

The Housing Authority
of the City of Seattle, Washington

**Comprehensive
Annual Financial
Report**

For the year ended
December 31, 2010



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

Comprehensive Annual Financial Report

December 31, 2010

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

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

Table of Contents

Exhibit		Page(s)
	SECTION I – INTRODUCTORY SECTION:	
	Principal Officials	i
	Organization Chart	ii
	Transmittal Letter	iii – xix
	Government Finance Officers Association of the United States and Canada (GFOA) December 31, 2009 Certificate	xxi
	SECTION II – FINANCIAL SECTION:	
	Independent Auditors’ Report	1 – 2
	Management’s Discussion and Analysis	3 – 12
	Basic Financial Statements:	
A-1	Statement of Net Assets	14 – 15
A-2	Statement of Revenues, Expenses, and Changes in Net Assets	16
A-3	Statement of Cash Flows	17
	Notes to Basic Financial Statements	18 – 79
	Cost Certificates:	
	WA19R001501-06	82
	WA19R001502-06	83
	WA19R001501-07	84
	WA19R001502-07	85
	WA19R001501-08	86
	WA19R001502-08	87
	SECTION III – STATISTICAL SECTION (UNAUDITED):	
	Financial Trends:	
1	Net Assets by Component – Primary Government	90
2	Changes in Net Assets – Primary Government	91
	Revenue Capacity:	
3	Operating Revenues by Source – Primary Government	92
4	Nonoperating Revenues by Source – Primary Government	93
	Debt Capacity:	
5	Schedule of General Revenue Bond Coverage	94 – 95
6	Ratio of Debt to Capital Assets – Primary Government	96
	Demographics and Economic Statistics:	
7	Tenant Demographics – Population Statistics	97
8	Regional Demographics – Population Statistics	98 – 99
9	Principal Industries	100
	Operating Information:	
10	Number of Units by Program, Households Served and Waiting List Data	101
11	Property Characteristics and Dwelling Unit Composition	102 – 104
12	Regular Staff Headcount by Department	105

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

Introductory Section

Section I

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

Principal Officials

Commissioners as of December 31, 2010

Name	Term expires
John Littel, Chair	October 1, 2014
Nora Gibson, Vice Chair	March 20, 2011
Yusuf Cabdi, Commissioner	October 1, 2014
Juan Martinez, Commissioner	March 20, 2011
Kollin Min, Commissioner	March 20, 2012
Heyward Watson, Commissioner	March 20, 2013
Doug Morrison, Commissioner	March 20, 2014

Administrative Staff

Tom Tierney, Secretary-Treasurer/Executive Director

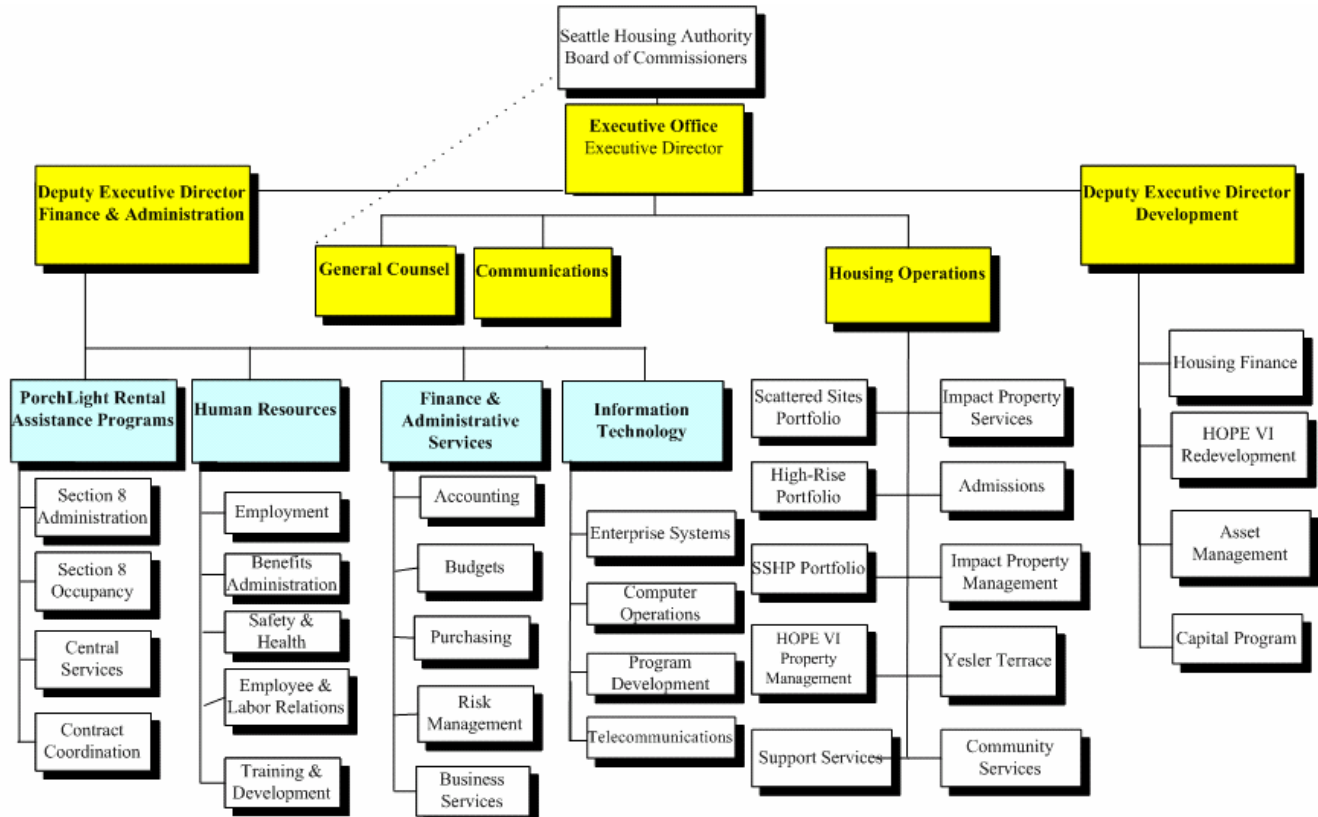
Andrew Lofton, Deputy Executive Director for Finance and Administration

Shelly Yapp, Chief Financial Officer

Janet Hayes, Controller

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

Organization Chart





Address 120 Sixth Avenue N
Seattle, WA 98109

Telephone 206-615-3300

TDD 1-800-833-6388

Website www.seattlehousing.org

May 24, 2011

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

Introduction

We are pleased to present the Seattle Housing Authority Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2010. This report was prepared by the Authority's Finance staff, and was audited by the international public accounting firm of KPMG LLP, with assistance from the Seattle accounting firm of Francis & Company.

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; and include all necessary disclosures to enable the reader to gain a complete understanding of the Authority's financial affairs. For a complete overview, please review Management's Discussion and Analysis found in Section II: FINANCIAL SECTION, in tandem with this transmittal letter.

Profile

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, since 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 governing body of the Authority is its Board of Commissioners (Board), comprised of seven members appointed by the Mayor of Seattle and confirmed by the City Council. The Board appoints an Executive Director to administer the affairs of the Authority. The programs and actions of the Authority have been guided by the FY 2005-2010 Strategic Plan adopted by the Board in May 2005. In October 2010, following a twelve month planning and community participation process, the Board adopted the 2011- 2015 Strategic Plan. The Strategic Plan is based on the Authority's mission and statement of values:

Our Mission

Commissioners John Littel *Chair* Nora Gibson *Vice Chair* Yusuf Cabdi Juan Martinez Kollin Min Doug Morrison Heyward Watson

Executive Director
Tom Tierney

Transmittal Letter
2010 Comprehensive Annual Financial Report

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 Authority provides long-term rental housing and rental assistance to more than 28,500 low-income people within Seattle. The Authority operates low-income housing in four large family communities – NewHolly, Rainier Vista, High Point, and Yesler Terrace; in twenty-eight high-rise buildings, in 23 senior housing mid-rise buildings and in single, duplex, triplex, and small apartment buildings across the city. The Authority also administers the Housing Choice Voucher program that provide tenant-based and project-based vouchers to supplement rent for low-income tenants.

The Authority works with local agencies to provide community, social, and health services to low-income residents, including recreation, job training, elder services, instruction in English as a second language, health and dental clinics, and various educational programs.

In the mid-1990s the agency began a long-term program to redevelop its housing stock and transform its family communities into new mixed-income neighborhoods, while assuring that all low-income tenants of these neighborhoods received relocation assistance. Replacement housing, either on or offsite, is also being built or acquired in order to maintain or increase Seattle's inventory of low-income housing. In 2010, the agency began construction on a new HOPE VI project – Lake City Village – adjacent to an existing high-rise in north Seattle. In 2010 Seattle Housing also completed rehabilitating the building systems and common areas and increasing the number of accessible units in twenty-one high-rise buildings through the "homeWorks" project. In addition, the Authority completed major rehabilitation of building systems and the building envelope of one of our three remaining high-rise buildings, and began major rehabilitation work on another of the remaining high rises; this latter project will include significant "green" features to conserve resources and promote sustainability.

The Authority's continuing redevelopment efforts have been aided by funding through the American Recovery and Reinvestment Act ("ARRA"). Through formula and competitive grants the Housing Authority secured \$45 million and has been able to leverage nearly \$2.50 for every \$1 of ARRA funds. This multiplier for project funding also translates to a multiplier in job creation.

The primary source of external funding for the operation and maintenance of the Authority's housing is the U.S. Department of Housing and Urban Development (HUD) through Low Income Public Housing and Housing Choice Voucher funds administered by HUD. In 1999, after six straight years of designation as a high performing housing authority under HUD's Public Housing Management Assessment Program (PHMAP), the Authority became one of the first six housing authorities selected by HUD to participate in its Moving to Work (MTW) Demonstration Program. In 2009, the Board approved and Seattle Housing Authority signed a new ten-year agreement with HUD to continue its status as an MTW agency, along with about thirty other housing authorities in the country.

Transmittal Letter
2010 Comprehensive Annual Financial Report

As an MTW agency, the Authority is able to operate under streamlined regulations and is authorized to consolidate MTW revenues (Public Housing Operating Subsidy, public housing capital grant, and Housing Choice Voucher funds) into a block grant. This gives the agency single-fund authority to apply federal funds in ways that best address local priorities and circumstances and leverage funds to increase low-income housing units and expand housing choice for low income residents and participants. The Board adopts an annual budget for the Authority after the Executive Director has presented both the Annual MTW Plan and the Proposed Budget for public review and comment. The capital redevelopment programs of the Authority, designed to rebuild and rehabilitate the family communities and high-rise public-housing buildings, are supported through mixed financings, including low-income housing tax-credit partnerships, bond and mortgage financing, federal HOPE VI funds, and state and local funds.

Once adopted by the Board, the annual operating and capital budgets are implemented and monitored by all departments of the Authority, with support from the finance and administration department. Quarterly budget reviews are conducted at the management and executive levels and budget revisions and corrective actions are taken to ensure appropriate budget control.

Consistent with our mission, the primary objective of the Authority is to provide decent, safe and affordable housing for families and individuals who, due to economic hardship and/or disability, find it difficult or impossible to obtain housing in the private real estate market. A second objective is to assist these families in achieving self-sufficiency or financial stability, as appropriate for the individual household. To accomplish these objectives, the Authority participates in a number of programs that are discussed in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements sections of this report.

Economic Conditions and Authority Outlook

Local Economy – Forecast and Impacts¹

The economic recovery in the U.S., Washington State, and the Puget Sound Region has come to some sectors of the economy and not yet to others; meanwhile, the recovery remains fragile, particularly as geopolitical events create new uncertainties. The Puget Sound Region, while tracking with national changes, experienced a deeper downturn than the nation and will likely lag the national recovery by about a quarter.

Indicators that the recovery is firming nationally include the following:

- The business sector appears to be back on its feet, with the exception of real estate and construction. Since the trough of the recession, growth in real Gross Domestic Product (GDP) has advanced 4.5 percent and returned to pre-recession levels by the end of 2010.
- Business investment is up as a result of higher earnings and increased business confidence in the economy – 2010 saw a 15 percent increase in business spending for equipment and software.

¹ The economic outlook is significantly informed by the “Puget Sound Economic Forecaster” produced by Conway Pedersen Economics, Inc. and by the “Washington Economic and Revenue Forecast” prepared by the Washington State Economic and Forecast Council.

Transmittal Letter
2010 Comprehensive Annual Financial Report

- Corporate profits grew by more than one-third in 2010, largely due to an increase in overall labor productivity at twice the historic rate,

There remain significant headwinds in the way of shared and sustained progress toward recovery, including:

- Job growth remains very slow. By the end of 2010, the national economy had recovered only 800,000 of the more than 8 million jobs lost in the recession. While the national unemployment rate declined in 2010 from 10.0 percent to 9.6 percent, there were still, at the outset of 2011, 15 million people who could not find a job, including 6 million unemployed for six months or longer.
- Credit conditions for small businesses, the backbone of economic vitality and job creation, have eased slightly, but remain tight, constraining employment growth in this important sector.
- After an advance in the fourth quarter of 2010, consumer spending has retrenched. Representing two of every three dollars of GDP, consumer spending has a significant influence on the economic recovery. Consumers remain cautious in the face of uncertainty and are tending to save, rather than spend.
- A sluggish housing market persists; consequently, the construction sector has yet to hit bottom and rebound.
- For a recovery still in its infancy, uncertainty adds to the vulnerability of the economic picture. Unrest in the Middle East has resulted in uncertainty about supply and increased oil prices. The devastating Japan earthquake and nuclear plant accident adds to international economic uncertainty as the world third-largest economy enters an extended rebuilding period.

The consensus among economists is that the recovery will continue to strengthen gradually, but remains fragile and vulnerable. However, economists assign a higher probability to downside risks in their forecasts than has previously been the case. This is attributable to concerns over energy prices, the uncertainty in the level of nuclear meltdown Japan may experience, financial market jitters due to the international picture, upward movement of inflation and potential Federal Reserve tightening, and the high level of general uncertainty.

While the Puget Sound region parallels the national economy overall, it continues to lag in the recovery, particularly in the housing and construction sectors. The region lost 34 percent of construction jobs during the Great Recession and is still experiencing employment declines in construction. The Puget Sound region has teetered on a double-dip recession in the housing market, where initial indicators of recovery – increasing home sales and sales prices inching up – have dissipated and sales and prices have slumped back to their recession lows. Continued stagnation in the housing market is expected in 2011, with no meaningful recovery until 2012. The construction sector lost one-third of its employment base between its peak in 2007 before the recession and 2010, and is not expected to bottom out until late 2011. Puget Sound's construction employment levels are not expected to return to their pre-recession peak for more than a decade.

