(159,178)	74,405	(103,198)
Nonoperating expense	(161,157)	(364,271)	(332,287)	(24,971)
Change in net position before partners' contributions	(266,843)	(523,449)	(257,882)	(128,169)
Partners' contributions	—	—	—	—
Beginning net position	(557,082)	(338,182)	10,170,331	1,451,409
Ending net position	\$ (823,925)	(861,631)	9,912,449	1,323,240

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Condensed statements of net position					
	South Shore Court	homeWorks I	homeWorks II	homeWorks III	Lake City Court
Cash and cash equivalents	\$ 498,559	6,271,468	4,967,227	3,679,438	848,531
Current receivables from primary government	18,120	—	174,558	83,718	32,156
Capital assets, net	7,580,559	23,269,887	26,208,378	20,923,372	19,779,765
Other assets	55,078	435,712	511,334	395,208	186,653
Total assets	\$ 8,152,316	29,977,067	31,861,497	25,081,736	20,847,105
Current payables due to primary government	\$ 56,200	891,585	—	—	215,345
Other current payables	981,559	1,085,482	963,910	902,905	86,516
Long-term payables to primary government	1,477,167	31,112,595	33,569,280	26,637,683	19,152,902
Bonds and other long-term liabilities	6,150,014	40,486	39,244	43,293	19,503
Total liabilities	\$ 8,664,940	33,130,148	34,572,434	27,583,881	19,474,266
Net investment in capital assets	\$ (44,868)	(398,458)	(1,544,444)	264,727	2,211,115
Restricted net position	443,663	6,097,249	4,794,297	3,532,830	738,599
Unrestricted net position	(911,419)	(8,851,872)	(5,960,790)	(6,299,702)	(1,576,875)
Total net position	\$ (512,624)	(3,153,081)	(2,710,937)	(2,502,145)	1,372,839
Condensed statements of revenues, expenses and changes in net position					
Operating revenues	\$ 538,886	5,978,529	7,249,895	5,837,258	908,456
Depreciation/amortization	(238,550)	(885,481)	(1,035,357)	(766,294)	(842,219)
Other operating expenses	(314,937)	(4,857,009)	(4,788,430)	(4,316,971)	(765,937)
Operating income (loss)	(14,601)	236,039	1,426,108	753,993	(699,700)
Nonoperating expense	(157,495)	(670,807)	(991,522)	(899,436)	(187,510)
Change in net position before partners' contributions	(172,096)	(434,768)	434,586	(145,443)	(887,210)
Partners' contributions	—	1,765,825	—	—	—
Beginning net position	(340,528)	(4,484,138)	(3,145,523)	(2,356,702)	2,260,049
Ending net position	\$ (512,624)	(3,153,081)	(2,710,937)	(2,502,145)	1,372,839

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Condensed statements of net position					
	Leschi House	Kebero Court	Raven Terrace	Hoa Mai Gardens	Red Cedar
Cash and cash equivalents	\$ 775,690	1,219,532	878,542	2,086,596	1,356,108
Current receivables from primary government	—	—	—	—	—
Capital assets, net	10,805,646	24,284,313	21,672,588	41,575,052	61,124,762
Other assets	2,947,768	1,053,977	218,775	341,499	3,741,413
Total assets	\$ 14,529,104	26,557,822	22,769,905	44,003,147	66,222,283
Current payables due to primary government	\$ 29,852	113,588	14,866	211,599	19,794
Other current payables	471,234	415,481	324,188	313,373	1,097,307
Long-term payables to primary government	656,570	10,435,044	12,207,857	18,081,526	18,791,441
Bonds and other long-term liabilities	6,924,748	8,162,354	4,871,879	10,135,099	16,871,526
Total liabilities	\$ 8,082,404	19,126,467	17,418,790	28,741,597	36,780,068
Net investment in capital assets	\$ 3,191,827	7,271,001	6,549,813	14,392,374	28,119,542
Restricted net position	533,865	941,756	763,483	842,790	520,868
Unrestricted net position	2,721,008	(781,402)	(1,962,181)	26,386	801,805
Total net position	\$ 6,446,700	7,431,355	5,351,115	15,261,550	29,442,215
Condensed statements of revenues, expenses and changes in net position					
Operating revenues	\$ 781,759	1,398,777	1,005,138	1,615,381	2,005,148
Depreciation/amortization	(390,801)	(808,626)	(837,723)	(1,308,830)	(1,755,540)
Other operating expenses	(513,122)	(865,071)	(709,097)	(905,248)	(817,839)
Operating loss	(122,164)	(274,920)	(541,682)	(598,697)	(568,231)
Nonoperating expense	(246,857)	(658,636)	(459,965)	(669,027)	(864,395)
Change in net position before partners' contributions	(369,021)	(933,556)	(1,001,647)	(1,267,724)	(1,432,626)
Partners' contributions	—	—	—	—	—
Beginning net position	6,815,721	8,364,911	6,352,762	16,529,274	30,874,841
Ending net position	\$ 6,446,700	7,431,355	5,351,115	15,261,550	29,442,215