Employment growth and a reduction in the unemployment rate in the Puget Sound region also continue to be glacially slow, but appear to be moving more consistently in the right direction. The state forecast expects Washington's employment to grow 1.1 percent in 2011 and 2.6 percent in each of 2012 and 2013. The February 2011 unemployment rate fell to 8.9 percent and the March rate decreased to 8.8 percent, in line with the national trends. While there is the beginning of a very modest pick-up in private sector

employment, reductions in state and local government employment reduce this job growth. In 2011, the Puget Sound Region is expected to add a net of 37,000 jobs, reducing the unemployment rate to 8.6 percent. These data portend a very long period before the pre-recession Puget Sound region employment picture – total employment and the unemployment rate – recover to their prior positions.

Interest rates are expected to rise slowly and inflation is expected to remain relatively low – in the 2 percent range for the next couple of years. However, inflationary pressures from energy and food prices add uncertainty to the inflation picture and therefore to the potential for the Federal Reserve to tighten money and further slow the economic recovery. Dick Conway of Conway-Pedersen Economics summarizes the Puget Sound forecast in this way: “The break-out year is now slated for 2012. With employment growing at a 2.4 percent rate, personal income is expected to advance at a 5.1 percent rate. Faster growth, both nationally and regionally, will spur the inflation rate. New jobs and a pick-up in population growth should help the housing market.”

Impact of Economic Conditions on Seattle Housing Authority

Seattle Housing is not immune to the ups and downs of the economy, nor are our residents and voucher participants. Here are a few of the impacts of economic conditions we anticipate will continue through 2011:

- Consumers, including our residents, remain uncertain and cautious about the future. As a result, more people are staying put. The Housing Choice Voucher program is experiencing lower than usual turnover, and vacancy rates in our housing units remain very low.
- Working and work-able residents will continue to be challenged as job recovery inches along. The sluggish rate of employment growth, with modest private sector increases and continuing employment decreases at State and local government levels, will limit job opportunities and security for low income residents.
- A large number of Seattle Housing Authority residents and voucher holders rely on financial aid from the State and/or social services provided through State and local government funds. These government sources continue to experience budget reductions that will shrink available social and health services and reduce income support through 2013. This will strain Seattle Housing’s partnerships for services to support needy residents and voucher holders and reduce rental income from tenants.
- State Budget reductions for 2011 and for the 2011-2013 bienniums will directly and adversely affect income supports for many residents and voucher participants. This has already been experienced in 2011, resulting in a projected loss of \$1.3 million in rental income and/or higher subsidy requirements for voucher holders. In addition, reduction in Medicaid and other health and social service programs will limit resident and participants’ access to needed services.
- The doldrums of the private housing markets nationally and locally continue to challenge the Housing Authority’s efforts to complete land sales for the market-rate housing at High Point and Rainier Vista. The Authority’s projects have the advantage of positive reputations and desirable amenities, like light rail access, but developers are still challenged with tight credit and depressed housing prices. We are seeing renewed investor interest in Low Income Housing Tax Credits and we successfully closed two mixed financing projects in 2010 that will add 86 units at Lake City Village and 118 units at Rainier Vista Northeast. The fact that the Authority could bring federal

Stimulus funding (American Recovery and Reinvestment Act) to these projects was a definite catalyst for projects to add to our low income housing opportunities.

- The absence of credit sources for small businesses will challenge our properties that include commercial mixed-uses and will slow new job opportunities for residents in these local businesses.
- There are likely to be moderate increases in inflation and interest rates, resulting in moderate increases in costs affecting both SHA and our residents and voucher participants.

Federal Funding – Status and Outlook

The federal government continued, in 2010, to use fiscal and monetary tools to support the economic recovery, particularly in the areas of jobs, foreclosures, income support, and credit availability. At the same time, the federal government has begun to reduce or wind down stimulus actions and turn attention to reducing the federal deficit, despite the continuing uncertainty and slow pace of the economic recovery.

The Housing Authority has benefitted significantly in 2009 and 2010 from federal recovery efforts, a renewed federal commitment to full funding of public housing, and expanded funding for rental assistance vouchers. The Administration's new initiatives for Sustainable Communities, the Choice Neighborhood Initiative, and Transforming Rental Assistance promise future opportunities for low income housing development and preservation in 2011 and beyond.

With 75 percent of the Housing Authority's operating revenues derived from HUD funding, the increased federal commitment to low income housing over the last two years has had a positive effect on the Housing Authority's ability to maintain and increase households served and our capacity to move forward with redevelopment and renovation activities.

In combination, federal funding support, a slowly improving economy, and disciplined financial management have enabled Seattle Housing to further six key aims:

- Increase service to low income people;
- Renew redevelopment efforts;
- Fund critical capital rehabilitation projects;
- Expand sustainable building practices;
- Maintain our operations and services; and,
- Improve Seattle Housing Authority's financial condition.

As the federal government turns from stimulating the economy to reducing the deficit and cutting discretionary spending, the Authority can expect some retrenchment over the next several years from the increases in federal support we have seen in 2009 and 2010. As federal decisions unfold, we expect to see flat- to moderately-reduced federal revenues that will be outstripped by the inflationary pressures on expenditures, with the result that we will have to reduce expenses to balance our budgets.

In spite of the fact that we are planning for near term constraints on federal funding support, housing for our most vulnerable populations has been a continuous federal commitment and funding priority for nearly 75 years. We are confident this partnership will endure, and that federal policy and financial

support for low income housing – operations, maintenance, and development – will continue over the long run.

Long-Term Planning and Major Commitments and Initiatives

Beginning in the 1990s, the Authority began planning for the redevelopment and major rehabilitation of much of its public housing stock and for the creation of new mixed-income communities. To implement these long-range plans, the Authority applied for and received HUD HOPE VI Urban Revitalization grant awards for the redevelopment of its Holly Park and Rainier Vista communities in southeast Seattle, and the Roxbury and High Point communities in southwest Seattle. While significant, these federal funds comprise a minority share of the funding sources for redeveloping these communities. In undertaking redevelopment/rehabilitation of its housing stock, the Authority sought new funding sources and partnerships.

The success of the redevelopment projects has relied on mixed-finance strategies in addition to HOPE VI funds. These have included the following:

- Use of low-income housing tax-credit partnerships for equity investment;
- Use of local bond or mortgage financing to be repaid through operating income;
- Involvement of partners such as Habitat for Humanity and service providers in developing homes and facilities;
- Use of lines of credit or reserve funds as interim financing for property acquisition, design, predevelopment, and infrastructure, to be repaid through land sale proceeds;
- Use of interim or bridge financing for predevelopment activities; and,
- In the last two years, use of stimulus funding from the American Recovery and Reinvestment Act (ARRA).

Seattle Housing has completed redevelopment of NewHolly, Roxbury Village (renamed Westwood Heights), Phase I of two phases of Rainier Vista, and Phase I and rental housing in Phase II of High Point.

Redeveloping Our Family Communities – Projects in Progress Today

Rainier Vista

Phase II of Rainier Vista on the east side of Martin Luther King Jr. Way South got underway in 2008 with initial work on infrastructure and the construction of the Boys & Girls Club facility and sports fields. Work began in late 2009 on 31 for-sale market-rate and affordable homes in Phase I; 23 of these are being built by Habitat for Humanity and construction is in progress.

In 2010, with local, state, federal ARRA, and private investor support, the Authority completed construction of a mixed use building including 83 units of low-income housing; the residential units were fully occupied by the end of the year. Again with the help of ARRA funds and private partnerships, work was initiated on completing the infrastructure for the remaining rental housing and for the market-rate housing at Rainier Vista; this infrastructure work will be completed by mid-2011. The construction of 118 units of rental housing has been financed through a tax credit partnership and mixed financing supported by competitive ARRA funds. Construction got underway in summer 2010 and units will begin coming on-line in 2011 with full build-out completed in early 2012. Sales to private developers of for-sale blocks for development of market-rate housing began in 2010 and construction is underway in 2011.

High Point

The Authority completed the first of a two-phase redevelopment at the High Point community, with 344 new mixed-income units in 2006. Phase II redevelopment got underway in 2007 with the undertaking of a complete street reconfiguration and new infrastructure over the 55-acre site. The infrastructure was completed in 2008, along with High Point's central park, "The Commons." The 256 affordable rental units in Phase II were completed and fully leased by mid-2009. Neighborhood House started construction in 2008 of its \$12 million LEED Gold-certified High Point Neighborhood Center. The Center open in 2009. The Housing Authority's remaining development work at High Point includes completion of three community parks, which will be designed and bid in 2011.

The final piece of the High Point redevelopment plan is the completion of market-rate homes by private developers. While the housing market has remained stagnant overall in Seattle, we have succeeded in attracting a major developer who began construction of 20 of 82 homes in 2010 and has begun sales in the Spring of 2011. As the market for private housing development begins to rebound, we expect the sale of building lots, the construction of new homes, and the new home sales to pick up through 2012 and 2013.

When completed, the 675 new affordable rental housing units located at High Point will be complemented by approximately 800 for-sale homes, 165 elderly assisted living apartments, and community facilities including a public library, health clinic, community center, parks, and commercial retail space. Housing for an additional 291 extremely low-income households is being replaced elsewhere in Seattle. As of the end of 2010, 146 replacement units had been completed and contracts were in development to bring an additional 50 units, already identified, on line in 2011.

Lake City

The Seattle Housing Authority is combining a \$10.5 million HOPE VI grant, \$10 million in competitive ARRA funds, and 9 percent tax credits to build 86 units of low income housing in Lake City. This mixed-finance project also involves energy tax credits based on the substantial green features being incorporated into the project and will include such site amenities as a community garden, a children's play area, a large barbeque patio suitable for community gatherings and pedestrian pathways through the property. Construction on the apartment building began in mid-2010. It will be completed and fully leased by the end of 2011. Part of the overall plan, on an adjacent site, is the construction of 17 homeownership units, of which five will be affordable to those earning 80 percent or less of the area median income. The implementation of the homeownership component will begin once the 86-unit apartment building is completed.

Yesler Terrace

Yesler Terrace is Seattle's oldest public housing community, constructed in 1939 on 30+ acres adjacent to downtown. The community houses more than 1,000 low-income people in 561 apartment units. In December 2007 the Authority's Board of Commissioners adopted a comprehensive set of guiding principles for the redevelopment of Yesler Terrace. These guiding principles were recommended by a Citizen Review Committee (CRC) chaired by former Mayor Norman Rice. Based on these principles, conceptual site alternatives were defined in 2009, and in 2010 the Environmental Impact Statement (EIS) process got underway. The draft EIS was issued in late 2010 and the final EIS was released in April 2011.

The preferred alternative will provide capacity for 5,000 units of housing, 900,000 square feet of office space, 88,000 square feet of retail space, 65,000 square feet of neighborhood services space and 15.9 acres of public and semi private open space. The housing units will include 561 units for extremely low income residents (up to 30 percent of area median income), 290 units serving 60 percent of median

income, 950 units of affordable housing serving up to 80 percent of median income, and over 3,000 market rate units.

The Board of Commissioners is expected to adopt a Development Plan in May 2011, which will be submitted to the City of Seattle, along with proposals for zoning changes and entitlements. The City Council in April 2011 unanimously approved an amendment to the City's Comprehensive Plan providing for a new zoning mechanism of "Master Planned Community" and designated Yesler Terrace as eligible to be rezoned under this provision. The City council is expected to approve zoning designations and other legislation that will enable implementation of the Yesler Terrace Development Plan in the fall of 2011.

In early 2011, the Authority applied to HUD for a competitive grant of \$23 million under the Choice Neighborhood's Initiative (CNI) that, if successful, would allow for work on Phase I of Yesler Terrace to commence in 2013. Seattle has been selected as one of six finalists for a CNI implementation grant and will know in the fall of 2011 whether this application has been successful. It is expected that the redevelopment of Yesler Terrace will occur over a ten to fifteen year period. The CNI grant would provide for 200 new units of mixed income housing on site and 18 units in a rehabilitated building in the neighborhood.

Rehabilitating Seattle Housing Authority High-Rise Properties

In 2010, the Authority will complete the finishing touches on rehabilitation of 21 public housing high-rise buildings encompassing nearly 2,000 units under our homeWorks program. The work over five years was funded by leveraging HUD capital subsidy with private investments, through low-income housing tax credits and private activity tax-exempt bonds. In 2010, the Housing Authority used ARRA funds to complete systems replacement and building rehabilitation work at the 120-unit Bell Tower high-rise facility. The Authority is using competitive ARRA funding to undertake systems and building renewal at Denny Terrace, a 221-unit high-rise; this project will be complete in 2011.

Redevelopment Summary

The Authority's redevelopment and revitalization efforts contribute positively to all Seattle neighborhoods touched by our housing portfolio. These redevelopment activities have and will continue to stimulate and leverage public and private investments throughout the city. Benefits to the Authority's residents, Section 8 Program participants, and the greater Seattle community are being felt in the form of public improvements such as parks, libraries, and community centers; increased private investments in local business enterprises leading to greater job opportunities; and increased goods and services for neighborhood residents.

By the time the Authority completes High Point and Rainier Vista, it will have transferred to the City of Seattle an estimated \$100 million in public right of way infrastructure – roads, sewers, water lines, electrical systems from the street, including streetlights, sidewalks, landscaping, irrigation, and parks and open space. All of these public assets were financed by the Authority and not by local taxpayers. In addition, with the creation of mixed-income communities, the Housing Authority is creating new tax revenues for the City, County, and State, as private properties become part of the property tax base.

In all of the redevelopment activities to date, the Authority has committed to replace all units affordable to extremely low-income households, and is on track to meet those commitments. Thus, the Authority's redevelopment program is producing increased affordable housing and market rate opportunities in

mixed-income communities, while continuing to serve more extremely low-income residents than before redevelopment.

Strategic Plan 2011-2015 – Bold Plans in the Face of Uncertainty

In October 2010 the Board of Commissioners of Seattle Housing Authority adopted a new five-year Strategic Plan designed to maintain focus to meet the challenges and opportunities of the future even in the face of uncertainties about the continuing effects of the Great Recession and the impacts that deficit reduction will have on funding for low-income housing.

Seattle Housing Authority's 2011-2015 Strategic Plan lays out five broad strategic directions that will define the agencies work for the next five years:

1. Expand housing for low-income residents across Seattle by maintaining and expanding low-income housing stock.
2. Expand housing access and choice across Seattle for low-income residents using Housing Choice Vouchers.
3. Assist housing participants in gaining access to education and employment opportunities so they can improve their lives.
4. Provide additional services and increase the stock of housing for low-income seniors.
5. Partner with others to create healthy, welcoming and supportive living environments in Seattle Housing Authority communities.

In addition to these strategic directions, we have identified three areas for internal focus. They represent management and administrative conditions that are necessary for our success:

1. Manage the Seattle Housing Authority as effectively as possible to meet the agency's mission.
2. Identify and implement sustainable practices throughout the agency to minimize impact on the environment.
3. Promote a healthy, engaged and productive workforce.

Financial Management and Oversight

The Authority's management is responsible for establishing and maintaining an internal control structure designed to ensure that the Authority's assets are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformance with generally accepted accounting principles. The internal control structure is designed to provide reasonable (not absolute) assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs and benefits of controls require estimates and the exercise of 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 and the compliance staff of the Authority.

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 was carried out by the international public accounting firm of KPMG LLP. The audit for the year ended December 31, 2010 resulted in two significant deficiencies.

One deficiency was related to payroll certifications for non-exempt staff. Audit staff noted that non-exempt staff who were charged to more than one federal project were not completing the required payroll certifications, despite the fact that they were punching actual hours on a daily basis. The other deficiency related to the reporting for the ARRA grants. For two of the quarterly reports during one reporting period, an error was made on the report that was not detected prior to the submission of the report. Procedures have been put in place to ensure that both of these deficiencies are addressed in the current year. No instances of material weakness in the internal control structure or significant violations of applicable laws and regulations were found.

The unfortunate minor ARRA reporting errors do not detract from the findings of HUD program staff and HUD Inspector General staff from their site visits and comprehensive review of ARRA files. They found that the Housing Authority has managed ARRA funds and complied with ARRA regulatory requirements in an exemplary fashion and is fully capable of proper administration of this program.

Budgeting Control

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 reports quarterly to managers and executive staff on the status of the budget and on any corrective actions needed. 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. 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.

Financial Policy Oversight

The Authority has two ongoing committees – one internal and one a board committee – that provide financial oversight. The board committee is the Audit Committee consisting of the Board chair, two other Board members, and two outside independent 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 Audit Committee reports its activities to the full Board, along with any conclusions or recommendations they have to continue to strengthen the agency's financial management.

Internally, the agency has a Financial Policy Oversight Committee (FPO) that meets monthly and is composed of the executive director, the deputy executive director for finance and administration, the deputy executive director for development and asset management, 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.

Transmittal Letter
2010 Comprehensive Annual Financial Report

The FPO is charged with overseeing the financial conditions and financial management decisions of the agency and ensuring that current or implied financial commitments and/or conditions receive the full scrutiny of the Authority's top managers and expert line staff. This committee has improved agency-wide consideration of and decisions on credit and debt management; development opportunities, project selection, and financing plans; coordination of timing on actions, planning and monitoring of interim financing repayment plans; management of cash reserves; and, risk assessment. The Financial Policy Oversight Committee has also adopted a policy on unrestricted cash balances and unassigned cash (operating cash reserves), which was adopted by the Board of Commissioners in April 2011.

Component Units

The Authority has fifteen discretely presented component units as of December 31, 2010. In 2010, the Authority entered one new limited partnership, Rainier Vista Northeast Limited Liability Limited Partnership, which was formed to develop the mixed finance project to construct 118 units of tax credit rental housing at Rainier Vista.

In 2010, the Housing Authority also exited one limited partnership, the NewHolly Phase I Limited Partnership, and assumed ownership of the property and buildings. This partnership had reached the point of eligibility for an early exit and agreed to the request that the partnership be dissolved and the Housing Authority reacquire the property.

As the Authority has expanded its redevelopment activities using mixed financing, component units have become a larger and larger share of the strategy of providing low-income housing. At the end of 2010, the Authority's component units represented over 43 percent of all rental housing units operated directly by the Authority.

Prudently Managing Public Housing Properties

The Authority has continued to take an active asset management approach to managing its properties, treating each of them as a distinct community with the goal of efficiently using each property to its fullest potential toward meeting our mission. This means the Authority is actively reviewing existing real estate holdings to ensure that all 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. The internal Asset Management Committee, with management representatives from all departments, conducts quarterly portfolio reviews with property managers and notes issues for further discussion and review and circumstances requiring corrective measures. The Authority's approach is spelled out in the Local Asset Management Plan included in the agency's MTW Plan.

The Authority will continue to supplement its tenant rental income, operating revenues, and HUD subsidies by actively competing for additional federal funds for modernization, redevelopment, and resident 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.

In 2010, the Authority continued to compete well wherever we saw partnership opportunities. We were successful in securing over \$2.5 million in City and State grants and loans for weatherization and for rehabilitation of senior housing buildings. We have succeeded in become one of six finalists (out of 42 applicants) for the first implementation grants under the new Choice Neighborhood Initiatives program.

Transmittal Letter
2010 Comprehensive Annual Financial Report

We have continued to forge new partnerships around educational and job training opportunities with foundations and schools. The U.S. Department of Labor through the King County Workforce Development Council is funding a two-year program, Pathways Out of Poverty; this grant of approximately \$75,000 is designed to support low-income people in gaining access to pre-apprenticeship construction training and placement into construction jobs.. In addition, we are using Bill and Melinda Gates Foundation grant funds to support parent engagement work for Yesler Terrace parents so they can better support and advocate for their children's educational success. The Robert Wood Johnson Foundation provides funding for High Point and New Holly community members to address issues pertaining to healthy eating and physical activity.

The City's street car project has selected a route that runs through the heart of the Yesler Terrace transformation plan area and \$32 million of project investments will occur within the boundaries of the Plan area.

Activities in the Community

Seattle Housing Authority continues to make concerted efforts to participate in citywide and regional housing and economic development forums, to ensure coordination with other affordable housing agencies and to promote access for agency residents and voucher-holders to social services and self-sufficiency resources throughout the region. Activities include:

Transmittal Letter
2010 Comprehensive Annual Financial Report

The Housing Authority is well-represented on the Committee to End Homelessness and its various subcommittees by the executive director, communications director and director of housing advocacy and rental assistance programs.

The executive director serves on the Board of the Workforce Development Council (WDC) of Seattle-King County. The WDC provides training and development systems to promote economic opportunity for residents and assure a viable workforce for area businesses. SHA staff is also on the WDC Youth Committee.

The executive director serves on the Board of the Seattle Central Community College Foundation, which provides scholarships, child care, and tutoring, to disadvantaged youth.

The executive director serves on the Board of Seattle Jobs Initiative, which connects low-income people to job training and placements.

The executive director was appointed by the Governor to the State's Affordable Housing Advisory Board, which advises the Governor and the Department of Commerce regarding issues of affordable housing.

The deputy executive director for development serves on both the Urban Land Institute Seattle Advisory Board and Steering Committee, as well as, being co-chair of the Thriving Communities Task Force. He also served as a member of the Campaign Steering and Finance Committees for the Yes for Homes Campaign which successfully renewed the City's Housing Levy.

The deputy executive director for development is an adjunct instructor at the University of Washington College of Built Environments and a member of the College's Department of Urban Design and Planning Professionals Council.

The deputy director for finance and administration chairs the National Association of Housing and Redevelopment Officers (NAHRO) Public Housing Subcommittee. He is also an honorary Board Member of the Rainier Vista Boys and Girls Club and was named by the Mayor to the Seattle Center Advisory Commission.

The housing finance and asset management director is a member of both the City of Seattle Credit Committee and the State Bond Cap Advisory Committee.

The communications director represents SHA on the Governing Board of the Seattle CityClub, which sponsors public forums on civic issues, and serves as CityClub's expert on housing and homelessness issues.

SHA's general counsel is a member of the Historic Seattle Preservation and Development Authority Council, which preserves and maintains historic structures, advocates for the preservation of historic structures and districts, and owns and operates affordable housing.

The general counsel is also a board member of Port Jobs, which helps low-income people find employment and apprenticeship opportunities in the building and construction trades.

The human resources director is a member of the Breakfast Group, an African-American men's group that provides business mentorship and an education program aimed at young, at-risk males of color.

Transmittal Letter
2010 Comprehensive Annual Financial Report

The human resources director is a Board Member of the International Public Management Association for Human Resources.

Community service division staff continue as founding members of the Seattle Asset Building Collaborative, a coalition that supports economic self-sufficiency of low-income families. Staff also continued participation on a Seattle-King County inter-governmental committee on the needs of senior housing and services for the baby-boomers.

Awards and Recognition

In 2010 Seattle Housing received distinctions, including:

- For the thirteenth year in a row, a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the U.S. and Canada for the fiscal year ending December 31, 2009 for the Seattle Housing Authority Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for their assessment again this year.

- **A High Performing Housing Authority:** Seattle Housing was designated a high performing agency in 1993 under HUD's Public Housing Management Assessment Program (PHMAP). As a result, the Authority became one of six original participants under contract with HUD in its Moving to Work (MTW) Demonstration Program. The agency has signed a contract with HUD for a ten-year extension of its MTW status; pending HUD's revisions of its Public Housing Assessment System or designation of an alternate evaluation tool, Seattle Housing retains its high performer designation. In 2009, the Housing Authority's High Performer status provided preferential access to competitive ARRA funds.
- The Yesler Terrace redevelopment project received a recognition award for effective urban planning for sustainable growth from the Quality Growth Alliance, which is made up of real estate, environmental, and civic organizations.
- The Rainier Vista redevelopment project received a Merit Award from the American Institute of Architects for the high quality of its overall design.
- The Housing Authority Insurance Group presented the agency with a 2010 Best Practice Award for our Safety Hot Topic Program, which is a communication program aimed at reducing work-related accidents and worker compensation costs.
- Seattle Housing won a Merit Award from the National Association of Housing and Redevelopment Officials (NAHRO) for the policies and materials we developed to serve clients with limited English proficiency.
- A Community Service Award was bestowed by the Seattle Section 3 Advisory Committee in recognition of placing 89 Section 3 residents on the High Point rental housing construction project;
- The Housing Authority Insurance Group presented A Housing Authority Risk Retention Innovation Award in recognition for outstanding Risk Control Innovation in Loss Prevention and Loss Control (September 2010) ;

Transmittal Letter
2010 Comprehensive Annual Financial Report

- Advocacy work was recognized by the Pacific Northwest Regional Council of the National Association of Housing and Redevelopment Officers for efforts including promoting increased awareness among staff and residents of the importance of various legislative bodies.

Design and Sustainability Awards

The Authority has been recognized locally, nationally, and internationally for the quality of our redevelopment communities. In 2007, the Authority received the prestigious Urban Land Institute Global Award for Excellence. This award is broadly recognized as the pinnacle award for design excellence on a worldwide scale and is an apt reflection of the Authority's commitment to sustainability and to the innovative designs and programs implemented at High Point. The Authority's redevelopment projects have also received the following awards:

High Point

- ✓ Pacific Northwest Regional Council of Carpenters: Apprenticeship Opportunity Award
- ✓ Built Green: Certificate of Merit
- ✓ Built Green: Hammer Award (highest scoring community to date)
- ✓ Puget Sound Regional Council: Vision 2020 Award
- ✓ Washington Excellence in Concrete Construction: Sustainable Merit Award
- ✓ PCBC Gold Nugget Award: Master-Planned Community of the Year
- ✓ PCBC Gold Nugget Award: Best Infill, Redevelopment, or Rehab Site Plan
- ✓ NAHB National Green Building Award: Multifamily Project of the Year
- ✓ A1A: Housing Committee Award (Multifamily)
- ✓ A1A: Show You're Green Award
- ✓ A1A/HUD Secretary's Award: Community Informed Design Award
- ✓ Governor's Smart Communities: Jury's Merit Award
- ✓ International Society of Arboriculturists: Green Leaf Award
- ✓ Rudy Bruner National Award for Urban Excellence
- ✓ Energy Star Outstanding Achievement Award
- ✓ EPA National Award for Smart Growth Achievement
- ✓ Urban Land Institute Award for Excellence - Americas

Rainier Vista

- ✓ The Seattle Metropolitan Magazine "Best Places to Live Award"
- ✓ Energy Star Outstanding Achievement Award

New Holly Phase III

- ✓ PCBC/Builders Magazine's 2006 Grand Prize for the Best Affordable Project under 30 units/acre.

Acknowledgments

The preparation of this report has been accomplished through the hard work of the Finance Department staff and the support of other staff members throughout the Seattle Housing Authority. We wish to thank the management and staff of KPMG LLP who provided the necessary expertise and technical assistance in conducting the independent audit and organizing this report.

Transmittal Letter
2010 Comprehensive Annual Financial Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Tom Tierney". The signature is written in a cursive, slightly slanted style.

Tom Tierney
Executive Director

(This page intentionally left blank)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Housing Authority
of the City of Seattle, Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

(This page intentionally left blank)

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

Financial Section

Section II



KPMG LLP
Suite 900
801 Second Avenue
Seattle, WA 98104

Independent Auditors' Report

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

We have audited the accompanying financial statements of the business-type activities (primary government) 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, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the Authority, which represent 100% of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of December 31, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1(d), the Authority implemented several new accounting standards during 2010.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2011 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis on pages 3 through 11, is not a required part of the basic financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The cost certificates for projects WA19R001501-06, WA19R001502-06, WA19R001501-07, WA19R001502-07, WA19R001501-08, and WA19R001502-08 are supplemental information required by the U.S. Department of Housing and Urban Development (HUD). The cost certificates have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

May 18, 2011

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

Management's Discussion and Analysis

December 31, 2010

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority) is pleased to present its basic financial statements for the year ended December 31, 2010, 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 assets (balance sheet); the statement of revenues, expenses, and changes in net assets; 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 explain some of the information in the basic financial statements and provide 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 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 assets.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2010, with comparative data for the year ended December 31, 2009. 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 of the Authority exceeded liabilities at December 31, 2010 by \$406.8 million (net assets). Of this amount, \$170.5 million represents unrestricted net assets which include committed, assigned and unassigned funds that may be used to meet the Authority's ongoing obligations and to provide an undesignated, unrestricted reserve.
- Total net assets increased by \$22.4 million or 5.8 percent. This increase is primarily attributed to increased capital contributions under the capital program which includes funds received from the American Recovery and Reinvestment Act (ARRA), and to increased funding for the Housing Choice Voucher (HCV) program.
- The Authority's current ratio that measures liquidity has increased during the year from 1.22 percent to 1.40 percent. During the year the Authority received \$3.7 million from the Douglas Apartments Limited Partnership to repay their short term borrowings. In addition, deferred revenue was higher in 2009 than 2010 due to early payment of subsidy of \$7.6 million for 2010, which was received in December 2009.
- Long term notes receivable increased from \$182.8 million to \$194.1 million. The Authority has made loans to other low-income housing providers and to its component units that are redeveloping housing communities under the HOPE VI Redevelopment program and other tax credit projects. The largest change in long term notes receivable from 2009 to 2010 was a result of new loans to Rainier Vista Northeast LLLP and Lake City Village LLLP.