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Condensed statements of net position				
	NewHolly Phase I	West Seattle Properties	Hinoki	LamBow
Cash and cash equivalents	\$ 3,988,191	1,876,886	2,740,697	179,092
Current receivables from primary government	—	—	—	—
Capital assets, net	38,431,322	48,511,007	69,354,087	9,226,726
Other assets	658,270	611,008	10,341,891	21,066,570
Total assets	\$ 43,077,783	50,998,901	82,436,675	30,472,388
Current payables due to primary government	\$ 1,502,299	517,165	137,381	167,425
Other current payables	854,759	489,506	6,765,646	2,892,930
Long-term payables to primary government	19,685,435	29,891,923	24,225,808	889,629
Bonds and other long-term liabilities	8,388,455	7,314,996	51,256,860	24,216,128
Total liabilities	\$ 30,430,948	38,213,590	82,385,695	28,166,112
Net investment in capital assets	\$ 11,711,245	13,789,644	4,556,514	5,187,927
Restricted net position	3,604,287	1,679,982	2,704,355	177,087
Unrestricted net position	(2,668,697)	(2,684,315)	(7,209,889)	(3,058,738)
Total net position	\$ 12,646,835	12,785,311	50,980	2,306,276
Condensed statements of revenues, expenses and changes in net position				
Operating revenues	\$ 3,126,367	2,168,782	30	113
Depreciation/amortization	(1,741,572)	(1,279,524)	—	—
Other operating expenses	(2,508,847)	(1,451,151)	—	—
Operating income (loss)	(1,124,052)	(561,893)	30	113
Nonoperating revenue (expense)	(561,214)	(938,607)	850	17
Change in net position before partners' contributions	(1,685,266)	(1,500,500)	880	130
Partners' contributions	—	35,000	—	2,306,146
Beginning net position	14,332,101	14,250,811	50,100	—
Ending net position	\$ 12,646,835	12,785,311	50,980	2,306,276

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Condensed statements of net position

	Sawara	Total
Cash and cash equivalents	\$ 100	36,092,655
Current receivables from primary government	—	653,194
Capital assets, net	6,871,633	498,355,045
Other assets	37,899,696	81,082,674
Total assets	<u>\$ 44,771,429</u>	<u>616,183,568</u>
Current payables due to primary government	\$ 15,557	4,468,764
Other current payables	2,253,354	22,667,857
Long-term payables to primary government	1,402,686	290,487,817
Bonds and other long-term liabilities	41,049,696	204,742,472
Total liabilities	<u>\$ 44,721,293</u>	<u>522,366,910</u>
Net investment in capital assets	\$ 2,370,110	106,165,886
Restricted net position	—	30,837,311
Unrestricted net position	(2,319,974)	(43,186,539)
Total net position	<u>\$ 50,136</u>	<u>93,816,658</u>

**Condensed statements of revenues, expenses
and changes in net position**

Operating revenues	\$ —	39,625,356
Depreciation/amortization	—	(14,817,384)
Other operating expenses	36	(27,191,286)
Operating income (loss)	36	(2,383,314)
Nonoperating revenue (expense)	—	(8,187,254)
Change in net position before partners' contributions	36	(10,570,568)
Partners' contributions	50,100	4,157,071
Beginning net position	—	100,230,155
Ending net position	<u>\$ 50,136</u>	<u>93,816,658</u>

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(18) 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:	
2022	\$ 1,824,734
2023	<u>456,184</u>
Total	<u>\$ 2,280,918</u>

Total lease expense for the year ended December 31, 2021 was \$1,775,633 and is recorded on the statement of revenues, expenses and change in net position as a component of housing operations and administrative expenses.