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

Management's Discussion and Analysis

December 31, 2010

- The Authority's total debt decreased from \$185.9 million to \$177.3 million during the current reporting period. The largest single decrease resulted from the Authority paying off a \$8.2 million bridge bond for homeWorks Phase III (the High Rise Rehabilitation Project). Also, the percentage of total debt to net capital assets decreased from 55.1 percent at December 31, 2009 to 51.7 percent at December 31, 2010.

Financial Analysis

Statement of Net Assets

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

Total assets of the Authority at December 31, 2010 and 2009 amounted to \$648.5 million and \$634.0 million, respectively. The significant components of current assets are equity in pooled investments, receivables from component units, and restricted investments. The noncurrent assets are certain investments, capital assets, and notes receivable. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The principal changes in assets from December 31, 2009 to December 31, 2010 were increases in capital assets and increases in net notes receivable. Cash and investments also decreased partially due to forward funding from HUD for the Section 8 voucher program received at the end of 2009.

Total liabilities of the Authority are \$241.7 million and \$249.5 million at December 31, 2010 and 2009, respectively. Current liabilities include accounts payable, accrued liabilities, deferred revenue, current portion of long term debt, and short-term borrowings. Current liabilities have decreased by \$11.0 million primarily due to the decrease in current deferred revenue related to the early payment of HUD subsidy that occurred in 2009. Current portion of long term debt has also decreased by a net of \$2.7 million because the Authority paid down \$3.2 million on the infrastructure note. A liability is considered to be current if it is due within one year. Noncurrent liabilities are primarily made up of the long-term portion of the notes and bonds payable. Noncurrent liabilities increased by \$3.2 million as a result of an increase in long term deferred revenue from increases in operating leases from component units.

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

Management's Discussion and Analysis

December 31, 2010

Net assets represent the Authority's equity, a portion of which is restricted for certain uses. Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt shows the Authority's equity in land, structures, construction in progress, and equipment, net of related capital debt outstanding. The next net asset category is restricted net assets for debt service; these assets are reserved to service the debts until they mature. The last category is unrestricted net assets; these are available to use for any lawful and prudent purpose of the Authority. Unrestricted net assets increased by 12.3 percent during the year from \$151.8 million to \$170.5 million. This was primarily the result of increases in capital assets and notes receivable from the component units.

Condensed Statement of Net Assets

(In thousands)

	December 31, 2010	December 31, 2009
Assets:		
Current assets	\$ 62,473	67,674
Noncurrent investments	24,990	24,176
Capital assets, net	343,139	337,089
Notes receivable, long term, net	194,058	182,829
Other noncurrent receivables and other	23,842	22,184
Total assets	\$ 648,502	633,952
Liabilities:		
Current liabilities	\$ 44,654	55,668
Noncurrent liabilities	197,009	193,856
Total liabilities	241,663	249,524
Net assets:		
Invested in capital assets, net of related debt	229,826	227,084
Restricted for debt service	6,487	5,550
Unrestricted	170,526	151,794
Total net assets	406,839	384,428
Total liabilities and net assets	\$ 648,502	633,952

Statement of Revenues, Expenses, and Changes in Net Assets

The purpose of the statement of revenues, expenses, and changes in net assets is to present the revenues earned by the Authority, both operating and nonoperating, and the expenses incurred, operating and nonoperating, and 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 maintain the housing units and provide other services for the tenants of the Authority. Nonoperating revenues are revenues earned for which

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

Management's Discussion and Analysis

December 31, 2010

goods and services are not provided, for example, interest income. Capital contributions represent revenues earned from HUD for public housing capital repairs and rehabilitation, Hope VI redevelopment and other capital activities.

The condensed statement of revenues, expenses and changes in net assets which follows this section reflects the year ended December 31, 2010 compared to the year ended December 31, 2009. Overall, operating revenues increased by approximately 9.3 percent or \$13.4 million from 2009 to 2010 and operating expenses increased by approximately 8.9 percent or approximately \$13.0 million for the year; net nonoperating expenses increased by 232.1 percent or approximately \$15.5 million; and capital contributions increased approximately 98.4 percent or \$23.1 million as a result of economic stimulus funding from HUD under the American Recovery and Reinvestment Act (ARRA). Net assets increased in 2010 by approximately \$22.4 million. Explanations of principal reasons for these changes follows.

For operating revenues, tenant rentals increased by \$0.9 million. Although, tenant revenues have generally decreased due to the economic downturn, this was offset by the Authority's acquisition of 400 housing units that arose from the dissolution of the Holly Park Limited Partnership in August, 2010. Housing assistance payment subsidies increased by \$8.9 million and the public housing operating grant increased by \$3.3 million as a result of increased funding from HUD. Other revenues, decreased very slightly.

Operating expenses increased as a result of predevelopment costs for Yesler Terrace, Lake City Village, Bell Tower and Denny Terrace as well as increased maintenance costs, and increases in Housing assistance payments.

Net nonoperating expenses increased by approximately \$15.5 million during the year. The majority of this increase was a result of asset dispositions related to the High Point redevelopment project where infrastructure in the amount of \$14.4 million was transferred to the City of Seattle.

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

Management's Discussion and Analysis

December 31, 2010

Capital contributions in the year ended December 31, 2010 were made up of \$5.5 million from Hope VI redevelopment grants, \$3.2 million from the dissolution of Holly Park Limited Partnership and \$37.8 million from HUD capital grants. Of the capital grants, \$23.2 was from ARRA funding. The net result is that the Authority added \$22.3 million to net assets for the year ended December 31, 2010.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

(In thousands)

	Year ended December 31	
	2010	2009
Operating revenues:		
Tenant rentals	\$ 19,853	18,964
Housing assistance payment subsidies	96,203	87,253
Operating subsidies and grants	21,258	18,006
Other	19,480	19,212
Total operating revenues	<u>156,794</u>	<u>143,435</u>
Operating expenses:		
Housing operations and administration	42,454	38,999
Tenant services	3,729	1,645
Utility services	4,718	4,541
Maintenance	20,083	18,159
Housing assistance payments	73,550	71,064
Other	4,210	2,115
Depreciation and amortization	10,060	9,282
Total operating expenses	<u>158,804</u>	<u>145,805</u>
Operating loss	<u>(2,010)</u>	<u>(2,370)</u>
Nonoperating revenues (expenses):		
Interest expense	(7,479)	(7,957)
Interest income	5,257	5,338
Change in fair value of investments	45	431
Loss on investment in limited partnerships	(68)	(1)
Disposition of assets	(19,878)	(4,472)
Net nonoperating expenses	<u>(22,123)</u>	<u>(6,661)</u>
Change in net assets before capital contributions	(24,133)	(9,031)
Capital contributions	<u>46,544</u>	<u>23,456</u>
Change in net assets	22,411	14,425
Net assets, beginning of year	<u>384,428</u>	<u>370,003</u>
Net assets, end of year	<u>\$ 406,839</u>	<u>384,428</u>

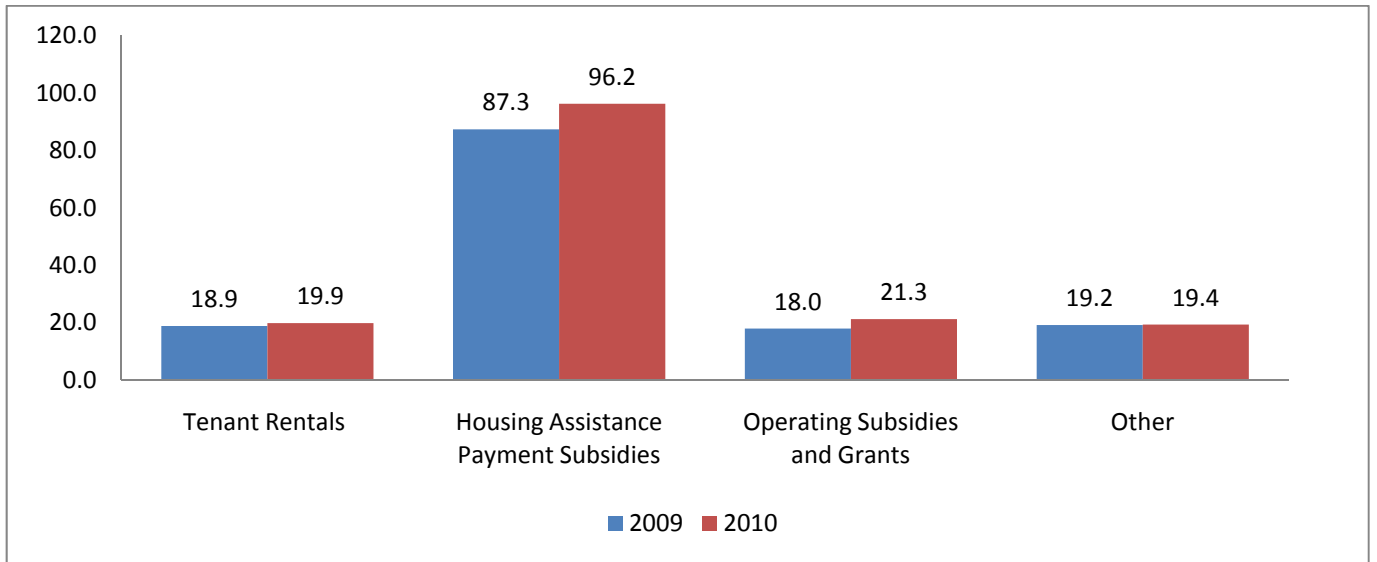
**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Management's Discussion and Analysis

December 31, 2010

Operating revenues are shown in detail in the chart below.

Operating Revenues – 2009 and 2010



Dollars (in millions)

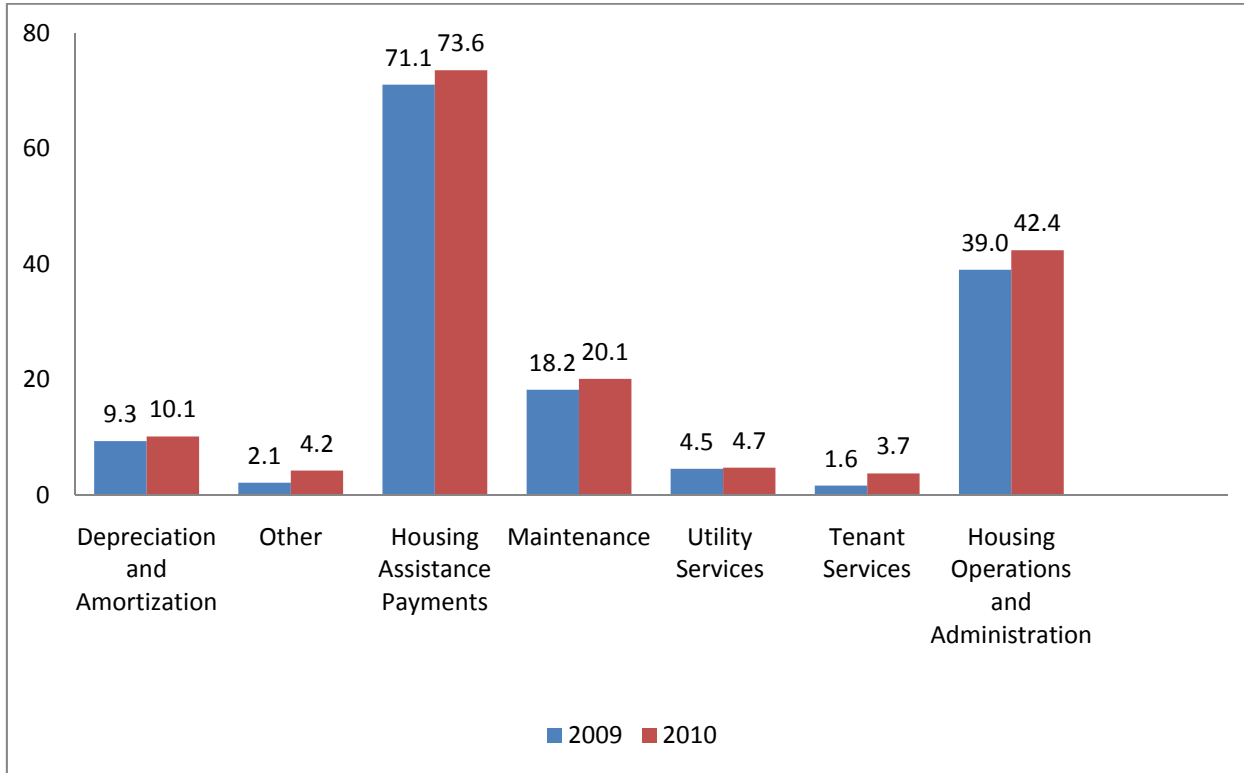
**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Management's Discussion and Analysis

December 31, 2010

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2009 and 2010



Dollars (in millions)

Capital Asset and Debt Administration

The Authority continued to add to its capital assets during the year ended December 31, 2010. The largest acquisition was approximately \$25.5 million and resulted from the dissolution of the Holly Park Limited Partnership where the net assets of the limited partnership reverted back to the Authority in accordance with the terms of the limited partnership agreement. This was the first of the Authority's component unit low income tax credit housing limited partnerships to reach 15 years before dissolution of the limited partnership. In addition, the Authority also sold the last five scattered site properties as part of a multi-year project to realign scattered site properties in the public housing program. The project involved selling certain public housing properties, which are primarily single family and duplex units, and replacing them with larger buildings that are more efficient and less costly to manage and operate. The Authority also disposed of approximately \$14.4 million of assets which were comprised of infrastructure assets at the High Point Hope VI development; these assets were transferred to the City of Seattle.

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

Management's Discussion and Analysis

December 31, 2010

The table below shows the Authority's capital assets, net of accumulated depreciation, at December 31, 2010 and December 31, 2009 (in thousands).

	<u>2010</u>	<u>2009</u>
Land	\$ 70,504	70,905
Land improvements	26,242	17,368
Structures	179,456	153,288
Leasehold improvements	538	537
Equipment	2,129	2,181
Construction in progress	<u>64,270</u>	<u>92,810</u>
Total capital assets, net	<u>\$ 343,139</u>	<u>337,089</u>

Note 5 to the Authority's basic financial statements provide additional detail regarding the changes in capital assets during the fiscal year.

Total debt outstanding decreased from 2009 to 2010 by \$8.6 million. The Authority reduced short-term borrowings slightly during the year. The increase of \$1.7 million in notes payable reflects a decrease of \$3.2 million in the Authority's infrastructure note, offset by additional borrowing for the Othello property, for Senior housing rehabilitation projects and the acquisition of debt related to New Holly Phase I which was re-acquired during the year when the partnership was dissolved. Bonds payable decreased primarily related to the maturity of the bridge bond for Phase III of the homeWorks project. Shown in the table below is the outstanding debt at December 31, 2010 and 2009 (in thousands).

	<u>2010</u>	<u>2009</u>
Short-term borrowings	\$ 16,077	16,321
Notes payable	62,278	60,574
Bonds payable	<u>98,951</u>	<u>108,985</u>
Total debt outstanding	<u>\$ 177,306</u>	<u>185,880</u>

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the fiscal year.

Federal Funding Support to the Authority

Federal appropriation level for HUD programs, such as Section 8 and Public Housing Operating Subsidies, and the various capital programs continue to have a major impact on the Authority's financial position. Federal housing dollars make up the largest source of revenue for the Authority. During 2010, the Authority earned \$117.2 million in federal dollars for its operating programs and \$43.3 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 \$343.1 million of capital assets as of December 31, 2010. In the redevelopment of the Authority's family communities as mixed-income communities at New Holly, High Point, and Rainier Vista success has relied on public: private mixed financings, using federal HOPE VI funds, tax

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

Management's Discussion and Analysis

December 31, 2010

credit partnership equity, grants from State and local government, equity contributions from the Authority, and proceeds from sale of land, and bonds.

The federal government has been a principal source of funds for low-income housing development, operations, and maintenance since the National Housing Act of 1937. While federal support of public housing has ebbed and flowed with different administrations over that period, there is a long-term record of federal financial support for low-income housing. While much of the current decade has seen continual underfunding of public housing operating and capital grants, 2010 saw a temporary increase in the federal proration of funding to fully fund public operations based on HUD's calculation of operating requirements for full funding. Reaching this full funding plateau has occurred over the past two years, resulting in a 2010 public housing operating grant that was 24 percent above the 2008 funding level. This movement reflects the Administration's stated intention to move to 100 percent proration in relation to HUD's full funding standard for public housing. At the same time, the Section 8 Housing Choice Voucher program has continued to experience increases. The Authority saw an increase in these rental assistance funds of 10.3 percent in 2010 over 2009.

Funds for the public housing capital grant have been relatively stagnant over the last three years; this is in part due to the substantial capital infusion to Housing Authorities through the American Recovery and Reinvestment Act. These funds have added over \$29.7 million over the last two years to augment the Authority's annual public housing capital grant of about \$13 million and contribute to mixed financing projects.

The HUD ARRA formula funds were all obligated by the first quarter of 2010 and will be fully expended by the end of the second quarter of 2011. Competitive ARRA funds were obligated by September 2010 and will be expended by the end of 2012. The Authority's ARRA funds are in six projects: rehabilitation of the building systems and exterior at the 119-unit Bell Tower high-rise (completed in 2010); construction of the 86 unit Tamarack mixed use building in Rainier Vista (completed in 2010); completion of the infrastructure to support for-sale housing development and 118 rental units at Rainier Vista (expected to be completed in 2nd quarter of 2011); construction of the 118 units in Rainier Vista Northeast; (expected to be completed in 3rd quarter of 2012) development of the 86 unit mixed financing development at Lake City Village (expected to be completed by the end of 2011); and, rehabilitation of building systems and the exterior of the 221 unit Denny Terrace high-rise (expected to be completed by the end of 2011).

The Authority expects modest decreases in federal revenues for low-income and affordable housing over the next few years as the Administration and Congress address federal deficit pressures.

The long-term prospects for the housing market are strong in Seattle and for Authority properties; thus, our challenge continues to be one of timing. The Authority is nearing completion of our redevelopment commitments in Rainier Vista and High Point and our new development at Lake City Village. As the recovery continues, we expect to complete sale of properties for market rate housing development in these mixed income communities over the next three years.

The Authority will also be positioned in 2011 to complete master planning and entitlements for redevelopment of our last "garden community", Yesler Terrace. The Authority is one of six finalists for a \$27 million federal Choice Neighborhoods Initiatives competitive grant that, if successful will be the catalyst for the first phase of Yesler redevelopment in 2012.

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

Management's Discussion and Analysis

December 31, 2010

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, 120 Sixth Avenue North, Seattle, WA 98109.

BASIC FINANCIAL STATEMENTS

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

Statement of Net Assets

December 31, 2010

Assets	<u>Primary government</u>	<u>Component units</u>
Current assets:		
Cash and cash equivalents	\$ 1,726,016	1,059,449
Restricted cash	6,877,134	20,743,837
Investments	41,334,713	4,882
Accounts receivable:		
Tenant rentals and service charges	412,159	373,642
Other	1,699,806	464,756
Due from:		
Other governments	2,517,739	—
Primary government	—	735,803
Component units	3,471,470	—
Inventory and prepaid items	834,533	910,740
Restricted investments	1,341,708	126
Deferred charges	1,798,791	5,495,946
Notes receivable	371,917	—
Notes receivable from component units	83,272	—
Other	3,688	—
Total current assets	<u>62,472,946</u>	<u>29,789,181</u>
Noncurrent assets:		
Investments	3,583,514	—
Cash restricted for long term purpose	479,641	741,105
Restricted investments	21,406,293	925,206
Due from component units	21,879,130	—
Other	1,483,573	218,830
Capital assets:		
Land	70,504,337	5,037,542
Land improvements	26,983,527	14,227,668
Leasehold improvements	749,651	—
Structures	365,680,217	335,760,522
Equipment	17,133,424	6,895,440
Construction in progress	64,270,286	16,575,903
Less accumulated depreciation	<u>(202,182,736)</u>	<u>(44,238,134)</u>
Capital assets, net	343,138,706	334,258,941
Notes receivable, net of allowance	15,215,519	—
Notes receivable from component units (net of allowance and excess loss on investment of \$1,675,000 and \$1,504,430)	<u>178,842,350</u>	<u>—</u>
Total noncurrent assets	<u>586,028,726</u>	<u>336,144,082</u>
Total assets	<u>\$ 648,501,672</u>	<u>365,933,263</u>

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

Statement of Net Assets

December 31, 2010

Liabilities and Net Assets	Primary government	Component units
	<u> </u>	<u> </u>
Current liabilities:		
Accounts payable:		
Vendors and contractors	\$ 5,946,271	4,227,197
Other	3,988,595	56,807
Accrued liabilities	2,932,851	4,080,713
Due to component units	735,803	—
Due to primary government	—	3,471,470
Short-term borrowings	16,077,424	—
Short-term borrowings from primary government	—	83,272
Current portion of long-term debt	11,708,892	11,243,273
Deferred revenue	3,263,672	28,951
	<u>44,653,508</u>	<u>23,191,683</u>
Total current liabilities		
Noncurrent liabilities:		
Due to primary government	—	21,879,130
Security deposits	1,486,232	960,283
Deferred revenue	42,206,777	—
Long term payables and liabilities	—	580,621
Long-term debt, less current portion:		
Notes payable to primary government	—	182,021,780
Notes payable	53,444,346	20,132,131
Bonds payable	96,075,556	41,359,972
Accrued compensated absences	3,093,005	—
Net OPEB liability	703,000	—
	<u>197,008,916</u>	<u>266,933,917</u>
Total noncurrent liabilities		
Total liabilities	<u>241,662,424</u>	<u>290,125,600</u>
Net assets:		
Invested in capital assets, net of related debt	229,826,301	86,364,855
Restricted for debt service	6,486,917	20,536,894
Unrestricted (deficit)	170,526,030	(31,094,086)
	<u>406,839,248</u>	<u>75,807,663</u>
Total net assets		
Total liabilities and net assets	<u>\$ 648,501,672</u>	<u>365,933,263</u>

See accompanying notes to basic financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Assets

Year ended December 31, 2010

	Primary government	Component units
Operating revenues:		
Tenant rentals	\$ 19,853,164	22,156,568
Housing assistance payment subsidies	96,202,546	—
Operating subsidies and grants	21,258,217	—
Other	19,480,446	725,140
	<u>156,794,373</u>	<u>22,881,708</u>
Operating expenses:		
Housing operations and administration	42,453,709	8,365,736
Tenant services	3,729,452	—
Utility services	4,718,662	2,818,777
Maintenance	20,082,664	6,364,747
Housing assistance payments	73,550,131	—
Other	4,209,600	1,775,766
Depreciation and amortization	10,059,962	11,170,602
	<u>158,804,180</u>	<u>30,495,628</u>
Total operating expenses		
Operating loss	<u>(2,009,807)</u>	<u>(7,613,920)</u>
Nonoperating revenues (expenses):		
Interest expense	(7,479,432)	(6,675,583)
Interest income	5,257,848	89,562
Change in fair value of investments	44,842	(824,166)
Loss on investment in limited partnerships	(67,624)	—
Disposition of assets	(19,878,330)	—
	<u>(22,122,696)</u>	<u>(7,410,187)</u>
Net nonoperating expenses		
Change in net assets before capital contributions	<u>(24,132,503)</u>	<u>(15,024,107)</u>
Contributions:		
Capital contributions	46,544,071	—
Partners' contributions	—	7,687,976
	<u>46,544,071</u>	<u>7,687,976</u>
Total contributions		
Change in net assets	<u>22,411,568</u>	<u>(7,336,131)</u>
Total net assets at beginning of year	<u>384,427,680</u>	<u>83,143,794</u>
Total net assets at end of year	<u>\$ 406,839,248</u>	<u>75,807,663</u>

See accompanying notes to basic financial statements.

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

Statement of Cash Flows

Year ended December 31, 2010

	<u>Primary government</u>
Cash flows from operating activities:	
Receipts from residents	\$ 19,950,925
Receipts from other sources	110,385,916
Operating grants and subsidies received	22,822,215
Advances from affiliates	(1,598,370)
Payments to vendors	(55,480,886)
Housing assistance payments	(73,550,131)
Payments to employees	(17,299,133)
Net cash provided by operating activities	<u>5,230,536</u>
Cash flows from capital and related financing activities:	
Capital contributions	42,520,615
Acquisition and construction of capital assets	(34,326,901)
Proceeds from dispositions of property and equipment	4,050,629
Proceeds from short-term borrowings	997,039
Proceeds from long-term borrowings	3,623,402
Payments on notes and bonds	(19,434,123)
Interest payments	(7,892,870)
Net cash used in capital and related financing activities	<u>(10,462,209)</u>
Cash flows from investing activities:	
Interest received	5,140,929
Maturity of investment securities	56,297,743
Purchases of investment securities	(57,941,196)
Dissolution of one component unit	2,739,099
Payment on notes receivable	6,686,106
Issuance of notes receivable	(11,298,425)
Net cash provided by investing activities	<u>1,624,256</u>
Decrease in cash and cash equivalents	(3,607,417)
Cash and cash equivalents at beginning of year	<u>12,690,208</u>
Cash and cash equivalents at end of year	<u>\$ 9,082,791</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (2,009,807)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	10,059,962
Gain on sale of property	(2,612,141)
Changes in assets and liabilities:	
Accounts receivable and other assets	(1,587,591)
Inventory and prepaid items	(351,818)
Accounts payable and other liabilities	1,240,432
Accrued compensated absences	(61,443)
Deferred revenue and other	552,942
Total adjustments	<u>7,240,343</u>
Net cash provided by operating activities	<u>\$ 5,230,536</u>
Noncash investing, capital, and financing activity:	
Increase in fair value of investments	\$ 45,566
Notes receivable issued to component units for capital assets	21,430,910
Dissolution of one component unit:	
Capital assets assumed	25,456,579
Notes receivable liquidated	(18,440,699)
Notes payable assumed	(6,240,000)

See accompanying notes to basic financial statements.

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

Notes to Basic Financial Statements

December 31, 2010

(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 RCW 35.82. The Authority was created for the acquisition, development, modernization, operation, and administration of public housing programs. The primary purpose of the Authority is to provide safe, decent, sanitary, and affordable housing to low-income and elderly families in Seattle, Washington, and to operate its housing programs in accordance with federal and state laws and regulations. The Authority's programs are administered through the U.S. Department of Housing and Urban Development (HUD) under provisions of the U.S. Housing Act of 1937, as amended.

The Authority, recognized by HUD as a high-performing, large housing authority, was selected to participate in HUD's Moving to Work (MTW) Demonstration Program effective January 13, 1999. The program allows the Authority an exemption from a multitude of HUD regulations and reporting requirements, and significant flexibility to combine its HUD funding for reallocation among the Authority's administrative, capital, and development activities.

The Authority presents its activities as a single enterprise proprietary fund and its primary operations comprised a number of housing and grant programs as follows:

The Public Housing Program – operates under HUD's Annual Contributions Contract (ACC) SF-151 and consists of the operations of low-rent public housing properties totaling 5,436 units. The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Funds Program and through HUD Hope VI Urban Revitalization grants. Financing for the properties is obtained through bond issues and grants. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The 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 8,723 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped persons wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

The purpose of the Section 8 New Construction and Substantial Rehabilitation program is to construct or purchase and rehabilitate rental housing units to provide decent and affordable housing to low-income, elderly, and handicapped individuals whereby rental assistance is provided by HUD. Funding of the program is provided by federal housing assistance contributions and tenant rentals. The Authority owns two housing developments totaling 130 units.

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

Notes to Basic Financial Statements

December 31, 2010

The Section 8 Moderate Rehabilitation program operates under HUD's ACC S-0068K and consists of the operations of 760 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.

The Seattle Senior Housing Program – operates approximately 993 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 nonsubsidized housing units is provided exclusively from rental income.

Other Housing Programs – operates approximately 940 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 629 nonpublic housing 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. 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 either (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 (c) the component unit is financially dependent on the primary government.

Component units are reported as part of the reporting entity under either the blended or discrete method of presentation. Blending involves merging the component unit data and data with the primary government. The discrete method presents the financial statements of the component unit outside of the basic financial statement totals of the primary government. There are two situations where blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary government, and (2) when the component unit serves the primary government exclusively, or almost exclusively.