(19) Pollution Remediation

(a) Yesler Redevelopment

The Authority has negotiated a settlement with a buyer who purchased two sites at Yesler in 2020 to pay for soil contamination found on the site. The amount of the settlement was \$495,000 and was paid in April 2021.

Also in 2021, the Authority negotiated an agreement with another buyer of land at Yesler to reimburse for soil contamination. The work was delayed until January 2022 and the amount was originally expected to be approximately \$249,445. The Authority since learned that total costs for remediation are expected to exceed initial estimates as more contamination was discovered. However, the Authority's portion of the additional work was not determinable at the date of this report.

(b) Other Sites

At Othello Corner, the Authority has been negotiating with Chevron for several years related to a site purchased in 2007. The settlement agreement was completed in May 2021 and the Authority received \$916,191 in accordance with the agreement.

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**REQUIRED SUPPLEMENTARY INFORMATION
PENSION AND OPEB PLANS**

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Required Supplemental Information
Schedule of Proportionate Share of the Net Pension Asset and Liability
Last Ten Fiscal Years (Unaudited)

	2015	2016	2017	2018	2019	2020	2021
PERS 1							
Proportion of the net pension liability	0.279123%	0.285530%	0.286530%	0.288160%	0.278146%	0.309220%	0.296084%
Proportionate share of the net pension liability	\$ 14,600,729	15,334,306	13,596,072	12,869,324	10,695,702	10,917,137	3,615,880
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%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%
PERS 2/3							
Proportion of the net pension liability	0.354073%	0.360458%	0.365225%	0.368896%	0.358294%	0.401177%	0.380209%
Proportionate share of the net pension asset	\$ —	—	—	—	—	—	37,874,935
Proportionate share of the net pension liability	\$ 12,651,234	18,148,776	12,689,823	6,298,571	3,480,253	5,130,825	—
Covered payroll through the measurement date	\$ 31,546,379	33,932,176	36,047,071	38,413,259	40,454,205	44,101,290	47,459,117
Proportionate share of the net pension liability as a percentage of covered payroll	40.10%	53.49%	35.20%	16.40%	8.60%	11.63%	—
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%

Schedule of Pension Plan Contributions
Last Ten Fiscal Years (Unaudited)

	2015	2016	2017	2018	2019	2020	2021
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%	0.00%	0.00%
PERS 2/3							
Contractually required contribution	\$ 3,329,025	3,918,248	4,433,870	5,038,768	5,406,866	5,902,688	5,558,664
Contributions in relation to the contractually required contribution	(3,329,025)	(3,918,248)	(4,433,870)	(5,038,768)	(5,406,866)	(5,902,688)	(5,558,664)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—
Covered payroll	\$ 32,579,187	35,044,215	37,096,578	39,553,027	42,087,118	45,770,499	47,807,453
Contributions as a percentage of covered payroll	10.22%	11.18%	11.95%	12.74%	12.85%	12.90%	11.63%

Notes to the Required Supplementary Information for the year ended December 31, 2021

Changes in benefit terms

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

Changes of assumptions

- (a) In 2015, the assumptions were as follows: economic inflation rate was 3%, salary inflation rate was 3.75%, discount rate was 7.5%, mortality rates used were based on the RP –2000 Combined Health Table and Combined Disabled Table and projected using 100% Scale BB, and assumptions were based on the results of the Office of the State Actuaries' (OSA) 2007-2012 Experience Study.
- (b) In 2018, the assumptions were changed for the following: economic inflation rate was 2.75%, salary inflation rate was 3.5%, and the discount rate was 7.4%.
- (c) In 2020, mortality rates used were based on PubG.H-2010 table and projected using long-term rates of the MP-2017 generational improvement scale and the assumption for the Experience Study used was changed to the OSA's 2013-2018 Experience Study Report and 2019 Economic Experience Study.

GASB Statement No. 68 was adopted in 2015; prior years' data not available.
Beginning in 2020, the Authority had no active PERS 1 employees.