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

Notes to Basic Financial Statements

December 31, 2010

The Authority is the general partner in 15 real estate limited partnerships as of December 31, 2010. The limited partnership interests are held by third parties unrelated to the Authority. As the general partner, the Authority has certain rights and responsibilities, which enable it to impose its will on the limited partnerships. Additionally, the Authority is financially accountable for the limited partnerships as the Authority is legally obligated to fund operating deficits in accordance with terms of the partnership agreements. The Authority also has outstanding loans and net advances to the limited partnerships amounting to approximately \$4.3 million at December 31, 2010. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

The 15 component units are: the Ravenna School Limited Partnership (RSLP), the Othello Street Limited Partnership (OSLP), Desdemona Limited Partnership (DLP), the Escallonia Limited Partnership (ELP), the High Point North Limited Partnership (HPNLP), the High Point South Limited Partnership (HPSLP), the Ritz Apartments Limited Partnership (RALP), the Alder Crest Limited Partnership (ACLP), the High Rise Rehabilitation Phase I Limited Partnership (HRRILP), the Seattle High Rise Phase II Limited Partnership (SHRIILP), Seattle High Rise Phase III Limited Partnership (SHRIIILP), Douglas Apartments Limited Partnership (DALP), Tamarack Place Limited Partnership (TPLP), Lake City Village Limited Liability Limited Partnership (LCVLLLLP) and Rainier Vista Northeast Limited Liability Limited Partnership (RVNLLLLP).

During the year, the Holly Park Limited Partnership (HPLP) was dissolved and all related assets and liabilities were assumed by the Authority. The Authority paid \$263,000 to the limited partner to complete the transaction and recognized approximately \$3,215,000 gain from this transaction. The gain was reported as capital contribution on the statement of revenues, expenses and changes in net assets. This resulted in the following increases and decreases in amounts reported for the primary government and discretely presented component units:

	Primary government	Component units
Current assets	\$ 2,993,750	(2,993,750)
Capital assets, net	25,456,579	(25,456,579)
Notes receivable from component unit	(18,440,699)	N/A
Other Inter-entity receivables/payables	(91,673)	91,673
Current liabilities	428,705	(428,705)
Long-term debt	6,240,000	(6,240,000)
Notes payable to primary government	N/A	(18,440,699)

The RSLP is a legally separate entity formed in 1998 to take advantage of low-income housing tax credits needed to finance the planned rehabilitation of the Ravenna School Apartments. The 39-unit apartment complex, owned by the Authority under its Senior Housing Program, has been leased to RSLP for a nominal amount under a 99-year operating lease. The Authority is the 0.01% general partner of the RSLP and also serves as developer of the \$1.5 million rehabilitation project. In addition, the Authority will continue to serve as property manager of the Ravenna School Apartments. In July 1999, a tax credit investor was formally admitted as a limited partner to the

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

Notes to Basic Financial Statements

December 31, 2010

RSLP. The project was completed during fiscal year 2000. The Authority is the 0.01% general partner and is obligated to fund operating deficits by contributing or loaning funds to the partnership.

The OSLP is a separate legal entity created on September 9, 1999 to undertake phase two of the redevelopment activities at the Holly Park community. Development activities are completed and the OSLP will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the OSLP. During fiscal year 2000, a tax credit investor was admitted to the partnership as a 99.99% limited partner. The Authority has leased the land for phase two of the Holly Park redevelopment project to the OSLP for a nominal amount under a noncancelable operating lease. The Authority is the 0.01% general partner of the OSLP and is obligated to fund an operating deficit up to \$250,000.

The DLP is a separate legal entity created on May 10, 2002 to undertake phase three of the redevelopment activities at the Holly Park community. Development activities are completed and the DLP will continue to operate and manage the rental units. The Authority has leased the land for phase three of the Holly Park redevelopment project to the DLP for a nominal amount under a noncancelable operating lease. The Authority is the 0.01% general partner of the DLP and is obligated to fund an operating deficit without limitation as to amount. As of December 31, 2010, the DLP owed the Authority for developer fees in the amount of \$2,319,517.

The ELP is a separate legal entity created on May 10, 2002 to undertake phase one of the redevelopment activities at the Rainier Vista community. Development activities are complete and the ELP will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the ELP. The Authority has leased the land for phase one of the Rainier Vista redevelopment project to the ELP for a nominal amount under a noncancelable operating lease. The Authority is obligated to fund operating or other cash shortfalls up to \$500,000, with the obligated amount gradually decreasing to zero over the project's first three years of operations. As of December 31, 2010, the ELP owed the Authority for developer fees in the amount of \$500,465.

The HPNLP is a separate legal entity created on October 31, 2003 to undertake phase one of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the HPNLP. The Authority has leased the land for phase one of the High Point redevelopment project to the HPNLP for a nominal amount under a noncancelable operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. The amount the Authority is obligated to fund is unlimited prior to the project's stabilization date as defined in the limited partnership agreement, and is limited to \$1,200,000 after the project's stabilization date. The amount is further limited to \$750,000 after 10 consecutive years of the partnership's operating subsidy being fully funded. As of December 31, 2010, the HPNLP owed the Authority developer fees in the amount of \$2,019,566.

The HPSLP 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 HPSLP. The Authority has leased the land for phase two of the High Point redevelopment project to the HPSLP for a nominal amount under a noncancelable operating

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

Notes to Basic Financial Statements

December 31, 2010

lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2010, the HPSLP owed the Authority \$2,363,311 for developer fees.

The RALP is a separate legal entity created on August 12, 2004 to undertake rehabilitation of the Ritz Apartments. During fiscal year 2005, the RALP 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 RALP. The partnership agreement does not specify the obligation of the general partner in regards to funding operating shortfalls. As of December 31, 2010, the RALP owed the Authority \$172,500 for developer fees.

The ACLP is a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. The ACLP 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 ACLP. The Authority has leased the building to ACLP. As of December 31, 2010, the ACLP owed the Authority oversight developer fees amounting to \$39,748.

The HRRILP 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. The Authority participates as the 0.01% managing partner. As of December 31, 2010, the HRRILP has no outstanding developer fee payable to the Authority.

The SHRIILP 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. The Authority participates as the 0.01% managing partner. As of December 31, 2010, the SHRIILP has no outstanding developer fee payable to the Authority.

The SHRIILP 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. The Authority participates as the 0.01% managing partner. As of December 31, 2010, the SHRIILP has no outstanding developer fee payable to the Authority.

The DALP is a separate legal entity created on September 17, 2007 to undertake rehabilitation of the Douglas Apartments, which were purchased by the Authority during the year. The DALP 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 DALP. As of December 31, 2010, the DALP owed the Authority developer fees in the amount of \$290,350.

The TPLP 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, the TPLP has admitted a tax credit investor to the partnership. The Authority participates as the 0.01% managing general partner of the TPLP. As of December 31, 2010, TPLP owed the Authority developer fees in the amount of \$1,129,046.

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

Notes to Basic Financial Statements

December 31, 2010

The LCVLLLP 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, the LCVLLLP admitted a tax credit investor to the partnership. The Authority participates as the 0.01% managing general partner of the LCVLLLP. As of December 31, 2010, LCVLLLP owed the Authority no developer fees.

The RVNLLLP 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, the RVNLLLP has admitted a tax credit investor to the partnership. The authority participates as the 0.01% managing general partner of the RVNLLLP. As of December 31, 2010, RVNLLLP owed the Authority no developer fees.

All 15 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2010 and may be obtained by contacting the Authority with the exception of the LCVLP which has no financial activity to report as of December 31, 2010.

(c) *Change in Financial Reporting*

Effective January 1, 2010, the Authority reports revenues received for operating subsidies and grants under operating revenues rather than nonoperating revenues in the statement of revenues, expenses and changes in net assets.

(d) *New Accounting Standards Adopted*

Two new statements issued by the GASB were effective this year. Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets such as easements, water rights, patents, trademarks and computer software. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, establishes accounting and financial reporting requirements for derivative instruments. These statements have not had a material impact on the Authority's financial statements.

(e) *New Accounting Standard to be Adopted in Future Years*

Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. The Authority will evaluate this new standard and determine to what extent it will have impact on the Authority.

(f) *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 assets. All assets and liabilities associated with the operation of the Authority are

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

Notes to Basic Financial Statements

December 31, 2010

included in the statement of net assets. 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 revenue when all eligibility requirements have been met. Gains from sale of capital assets 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 revenues and expenses are reported as nonoperating revenues and expenses or as contributions of capital.

The Authority reports deferred revenue on its statement of net assets. Deferred revenues arise when potential revenue has not been earned in the current period. Deferred revenues also arise when resources are received by the Authority before it has a legal claim to them, as when grant moneys 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 deferred revenue is removed from the statement of net assets and revenue is recognized.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, all proprietary funds must follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, subsequent to that date, proprietary funds must either choose (1) not to apply all new FASB standards (including amendments of earlier pronouncements), or (2) to continue to follow all new FASB pronouncements (unless they conflict with GASB guidance). The Authority has chosen not to apply new FASB standards subsequent to November 30, 1989.

(g) Cash and Investments

The Authority accounts for its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires that most investments be reported at fair value. Fair value is determined based on quoted market prices for the investments. All of the Authority's investments are reported at fair value.

The Authority is authorized by HUD and its Board to invest in time deposits, certificates of deposits, and obligations of the U.S. government or its agencies, and to enter into repurchase agreements. Repurchase agreements are secured by U.S. Treasury securities with a market value equal to or greater than the amount of the repurchase agreements. The Authority's investment policies provide for the ability to sell investments prior to the investments' contractual maturity.

(h) Accounts Receivable – Other

Other accounts receivable represent various receivables including accrued interest on investments, accrued interest on notes receivable, receivables from other housing authorities for Section 8 portability payments, receivables from component units for developer fees, and receivables from other rental projects that the Authority manages but does not own.

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

Notes to Basic Financial Statements

December 31, 2010

(i) Inventories and Prepaid Items

Inventories are stated at lower of cost or market value and consist of expendable materials and supplies. Inventory items are expensed using the first-in, first-out method. Office supplies are expensed using a moving weighted average cost method. 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 in a subsequent fiscal year.

(j) Deferred Charges

Deferred charges consist of debt issuance costs and bond discounts, which are amortized over the term of the related note or bond.

(k) 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 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 \$1,000 and a useful life of over one year are capitalized. Assets acquired through contribution are recorded at the fair value on the date donated.

Capital assets are generally depreciated on the straight-line method over estimated useful lives as follows:

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

(l) Accounts Payable – Other

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

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

Notes to Basic Financial Statements

December 31, 2010

The Authority recognizes and compensates employees for nine traditional holidays. Holiday pay is recorded as an expense when incurred.

Employees earn sick leave at a rate of 96 hours per year. Sick leave is allowed to accumulate with no maximum. Employees are compensated for accumulated unused sick leave at the rate of 25% upon termination, permanent disability, or death.

Accruals are recorded at year-end for unused annual leave and unused sick leave, based on balances of hours at December 31 for each fiscal year end. See footnote 7a for detailed schedule.

(n) Management Fees

The Authority manages two residential rental properties for HUD. For the year ended December 31, 2010, the Bay View Tower project paid the Authority management fees of \$48,400, which is equal to 5.2% of net rental revenues received. Market Terrace paid the Authority management fees of \$12,612, which is equal to \$1,051 per month. HUD regulates the amount of management fees that can be paid.

(o) Payments in Lieu of Taxes

Pursuant to an agreement with the City, the Authority may make payments in lieu of taxes (PILOT). PILOT may also be provided to other taxing districts in which property is owned. Upon mutual understanding with the City and other taxing districts, no PILOT was made in fiscal year 2010.

(p) Deferred Revenue – Operating Leases

The Authority has unearned revenue resulting from operating lease payments received from seven of its discretely presented component units, the RALP, the ACLP, the DALP, the LCVLLL, the HRRILP, the SHRIILP and the SHRIILP. The lease payments are recognized over the lease terms and unearned lease payments are shown as deferred revenue.

(q) Income Taxes

Income received or generated by the Authority is not subject to federal income tax, pursuant to Internal Revenue Code Section 115. The Authority is also exempt from State and local property taxes. Interest paid on obligations issued by the Authority is excludable from the gross income of the recipients, pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended. Contributions to the Authority are tax deductible contributions, pursuant to Sections 170(b)(1)(A)(v) and 170 (c)(1) of the Internal Revenue Code of 1986, as amended.

(r) Pension Plans

The Authority reports pensions in accordance with GASB Statement No. 27 (GASB 27), *Accounting for Pensions by State and Local Governmental Employers*. GASB 27 requires the Authority to record a net pension obligation (benefit) for the difference between the required and actual employer contributions to its pension plans. The Authority funds all required contributions.

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

Notes to Basic Financial Statements

December 31, 2010

(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 and liabilities, 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.

(2) **Deposits and Investments**

(a) *Deposits*

As of December 31, 2010, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post office deposits) was \$9,076,407 and the bank balance was \$9,107,933. 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 assets. 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 Chapter 39.58 of the Revised Code of Washington. The FDIC insurance was raised from \$100,000 to \$250,000 until December 31, 2013. In addition to bank deposits, the Authority has \$2,500 held at the U.S. Post Office and \$3,884 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 Authority's investment policies require that all investments be made in accordance with the stated objectives of capital preservation, optimum liquidity, and return, while conforming to all applicable statutes and regulations. The Authority has established a maximum maturity of three years for operating reserves and a maximum maturity of five years for replacement reserves. Bond reserves may have maturities that match the bond maturity.

The Authority invests a portion of its funds with the Washington State Local Government Investment Pool (LGIP) managed by the State Treasurer's office. The investments in this pool comprise repurchase agreements, government securities, and certificates of deposits. The LGIP operates in a manner consistent with the Security and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. As such, the LGIP uses amortized cost to report net assets and share prices since that amount approximates fair value.

Since the Authority reports all of its investment at fair value, no additional disclosure is required under GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*.

The Authority intends to adhere 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 HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Notes to Basic Financial Statements

December 31, 2010

The Authority restricts its participation in money market mutual funds to those investing only in U.S. Treasury securities. However, the Authority's indirect exposure to any risks arising from derivative instruments utilized by such funds and programs is unknown.

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, 2010, 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 LGIP and the U.S. Treasury money market investments are not categorized because the investments are not evidenced by securities that exist in physical or book entry form.

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).

Credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality rating of investments in debt securities, as described by a national statistical rating organization such as Standard and Poor's (S&P). The Authority's policy provides that investments in corporate bonds and other fixed income securities must have a rating of A or better.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority's policy is to select investments of varied maturities to mitigate this risk.