See accompanying independent auditors' report.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE
WASHINGTON**

Required Supplemental Information
Schedule of Changes in Total OPEB Liability
Last Ten Fiscal Years (Unaudited)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability:				
Service cost	\$ 137,862	143,357	127,968	155,487
Interest cost	71,892	57,540	70,737	44,046
Changes of benefit terms	—	—	—	—
Differences between expected and actual experience	226,248	—	(117,881)	—
Changes of assumptions	(621,629)	(93,255)	(180,902)	84,896
Benefit payments	<u>(69,000)</u>	<u>(28,797)</u>	<u>(50,751)</u>	<u>(39,422)</u>
Net changes in total OPEB liability	(254,627)	78,845	(150,829)	245,007
Total OPEB liability – beginning	<u>1,798,221</u>	<u>1,543,594</u>	<u>1,622,439</u>	<u>1,471,610</u>
Total OPEB liability – ending	<u>\$ 1,543,594</u>	<u>1,622,439</u>	<u>1,471,610</u>	<u>1,716,617</u>
Covered payroll	\$ 41,293,112	41,293,112	38,217,798	38,217,798
Net OPEB liability as a percentage of covered payroll	3.74%	3.93%	3.85%	4.49%

Notes to the Required Supplementary Information for the year ended December 31, 2021.

Schedule of contributions is 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 Statement No. 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. The discount rate used for the 2020 total OPEB liability was 4.10% and the discount rate used for the 2021 OPEB liability was 2.74%, resulting in a reduction of the total OPEB liability.

GASB Statement No. 75 was adopted in 2018; prior years' data not available.

See accompanying independent auditors' report.

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Section III

**Statistical Section
(Unaudited)**

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Statistical Section

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	Tables 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
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 (f)	298,993,267	72,470,937	307,880,727	679,344,931
2020	302,066,288	91,525,732	332,845,486	726,437,506
2021	291,254,190	176,407,026	349,734,986	817,396,202

- Notes:
- (a) Net position for 2012 was 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.
 - (f) Net position for 2019 was restated as a result of the merger with High Point North Limited Partnership and the acquisition of the S.P.A.C.E. Foundation.

See accompanying independent auditors' report.

Table 2

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Financial Trends

Changes in Net Position – Primary Government

Last Ten Fiscal Years (Unaudited)

	2012 (a)	2013 (b)	2014 (c)	2015	2016	2017 (d)	2018 (e)	2019 (f)	2020	2021
Operating revenues:										
Tenant rentals	\$ 20,690,177	21,550,029	22,785,736	22,837,426	23,540,026	26,239,514	24,669,439	30,594,413	32,260,851	34,327,236
Housing assistance payment subsidies	105,422,182	103,981,489	109,438,967	115,101,121	126,672,548	128,201,000	152,967,302	156,685,178	173,524,270	187,239,208
Operating subsidies and grants	19,522,792	28,020,480	28,898,006	29,245,755	31,641,807	34,150,522	36,755,420	41,844,957	46,906,549	45,741,581
Other	18,081,083	18,619,880	21,002,883	28,511,890	21,451,962	43,158,723	46,572,501	66,845,268	50,000,158	77,648,023
Total operating revenues	163,716,234	172,171,878	182,125,592	195,696,192	203,306,343	231,749,759	260,964,662	295,969,816	302,691,828	344,956,048
Operating expenses:										
Housing operations and administration	41,680,059	39,786,646	48,731,040	49,455,950	51,948,733	54,637,955	54,799,142	61,031,848	65,586,746	60,264,333
Tenant services	3,602,554	3,542,648	4,096,481	5,072,113	4,878,898	4,695,275	4,973,614	5,682,197	7,385,417	7,217,838
Utility services	5,393,684	5,990,952	6,334,799	6,045,785	6,061,780	6,373,419	5,827,961	7,097,608	7,888,138	8,090,097
Maintenance	15,081,988	17,409,835	18,696,116	18,461,187	18,552,983	20,691,487	19,937,245	22,143,892	26,771,433	25,689,903
Housing assistance payments	79,478,249	78,552,745	79,543,161	82,775,844	88,541,664	97,660,333	102,181,935	114,785,518	128,335,785	134,773,828
Other	2,021,796	30,221,452	1,398,022	3,344,964	736,987	4,101,298	4,940,844	9,126,037	7,225,324	7,036,219
Depreciation and amortization	10,258,105	10,232,876	10,077,223	9,314,799	9,230,730	11,716,648	11,804,649	14,397,213	14,602,298	14,631,694
Total operating expenses	157,516,435	185,737,154	168,876,842	174,490,642	179,951,775	199,876,415	204,465,390	234,264,313	257,795,141	257,703,912
Operating income (loss)	6,199,799	(13,565,276)	13,248,750	21,205,550	23,354,568	31,873,344	56,499,272	61,705,503	44,896,687	87,252,136
Nonoperating revenues (expenses):										
Interest expense	(5,721,825)	(5,500,338)	(5,082,076)	(4,572,533)	(3,979,539)	(4,541,717)	(2,850,195)	(4,077,588)	(6,410,520)	(5,696,685)
Interest income	1,397,221	461,197	3,698,302	3,520,102	3,947,513	7,003,861	5,716,585	7,123,468	4,352,847	2,653,363
Change in fair value of investments	(74,996)	(94,819)	(40,763)	(1,704)	(32,797)	31,103	(13,011)	204,103	(4,107)	(52,702)
Insurance proceeds, net	—	—	—	—	1,157,909	—	404,523	—	467,645	—
Loss from refinancing	—	—	—	—	—	—	(606,336)	—	(1,546,053)	(1,050,000)
Loss (gain) on investment in limited partnerships	(621,387)	(70,809)	(2,320,774)	(1,160)	(1,230,014)	(2,266,676)	3,182,714	(1,182,699)	(2,440,728)	1,619,620
Disposition of assets	(12,343,242)	(11,826)	(2,540,988)	(403,789)	(73,161)	—	(2,487,637)	(30,343,160)	(32,734)	(5,050,414)
Net nonoperating revenues (expenses)	(17,364,229)	(5,216,595)	(6,286,299)	(1,459,084)	(210,089)	226,571	3,346,643	(28,275,876)	(5,613,650)	(7,576,818)
Change in net position before contributions	(11,164,430)	(18,781,871)	6,962,451	19,746,466	23,144,479	32,099,915	59,845,915	33,429,627	39,283,037	79,675,318
Capital contributions	13,249,971	17,146,108	21,307,488	13,208,823	15,221,989	11,833,838	10,308,247	12,271,789	8,145,562	11,283,378
Increase (decrease) in net position	2,085,541	(1,635,763)	28,269,939	32,955,289	38,366,468	43,933,753	70,154,162	45,701,416	47,428,599	90,958,696
Net position at beginning of year	419,178,102	421,263,643	419,627,880	447,897,819	480,853,108	519,219,576	563,153,329	633,307,491	679,008,907	726,437,506
Net position at end of year	\$ 421,263,643	419,627,880	447,897,819	480,853,108	519,219,576	563,153,329	633,307,491	679,008,907	726,437,506	817,396,202

- Notes: (a) Net position for 2012 was 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 of Ravenna School LLC, a component unit of the Authority.
(c) 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.
(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.
(f) Net position for 2019 was restated as a result of the merger with High Point Limited Partnership and acquisition of S.P.A.C.E. Foundation.

See accompanying independent auditors' report.

Table 3

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Revenue Capacity

Operating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

Year	Tenant rentals		Housing assistance payment subsidies		Operating subsidies and grants		Other		Total	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Total
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 (d)	30,894,413	10.4	156,685,178	52.9	41,844,957	14.1	66,845,268	22.6	296,269,816	100.0
2020	32,260,851	10.6	173,524,270	57.8	46,906,549	15.1	50,000,158	16.5	302,691,828	100.0
2021	34,327,236	10.0	187,239,208	54.0	45,741,581	13.0	77,648,023	23.0	344,956,048	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.

(d) Year 2019 was restated due to the merger with High Point North Limited Partnership, a component unit of the Authority, and the acquisition of the S.P.A.C.E. Foundation, a blended component unit.

See accompanying independent auditors' report.

Table 4

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE
WASHINGTON**

Revenue Capacity

Nonoperating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

Year	Interest income		Change in fair value of investments		Insurance proceeds, net		Gain (loss) on investment in limited partnerships		Total	
	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Percent of total	Amount	Total
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 (d)	7,123,468	115.9	204,103	3.3	—	—	(1,182,699)	(19.2)	6,144,872	100.0
2020	4,352,847	183.2	(4,107)	(0.2)	467,645	19.7	(2,440,728)	(102.7)	2,375,657	100.0
2021	2,653,363	62.9	(52,702)	(1.2)	—	—	1,619,620	38.3	4,220,281	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 Limited Partnership, 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.
 (d) Year 2019 was restated due to the merger with High Point North Limited Partnership, a component unit of the Authority.

See accompanying independent auditors' report.