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

Notes to Basic Financial Statements

December 31, 2010

The following chart shows the Authority's exposure to these risks:

	<u>S&P credit rating</u>	<u>N/A or less than 1 year</u>	<u>1 – 5 years</u>	<u>More than 10 years</u>	<u>Total</u>
Money market funds	n/a	\$ 1,729,762	—	—	1,729,762
U.S. government securities	n/a	—	—	19,200,353	19,200,353
U.S. agency securities	AAA	—	3,653,789	—	3,653,789
Certificates of deposit	n/a	500,000	—	—	500,000
Yield agreements	n/a	—	—	1,342,218	1,342,218
Private debt obligations	n/a	—	—	405,393	405,393
State investment pool	AAA	40,834,713	—	—	40,834,713
Total investments		<u>\$ 43,064,475</u>	<u>3,653,789</u>	<u>20,947,964</u>	<u>67,666,228</u>

(c) Component Unit Deposits

As of December 31, 2010, the component units' carrying amount of deposits (excluding petty cash) was \$22,543,791 and the bank balance was \$22,863,790. 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 assets. 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 Chapter 39.58 of the Revised Code of Washington. The FDIC insurance was raised from \$100,000 to \$250,000 until December 31, 2013. In addition to bank deposits, the component units have \$600 in petty cash funds.

(d) Component Unit Investments

As of December 31, 2010, investments of \$930,214 were held in trust and restricted for the development of the component units' redevelopment projects, replacement reserves and for the payment of principal and interest on the component units' bonds.

Custodial Risk

The investments of the component units are guaranteed investment contracts collateralized by U.S. government investment securities. As of December 31, 2010, all investments were insured or registered, and held by the component unit or its agent in the component unit's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the component unit's name. Therefore, the investments are not exposed to custodial risk.

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

Notes to Basic Financial Statements

December 31, 2010

The component units of the Authority are subject to the same concentration of credit risk, credit risk, and interest rate risk as the Authority. The chart below shows the exposure to these risks:

	<u>S&P credit rating</u>	<u>N/A or less than 1 year</u>	<u>More than 10 years</u>	<u>Total</u>
U.S. government money market funds	n/a	\$ 353,465		353,465
Yield agreements	n/a		576,623	576,623
State investment pool	n/a	126		126
Total investments		<u>\$ 353,591</u>	<u>576,623</u>	<u>930,214</u>

(3) Restricted Assets

(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, 2010 as shown in the schedule below:

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
Total security deposits	\$ 1,104,991	381,241	1,486,232

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

Notes to Basic Financial Statements

December 31, 2010

(b) Bond Trust Funds and Mortgage Reserves

As of December 31, 2010, funds held for bond trust funds and mortgage reserves are shown below:

	Balance
Investments are held in the Operating fund in trust for the Wakefield/PorchLight bonds and are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear interest at approximately 5.2%.	\$ 603,419
Investments for Gamelin/Genesee bonds are restricted for the payment of principal and interest. The investments consist of money market funds and bear interest at approximately 0.0093%.	268,694
Cash is held for replacement reserves on the public housing units of the Othello Limited Partnership. Interest is paid at approximately 0.10%.	180,726
Cash and investments for the Villa Park bonds are restricted for the payment of bond principal and interest. Such investments consist of money market funds and bears interest at approximately 0.02%.	147,220
Investments for the Telemark bonds are restricted for the payment of bond principal and interest. Such investments consist of money market funds and bear interest at approximately 0.01%.	223,535
Investments for the Wedgwood bonds are restricted for the payment of bond principal and interest. Such investments consist of Government National Mortgage Association securities (GNMA) and bear interest at approximately 5.47%.	15,837,042
Investments held for the Market Terrace and Mary Avenue bonds are restricted for the payment of principal and interest and consist of money market funds bears no interest.	219,501
Investments for the Montridge bonds are restricted for the payment of principal and interest. The investments consist of money market funds and bears interest at approximately 0.02%.	131,717
Investments for the Replacement Housing bonds are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear interest at approximately 4.0%.	753,741

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

Notes to Basic Financial Statements

December 31, 2010

	Balance
Investments for the Longfellow Creek bonds are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bears no interest.	\$ 244,911
Investments for the Wisteria Court bonds are restricted for the payment of principal and interest. The investments consist of GNMA securities and bear interest at approximately 5.15%.	3,844,053
Reserves are held in restricted cash accounts for the mortgage on Wedgwood Estates and bear interest at approximately 0.20%.	223,980
Reserves are held in restricted cash accounts for taxes and insurance for Wedgewood Estates and bear no interest.	160,807
Reserves are held in restricted cash accounts for the mortgage on Wisteria Court Apartments and bear interest at approximately 0.21%.	301,180
Reserves are held in restricted cash accounts for taxes and insurance for Wisteria Court Apartments and bear no interest.	54,123
Investments are held for the Yesler Community Center Replacement Housing bonds and are restricted for the payment of principal and interest. The investments consist of treasury obligations and bear no interest.	145,504
Investments are held for the Bayview Tower and Lake City Commons bonds. These funds are restricted for the payment of principal and interest and consist of money market funds bearing interest at approximately 0.01%.	258,388
Restricted cash is held for Bayview Tower and Lake City Commons replacement reserves. The investments consist of money market funds and bear interest at approximately 0.1%.	479,642
Restricted cash is held for the payment of taxes and insurance for Main Street Place II and bear no interest.	7,189
Restricted cash is held for the Beacon operating reserves and replacement reserves. The funds consist of money market funds and bear interest at approximately 0.1%.	51,613
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.1%.	131,138
Reserves are held in restricted cash accounts for the capital replacement and operations of Telemark, Mary Avenue, Montridge, Longfellow Creek, Main St Apts, Main Street Place and Yesler Court, bearing interest at approximately 0.1%.	936,728
Investments are held for the Holly Park Phase I bonds and are restricted for payment of principal and interest. The funds are invested mainly in highly liquid, short term U.S. Treasury obligations.	257,700
Reserves are held in restricted cash accounts for the Holly Park Phase I operating reserve and tax credit replacement reserve and bear interest at approximately 0.20%.	1,901,452

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

Notes to Basic Financial Statements

December 31, 2010

	Balance
Restricted cash is held in money market accounts for debt service on High Rise Rehabilitation projects, bearing no interest.	\$ <u>520</u>
Total	\$ <u><u>27,364,523</u></u>

(c) Other Restricted Funds

As of December 31, 2010, restricted cash amounts of \$499,120 are held in trust for the Family Self-Sufficiency (FSS) program. Families in the Section 8 and Low Rent programs may sign up for the FSS program and any rent increase due to an increase in income may be deposited into an escrow account. The tenant may request reimbursement from the trust account for certain allowable expenditures.

Investments of \$291,443 are held in trust for the Tenant Trust Account program. Eligible public housing households in the Low Rent Program receive 30% of their monthly base rent amount over \$494 deposited to a Tenant Trust Account that may be used to enhance their ability to become economically self-sufficient and independent.

Restricted cash amounts of \$50,666 are held for retainage related to the HOPE VI Development grants and other capital programs.

HUD requires the Authority to maintain restricted investments equal to the required reserves for the Market Terrace project. HUD must approve any release or disbursement of reserve funds in advance. Restricted investments for required reserves of \$60,181 were held as of December 31, 2010.

Restricted cash amounts of \$60,914 are held in the Development fund for the Dream Big Scholarship fund, which provides scholarships for residents of the Authority's communities.

Restricted cash amounts of \$70,276 associated with the Sound Families grant. Funds will be used over a ten year period to support the case management costs incurred by Family Services in accordance with the grant agreement.

Restricted cash amounts of \$221,421 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 \$276.

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

Notes to Basic Financial Statements

December 31, 2010

(4) Notes Receivable

(a) Other Than from Component Units

	December 31, 2010	Due within one year
Due from Community Psychiatric Clinic for the purchase of two properties. The notes bear no interest and mature November 30, 2013, with annual payments required.	\$ 144,667	48,222
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 on January 31, 2050.	1,200,000	—
Two notes due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note in the amount of \$494,600 bears interest at 3% annually and all interest and principal are due December 2040, if the project is operated according to the loan regulatory agreement. The note in the amount of \$24,872 bears interest at 6% annually and is due January 2016. Principal and interest payments of \$5,058 are due annually.	515,906	3,565
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	—

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

Notes to Basic Financial Statements

December 31, 2010

	December 31, 2010	Due within one year
Notes 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 the Retirement Housing Foundation. The note requires annual payments and is payable in full by December, 2016. The interest rate is approximately 3.27%.	933,143	67,295
Due from Madison Housing Partners Phase I, LLC and Madison Housing Partners Phase II, LLC. The notes are for the Views at Madison Apartments I and Views at Madison II, respectively, and are secured by deeds of trust on the properties. Both notes bear interest at an annual rate of 1.0% and are payable December 31, 2042.	826,106	—
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.	903,164	22,835

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

Notes to Basic Financial Statements

December 31, 2010

	December 31, 2010	Due within one year
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 are 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	—
Due from the Kateri House Association. The note is secured by a deed of trust on the property and bears interest at 1% per annum. Principal and accrued interest are due when the title is transferred or the property is sold.	83,793	—
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. Principal and interest are due on the maturity date.	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	—

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

Notes to Basic Financial Statements

December 31, 2010

	<u>December 31, 2010</u>	<u>Due within one year</u>
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 is secured by a deed of trust on the property and bears no interest. The note matures on August 31, 2054.	210,000	—
Due from Habitat for Humanity for land sold at Rainier Vista. The note bears interest at 6% and is payable as the homes are sold. The note is secured by a deed of trust and payment is expected prior to October, 2012.	180,000	—
Due from PNW Homebuilder's North LLC for land sold at High Point. The note bears no interest if paid by the maturity date of April 30, 2011. Payment is expected in \$10,000 increments as the lots are sold.	80,000	80,000
Due from PNW Homebuilder's North LLC for land sold at High Point. The note bears no interest if paid by the maturity date of July 31, 2011. Payment is expected in \$10,000 increments as the lots are sold.	150,000	150,000
Total notes receivable, net	<u>\$ 15,587,436</u>	<u>371,917</u>

The Authority has gross notes receivable and an allowance of \$7,249,260 for loans made to Neighborhood House, Boys and Girls Club, and Solid Ground 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.

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

Notes to Basic Financial Statements

December 31, 2010

(b) Notes Receivable from Component Units

	Balance December 31, 2010	Due within one year
Two notes due from High Rise Rehabilitation Phase I Limited Partnership. 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, 2010, the amount of interest payable to the Authority was \$2,164,250.	\$ 24,000,000	—
Due from the Desdemona Limited Partnership a operating deficit loan bearing interest at 10% per annum. Interest on the note was \$8,548 as of December 31, 2010.	111,532	63,272
Two notes due from Escallonia Limited Partnership. One note in the amount of \$12,732,292 and one note in the amount of \$10,614,802. Both notes bear interest at 1% per annum and mature in fiscal year 2058. Interest payments are due annually from available net cash flows. As of December 31, 2010, interest payable to the Authority was \$1,511,965.	23,347,094	—
Two notes due from High Point North Limited Partnership in the amounts of \$8,500,000 and \$16,652,733. The notes bear compounding interest at 1% per annum and mature in fiscal year 2054. Interest payments are due annually from available net cash flows. As of December 31, 2010, interest payable to the Authority was \$1,605,569.	25,152,734	—
Due from Ritz Apartments Limited Partnership. The note bears interest at 1% per annum and matures March 30, 2054. Principal and interest payments are due annually from available cash flows. Interest payable to the Authority on December 31, 2010 was \$33,679.	265,856	—

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

Notes to Basic Financial Statements

December 31, 2010

	Balance December 31, 2010	Due within one year
Due from Alder Crest Limited Partnership. The note bears simple interest at 5% per annum and matures March, 2057. Interest payable to the Authority on December 31, 2010 was \$49,847.	\$ 220,000	—
Due from the Othello Street Limited Partnership, two notes due in the amounts of \$4,195,384 and \$2,000,000. Both notes bear interest at 1% per annum and interest only payments are due to the Authority from available net cash flows. The notes mature on July 1, 2051. As of December 31, 2010, interest payable to the Authority was \$652,552.	6,195,384	—
Two notes due from Desdemona Limited Partnership. One note in the amount of \$10,149,991 bears interest at 3% per annum and the other note in the amount of \$2,739,144 bears interest at 1% per annum. Both notes require interest-only payments from available net cash flows and both notes mature March 1, 2058. Interest due to the Authority as of December 31, 2010 was \$2,456,173.	12,889,135	—
Due from the Ravenna School Limited Partnership. The note bears interest at 1% and is payable on the maturity date of December 31, 2039. As of December 31, 2010, interest due to the Authority was \$60,698.	529,727	—
Two notes due from High Point South Limited Partnership 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, 2010, interest payable to the Authority was \$176,168.	13,212,665	—
Two notes due from Seattle High Rise Rehab Phase II Limited Partnership 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 3.50% thereafter. Both notes mature December 21, 2046. As of December 31, 2010, interest payable to the Authority was \$2,871,045.	28,051,551	—

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

Notes to Basic Financial Statements

December 31, 2010

	Balance December 31, 2010	Due within one year
Two notes due from Seattle High Rise Rehab Phase III Limited Partnership 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, 2010, interest payable to the Authority was \$1,527,163.	\$ 20,950,000	—
Due from Tamarack Place Limited Partnership. 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, 2010, interest payable to the Authority was \$130,000.	10,400,000	—
Two notes due from Rainier Vista Northeast LLLP. One note in the amount of \$10,000,000 and one note in the amount of \$6,675,194. Both notes bear interest at 0.25% per annum and mature in 2060. Interest payments are due annually from available cash flows. As of December 31, 2010, interest payable to the Authority was \$19,107.	3,704,856	—
Due from Lake City Village LLLP. The amount of the note is up to \$16,402,326. The note accrues interest at 0.8% per annum and matures May, 2065. As of December 31, 2010, interest payable to the Authority was \$29,513.	9,449,518	—
Due from Douglas Apartments Limited Partnership for bond proceeds. The note accrues interest at 4.80% per annum and matures June, 2040. As of December 31, 2010, interest payable to the Authority was \$37,861.	1,950,000	20,000
Total notes from component units	\$ 180,430,052	83,272

The Authority has gross notes receivable and an allowance of \$1,675,000 for a loan made to Lake City Village LLLP which is excluded from the table above. The allowance fully covers the loan which is payable to the Authority and dependent on uncertain cash flows. Interest payable as of December 31, 2010 was \$45,085.