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		Total debt service	General expense (a)	Ratio of debt service to general expenses
	Principal	Interest			
2013 Bond refunding (b)					
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 (b)					
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					
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
2020	50,000	11,532	61,532	40,452	1.5
2021	50,000	3,137	53,137	39,828	1.3
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
2020	135,000	117,505	252,505	152,458	1.7
2021	135,000	112,782	247,782	164,509	1.5
2018 Bond refunding					
2019	810,000	1,152,500	1,962,500	2,315,321	0.8
2020	815,000	1,144,867	1,959,867	2,482,297	0.8
2021	840,000	1,122,639	1,962,639	2,221,957	0.9

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

(b) During 2020, the Authority issued new debt that will pay off the 2013 and 2014 Bond refundings in 2023. Restricted investments are held to pay off the bonds in 2023.

See accompanying independent auditors' report.

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)
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 (e)	68,892,373	88,938,910	157,831,283	515,681,588	30.61	29.47
2020	59,710,000	165,481,246	225,191,246	517,170,523	43.54	28.72
2021	125,960,000	99,184,285	225,144,285	507,938,342	44.33	28.72

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.

(e) 2019 was restated due to the merger with High Point North Limited Partnership, a component unit of the Authority.

See accompanying independent auditors' report.

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
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
2020	4,637	2,366	2,939	9,942	1,774
2021 (a)	3,569	2,288	2,374	8,231	1,187

Section 8 program (b)					
Calendar year	Adults	Elderly	Minors	Total number of tenants	Nonelderly disabled
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
2020	8,911	3,696	6,049	18,656	3,743
2021	9,186	3,685	6,187	19,058	3,797

Table 7

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Calendar year	Senior and local housing programs (c)			Total number of tenants	Nonelderly disabled
	Adults	Elderly	Minors		
2012	1,023	1,042	434	2,499	110
2013 (d)	1,040	1,058	499	2,597	93
2014 (e)	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 (f)	1,129	1,087	575	2,791	83
2018 (g)	790	1,134	491	2,415	77
2019	1,487	1,107	728	3,322	31
2020	2,003	1,100	627	3,730	83
2021 (h)	1,694	1,483	736	3,913	121

Calendar year	Agency-wide totals			Total number of tenants	Nonelderly disabled
	Adults	Elderly	Minors		
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
2020	15,551	7,162	9,615	32,328	5,600
2021	14,449	7,456	9,297	31,202	5,105

- Notes: (a) 2021 decrease in Public Housing units attributable to temporary resident relocation from Jefferson Terrace for building rehabilitation and transfer of 148 Scattered Sites buildings to local housing programs.
- (b) Includes incoming portable vouchers and excludes outgoing portable vouchers and participants living in the Authority's Senior Housing program.
- (c) Effective 2009, Senior and Local Housing programs include tenants from privately managed properties.
- (d) Excludes 36 households whose age is unknown.
- (e) Excludes 37 households whose age is unknown.
- (f) Excludes 58 households whose age is unknown.
- (g) Excludes 30 households whose age is unknown.
- (h) Excludes 37 households whose age is unknown.

See accompanying independent auditors' report.

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)
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	88,308	72,685	55,185	3.3
2019	2,226,300	747,300	92,026	75,970	55,417	2.1
2020	2,260,800	737,015	96,647	80,420	54,141	6.8
2021	2,287,050	742,400	N/A	N/A	51,764	3.2

Notes: (a) As of April 1. Source: Washington State Office of Financial Management, 2021 Population Trends for Washington State estimates only.
 (b) Source: U.S. Bureau of Economic Analysis, 2020 is most current available.
 (c) Preliminary source: Washington State Employment Security Department.
 (d) Source: Seattle Public Schools P 233 Enrollment Report September 11, 2021 (pre-adjusted).

See accompanying independent auditors' report.

Table 9

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Demographics and Economic Statistics

Principal Industries

Last Ten Fiscal Years (Unaudited)

Industry	2021			2020			2019		
	Number of employees	Percentage of employment	Rank	Number of employees	Percentage of employment	Rank	Number of employees	Percentage of employment	Rank
Retail trade	173,400	12.32%	1	166,300	12.01%	1	162,400	11.06%	1
Professional and technical	143,400	10.19	2	134,800	9.74	2	133,700	9.10	2
Information	134,500	9.55	3	128,000	9.24	3	121,200	8.25	3
Local government	100,900	7.17	4	101,100	7.30	4	105,600	7.19	4
Food services and drinking places	77,100	5.48	5	74,600	5.39	5	104,200	7.09	5
Administrative and waste services	72,200	5.13	6	69,700	5.03	7	73,400	5.00	7
Manufacturing durable goods	64,200	4.56	7	70,700	5.11	6	79,900	5.44	6
Ambulatory healthcare services	61,000	4.33	8	59,300	4.28	9	62,600	4.26	9
Wholesale trade	58,500	4.16	9	59,300	4.28	8	64,200	4.37	8
Transportation and warehousing	50,700	3.60	10	50,500	3.65	11	54,500	3.71	10
State government	50,400	3.58	11	50,700	3.66	10	51,100	3.48	11
	<u>986,300</u>	<u>70.07%</u>		<u>965,000</u>	<u>69.69%</u>		<u>1,012,800</u>	<u>68.95%</u>	
Industry	2018			2017			2016		
	Number of employees	Percentage of employment	Rank	Number of employees	Percentage of employment	Rank	Number of employees	Percentage of employment	Rank
Retail trade	156,400	10.90%	1	152,200	10.86%	1	141,000	10.19%	1
Professional and technical	128,800	8.97	2	124,500	8.88	2	120,800	8.79	2
Information	110,500	7.70	3	103,000	7.35	3	96,000	6.81	5
Local government	103,100	7.18	5	100,800	7.19	4	98,100	7.25	3
Food services and drinking places	103,300	7.20	4	100,000	7.14	5	96,800	7.03	4
Administrative and waste services	72,000	5.02	7	72,400	5.17	7	70,900	5.35	7
Manufacturing durable goods	78,000	5.43	6	77,200	5.51	6	80,100	6.29	6
Ambulatory healthcare services	61,400	4.28	9	59,500	4.25	10	57,100	4.23	10
Wholesale trade	65,000	4.53	8	64,700	4.62	8	63,000	4.74	8
Transportation and warehousing	54,200	3.78	11	52,600	3.75	11	50,600	3.70	11
State government	55,800	3.89	10	61,000	4.35	9	60,200	4.49	9
	<u>988,500</u>	<u>68.88%</u>		<u>967,900</u>	<u>69.07%</u>		<u>934,600</u>	<u>68.87%</u>	
Industry	2015			2014			2013		
	Number of employees	Percentage of employment	Rank	Number of employees	Percentage of employment	Rank	Number of employees	Percentage of employment	Rank
Retail trade	133,800	10.19%	1	128,000	10.02%	1	120,200	9.75%	1
Professional and technical	115,500	8.79	2	112,000	8.76	2	107,100	8.68	2
Information	92,400	7.03	4	85,600	6.70	5	82,300	6.67	5
Local government	89,400	6.81	5	92,400	7.23	3	90,400	7.33	3
Food services and drinking places	95,200	7.25	3	88,300	6.91	4	84,100	6.82	4
Administrative and waste services	70,300	5.35	7	67,400	5.27	7	66,100	5.36	7
Manufacturing durable goods	82,600	6.29	6	83,000	6.49	6	82,100	6.66	6
Ambulatory healthcare services	55,500	4.23	10	54,100	4.23	10	50,400	4.09	10
Wholesale trade	62,300	4.74	8	61,700	4.83	8	60,600	4.91	8
Transportation and warehousing	48,600	3.70	11	46,200	3.62	11	43,500	3.53	12
State government	59,000	4.49	9	57,200	4.48	9	56,800	4.61	9
	<u>904,600</u>	<u>68.87%</u>		<u>875,900</u>	<u>68.54%</u>		<u>843,600</u>	<u>68.41%</u>	
Industry	2012								
	Number of employees	Percentage of employment	Rank						
Retail trade	113,600	9.62%	1						
Professional and technical	102,200	8.66	2						
Information	80,900	6.85	4						
Local government	89,100	7.55	3						
Food services and drinking places	79,600	6.74	6						
Administrative and waste services	64,000	5.42	7						
Manufacturing durable goods	80,000	6.78	5						
Ambulatory healthcare services	49,200	4.17	10						
Wholesale trade	59,400	5.03	8						
Transportation and warehousing	42,700	3.62	12						
State government	55,500	4.70	9						
	<u>816,200</u>	<u>69.14%</u>							

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.

See accompanying independent auditors' report.

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 VI nonpublic units (i)	Total
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
2020 (k)	4,876	11,935	1,030	1,486	739	20,066
2021 (l)	4,648	12,728	1,030	2,072	739	21,217

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (a)	Total households on waiting lists (b)
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
2020	15,163	9,552
2021	15,332	11,776

- 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.
- (k) 124 units at Yesler Terrace demolished in 2020.
- (l) 228 Public Housing Scattered Site units converted to Section 8 in 2021.

See accompanying independent auditors' report.

Table 11

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2021 (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 Street	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 Street	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 Street	251	Various
Ross Manor	1420 Western Avenue	100	1984
Roxhill Court Apartments*	9940 27th Avenue SW	6	1980
Scattered sites	Various	483	Various
Stewart Manor	6339 34th Avenue	74	1968
Tri-Court	720 N. 143rd Street	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 Avenue SW	23	1987
Total units – public housing		<u>4,648</u>	

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

Table 11

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2021 (Unaudited)

Section 8			
Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers (a)	Various	12,412	—
Moderate Rehabilitation	Various	286	—
Market Terrace	1115 NW Market Street	30	1980
Total number of Section 8 units		12,728	
Senior housing			
Name of development	Address	Number of units	Year built or acquired
Leschi House	1011 S. Weller Street	69	1988
Ravenna School Apartments	6564 Ravenna Avenue NE	39	1979
South Park Manor	520 S. Cloverdale Street	27	1983
Bitter Lake Manor	620 N. 130th Street	72	1983
Blakeley Manor	2401 NE Blakeley Street	70	1984
Carroll Terrace	600 5th Avenue W.	26	1985
Columbia Place	4628 S. Holly Street	66	1983
Daybreak	1515 2nd Avenue 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 Street	57	1985
Nelson Manor	220 NW 58th Street	32	1985
Olmsted Manor	501 NE Ravenna Boulevard	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 Place	24	1983
Willis House	6341 5th Avenue NE	42	1983
Total number of senior housing units		1,030	

Table 11

**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2021 (Unaudited)

Other housing programs			
Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th St	3	2001
Alder Crest Apartments	6520 35th Ave SW	36	1977
Baldwin Apartments	1305 E Fir St	15	2014 rehab
Bayview Tower	2614 4th Ave	99	1979
Beacon House ACRS	1545 12th Ave S	6	1993
Delridge Triplexes	8136 & 8144 Delridge Way SW	6	1993
Fir Street Townhomes	Various	7	Various
Golden Sunset Apartments	3256 NW 54th St	91	1968
Greenwood Apartments	12701 Greenwood Ave N	6	1983
Hoa Mai Gardens	221 10th Ave S	111	2017
Kebero Court	1105 E Fir St	103	2015
Lake City Commons	12745 30th Ave NE	15	2002
Lee and Willow 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	1999
Main Street Apartments	2035 S Main St	12	1992
Martin Luther King Jr Apartments	7923 Martin Luther King Jr Way S	118	1968
Martin Luther King Jr Way 5-Plex	924 Martin Luther King Jr Way S	5	1998
Martin Luther King Jr Way Townhomes	Various	6	1996
Mary Avenue Townhomes	8548 Mary Ave NW	8	2001
Montridge Arms Apartments	9000 20th Ave SW	33	1968
Navos - Referendum 37	Various	2	Various
Northgate Apartments	11060 2nd Ave NE	211	1951
Norman Street Townhomes	Various	15	Various
Rainier Avenue Apartments	5983 Rainier Ave S	12	2002
Raven Terrace	820 Yesler Way	83	2015
Ravenna Springs/Bryant Apts	Various	13	Various
Red Cedar	808 Fir St	119	2019
Ritz Apartments	1302 E Yesler Way	30	1908
Roxhill Court Apartments (b)	9440 27th Ave SW	19	1980
Scattered Sites	Various	229	Various
South Shore Court	4811 S Henderson St	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	9101 50th Avenue S	43	2000
Wedgewood Estates	3716 NE 75th St	203	1948
Weller Street Apartments	1632 S Weller St	49	1969
Westwood Heights East	9440 27th Ave SW	42	1997
Wisteria Court b	7544 24th Ave SW	72	1987
Yesler Court	114 23rd Ave	9	1994
Total other housing units		2,072	
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		21,217	

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.

See accompanying independent auditors' report.

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
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
2020	26	59	388	71	49	22	16	631
2021	26	53	378	68	52	21	17	615

See accompanying independent auditors' report.