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

Notes to Basic Financial Statements

December 31, 2010

(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2010:

	<u>Balance January 1, 2010</u>	<u>Additions and transfers in</u>	<u>Dispositions and transfers out</u>	<u>Balance December 31, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 70,904,609	475,000	(875,272)	70,504,337
Construction in progress	<u>92,809,887</u>	<u>30,677,491</u>	<u>(59,217,092)</u>	<u>64,270,286</u>
Total capital assets, not being depreciated	<u>163,714,496</u>	<u>31,152,491</u>	<u>(60,092,364)</u>	<u>134,774,623</u>
Depreciable capital assets:				
Land improvements	17,555,355	14,166,678	(4,738,506)	26,983,527
Structures	331,524,771	36,471,422	(2,315,976)	365,680,217
Leasehold improvements	680,853	68,798	—	749,651
Equipment	<u>16,605,970</u>	<u>940,604</u>	<u>(413,150)</u>	<u>17,133,424</u>
	<u>366,366,949</u>	<u>51,647,502</u>	<u>(7,467,632)</u>	<u>410,546,819</u>
Less accumulated depreciation for:				
Land improvements	(187,543)	(554,771)	—	(742,314)
Structures	(178,236,524)	(8,507,437)	519,979	(186,223,982)
Leasehold improvements	(143,457)	(68,659)	—	(212,116)
Equipment	<u>(14,424,511)</u>	<u>(838,820)</u>	<u>259,007</u>	<u>(15,004,324)</u>
Total accumulated depreciation	<u>(192,992,035)</u>	<u>(9,969,687)</u>	<u>778,986</u>	<u>(202,182,736)</u>
Total capital assets, being depreciated, net	<u>173,374,914</u>	<u>41,677,815</u>	<u>(6,688,646)</u>	<u>208,364,083</u>
Total capital assets, net	<u>\$ 337,089,410</u>	<u>72,830,306</u>	<u>(66,781,010)</u>	<u>343,138,706</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.

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 Urban Revitalization Demonstration Grant (URD/HOPE VI). 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. Hope VI grants are awarded based on a specific application request. The Authority's construction in progress in the Low Rent program consists of

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

Notes to Basic Financial Statements

December 31, 2010

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 Hope VI 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.

The following schedule shows the significant components of the construction in progress as of December 31, 2010:

Modernization funds – capital grants	\$ 4,309,887
Modernization funds – URD/HOPE VI grants	59,266,685
Other programs	<u>693,714</u>
Total construction in progress	<u>\$ 64,270,286</u>

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

Notes to Basic Financial Statements

December 31, 2010

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, 2010:

	<u>Balance January 1, 2010</u>	<u>Additions and transfers in</u>	<u>Dispositions and transfers out</u>	<u>Balance December 31, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 2,287,542	2,750,000	—	5,037,542
Construction in progress	<u>3,502,040</u>	<u>27,076,757</u>	<u>(14,002,894)</u>	<u>16,575,903</u>
Total capital assets not being depreciated	<u>5,789,582</u>	<u>29,826,757</u>	<u>(14,002,894)</u>	<u>21,613,445</u>
Depreciable capital assets:				
Land improvements	18,211,214	229,976	(4,213,522)	14,227,668
Structures	356,240,655	13,508,175	(33,988,308)	335,760,522
Equipment	<u>8,075,172</u>	<u>293,563</u>	<u>(1,473,295)</u>	<u>6,895,440</u>
	<u>382,527,041</u>	<u>14,031,714</u>	<u>(39,675,125)</u>	<u>356,883,630</u>
Less accumulated depreciation for:				
Land improvements	(3,754,079)	(194,339)	2,804,161	(1,144,257)
Structures	(40,614,964)	(9,742,973)	9,014,764	(41,343,173)
Equipment	<u>(3,010,374)</u>	<u>(199,397)</u>	<u>1,459,067</u>	<u>(1,750,704)</u>
Total accumulated depreciation	<u>(47,379,417)</u>	<u>(10,136,709)</u>	<u>13,277,992</u>	<u>(44,238,134)</u>
Total capital assets, being depreciated, net	<u>335,147,624</u>	<u>3,895,005</u>	<u>(26,397,133)</u>	<u>312,645,496</u>
Total capital assets, net	<u>\$ 340,937,206</u>	<u>33,721,762</u>	<u>(40,400,027)</u>	<u>334,258,941</u>

(6) Short-Term Borrowings

The Authority maintains a \$6 million line of credit, which provides the Authority with a ready means of short-term financing for general operations of the Authority. The line of credit bears interest at 65% of the bank's prime rate plus 0.96% or 2.74% at December 31, 2010, which is payable monthly. The line of credit matures August 2011 and may be extended by the Executive Director of the Authority annually until August 2016, with the consent of the bank as long as the interest rate formula does not produce rates greater than two percent higher than the previous rate formula. The total amount outstanding at December 31, 2010 was \$1,843,489.

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

Notes to Basic Financial Statements

December 31, 2010

The Authority maintains a \$15 million revolving real property line of credit in order to provide a ready means of financing property acquisitions. Until it matured on June 21, 2010, the interest rate on the line of credit was 65% of the bank's prime rate minus 0.058% with interest payments due monthly. The Authority entered a new agreement with the bank effective June 22, 2010. Under the terms of the new agreement, the line of credit was split into series A in the amount of \$9.25 million and series B in the amount of \$5.75 million. Series A bears interest at 65.01% of the bank's prime rate plus 0.96% and is for a term of one year. The line may be extended annually by the Executive Director until June 22, 2015 with consent of the bank. The rate on December 31, 2010 was 2.74%. Series B has a three year term and may be extended for an additional three year term by the Executive Director until June 22, 2016 with consent of the bank. Series B bears interest at 65.01% of the bank's prime rate plus 1.0% or 2.76% as of December 31, 2010. As of December 31, 2010, the Authority had drawn \$8,173,026 which was all on the series A portion of the line.

The Authority has also established a \$7 million revolving taxable line of credit for the purpose of obtaining bridge financing for the Authority's acquisition of commercial or other nontax-exempt properties over the next five to seven years. The line of credit bears interest at Key Bank's prime rate minus 0.9% or 2.35% as of December 31, 2010, which is payable monthly. The line matures on December 3, 2011, and is renewable annually through 2015. The total amount outstanding at December 31, 2010 was \$6,060,908.

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

Notes to Basic Financial Statements

December 31, 2010

The following is a summary of changes in the Authority's short-term borrowings for the year ended December 31, 2010:

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Operating line of credit for High Point redevelopment.	\$ 966,006	—	—	966,006
Real estate line of credit for purchase of 12-plex at 5983 Rainier Ave S.	1,252,856	—	—	1,252,856
Real estate line of credit for purchase of 5-plex at 924 MLK Jr Way South	651,650	—	—	651,650
Real estate line of credit for purchase of two triplexes on Delridge Way SW.	901,380	—	—	901,380
Real estate line of credit payable for 7343 MLK Jr Way S.	1,083,625	—	—	1,083,625
Real estate line of credit payable for various properties including Highpoint substation, 109 12th Ave, 5656 32nd Ave SW, and 3200 SW Juneau.	957,591	—	—	957,591
Real estate line of credit payable for the purchase of land at 38th & S Willow.	250,358	—	—	250,358
Real estate line of credit payable for the purchase of Salvation Army Building.	1,076,973	—	1,076,973	—
Operating line of credit payable for purchase of the Salvation Army Building.	532,482	—	—	532,482
Taxable line of credit for purchase of properties in the Development fund, including 6919 MLK Jr Way S, 103 12th Ave S, 6058 35th Ave SW, and 6927 MLK Jr Way S.	2,843,038	—	—	2,843,038
Real estate line of credit for purchase of 6-plex at 3809 Willow.	580,274	—	—	580,274
Real estate line of credit for purchase of Lee Apartments	1,058,400	—	—	1,058,400
Taxable line of credit payable for purchase of 6558 35th Ave SW	988,574	—	—	988,574

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

Notes to Basic Financial Statements

December 31, 2010

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Operating line of credit payable for 918 MLK Jr Way S and 111 12th Ave S.	\$ 345,001	—	—	345,001
Real estate line of credit for purchase of the Baldwin Apartments.	1,447,898	—	11,006	1,436,892
Taxable line of credit for purchase of Apartments at 6927 MLK Jr Way S.	1,129,297	—	—	1,129,297
Taxable line of credit for construction of commercial space at Tamarack.	255,850	997,039	152,889	1,100,000
Total short-term borrowings	\$ 16,321,253	997,039	1,240,868	16,077,424

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

Notes to Basic Financial Statements

December 31, 2010

(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, 2010:

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Loan payable to the City of Seattle for the Epstein Building remodel financed by HUD Community Development Block Grant funds. The loan will be fully forgiven on December 31, 2017 if the property is kept for low-income use.	\$ 200,000	—	—	200,000	—
Notes payable issued in 1998 to the City of Seattle's General Fund, Urban Renewal, and Capital Facilities Fund for New Holly 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.	2,417,263	—	—	2,417,263	—

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

Notes to Basic Financial Statements

December 31, 2010

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Due within one year
Note payable to the City of Seattle's Housing Development fund for New Holly 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 Seattle's Cumulative Reserve Fund and HOME Program for New Holly Phase II. Interest accrues at 1% simple interest per year up to the 20th year and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal and interest payments may be deferred if the property is kept for low-income use. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance and accrued interest will be forgiven.	2,800,000	—	—	2,800,000	—
Note payable to the State of Washington for the Villa Park project. Interest accrues at 1% per year compounded monthly, with 50 annual payments of \$27,698. The note is secured by a deed of trust on the property.	890,866	—	18,789	872,077	18,977

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
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	—
Mortgage loan for Wedgewood Estates payable to Prudential. Term is 35 years, with final maturity August 1, 2036. The interest rate is 5.72%, with monthly payments of \$94,774. The loan is guaranteed with FHA Insurance.	15,541,508	—	254,928	15,286,580	269,898
Mortgage loan for Wisteria Court payable to Prudential. Term is 35 years, with final maturity August 1, 2038. The interest rate is 5.51%, with monthly payments of \$21,114. The loan is guaranteed with FHA Insurance.	3,656,051	—	53,255	3,602,796	56,265

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Mortgage loan payable to CS Capital for the purchase of Main Street Properties bearing interest at a rate of 6%, with maturity date of November 1, 2012. The mortgage is secured by a deed of trust on the property.	\$ 1,784,030	—	37,745	1,746,285	34,259
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	—
Mortgage loan payable to CW Capital for the purchase of Main Street Properties, bearing interest at a rate of 6%, with maturity date of November 1, 2012. The mortgage is secured by a deed of trust on the property.	220,499	—	4,666	215,833	4,233
Note payable to Bank of America for construction of infrastructure at High Point and Rainier Vista. The note requires annual payments and matures in 2013. Interest is tied to the LIBOR rate.	28,625,000	—	3,250,000	25,375,000	8,450,000

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Note payable to City of Seattle, Office of Housing for future development at Othello Station, 7301 MLK Jr Way S. Loan will be forgiven if development agreements have been finalized on or before the maturity date of December, 2012. The interest rate is 3% per annum and payable on the maturity date.	\$ —	2,000,000	—	2,000,000	—
Note payable to State Office of Community Trade and Economic Development for New Holly Phase I. The note is secured by a lien on the property and matures December 31, 2040.	—	1,700,000	—	1,700,000	—
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.	—	751,882	—	751,882	—
Loans payable to Seattle Office of Community Trade and Economic Development for rehab at Willis House and Reunion House. Forgivable on maturity date December 2049.		871,520		871,520	
Other notes payable	623,759	—	—	623,759	—
Total notes payable	<u>60,573,959</u>	<u>5,323,402</u>	<u>3,619,383</u>	<u>62,277,978</u>	<u>8,833,632</u>
Bonds payable for the Wakefield Building and the PorchLight Building in annual payments of approximately \$600,000, including interest at rates of 2.85% to 6.10%; final due date of May 1, 2032. The bonds are secured by a deed of trust on the Wakefield and PorchLight buildings.	7,395,000	—	160,000	7,235,000	170,000

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Bonds payable for the Wallingford property in annual payments of \$64,716, including interest at 7%; final due date is January 11, 2015. The bonds are secured by a pledge of the general revenues of the Authority.	\$ 276,137	—	46,872	229,265	50,260
Bonds payable tax-exempt series A and taxable series B for the Gamelin and Genesse commercial condo units. Annual payments are approximately \$300,000 and interest rates are 5.7% and 7.5%. Final due dates are October 31, 2035 and October 31, 2020. Bonds are secured by a pledge of the general revenues of the Authority.	3,622,000	—	62,000	3,560,000	70,000
Bonds payable for the High Rise Rehabilitation project, Phase I. The bonds mature on November 1, 2025. The bonds are secured by a deed of trust and the interest rate was 4.0% as of December 31, 2010.	10,290,000	—	445,000	9,845,000	465,000
Bonds payable for the High Rise Rehabilitation project, Phase II. The bonds mature November 1, 2026 and are secured by a deed of trust. The interest rate was 4.5% as of December 31, 2010.	14,421,551	—	555,000	13,866,551	575,000
Bonds payable for the High Rise Rehabilitation project, Phase III. The bonds mature November 1, 2027 and are secured by a deed of trust. The interest rate was 5.15% on December 31, 2010.	11,170,000	—	325,000	10,845,000	345,000

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Bonds payable for the High Rise Rehabilitation project, Phase III. Interest rate is 4.13% per annum, payable quarterly. Bonds are secured by a deed of trust and were paid during the year.	\$ 8,200,000	—	8,200,000	—	—
Bonds payable for the Villa Park Apartments in annual payments of \$25,000 to \$1,065,000 plus interest at rates of 4.5% to 6.5%; final due date November 1, 2026. The bonds are secured by a pledge of general revenues of the Authority, and a deed of trust on the Villa Park Apartments.	1,500,000	—	50,000	1,450,000	55,000
Bonds payable for Telemark Apartments, Stone Avenue Townhomes and 532 N 104th St. Townhomes in the Local Housing fund. Annual payments are \$25,000 to \$420,000 plus interest at rates of 3.500% to 6.125%; final due date is June 1, 2031. The bonds are secured by a deed of trust on the property.	2,655,000	—	50,000	2,605,000	50,000
Fixed rate bonds payable for Wedgewood Estates. Annual payments are \$160,000 to \$1,110,000 plus interest at rates of 3.25% to 5.60% with final due date of August 20,2036. The bond proceeds are invested in GNMA certificates to secure the bond repayment.	15,540,000		250,000	15,290,000	260,000

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Fixed rate bonds payable for Market Terrace and Mary Avenue townhomes. Annual payments are \$45,000 to \$415,000 plus interest at rates of 2.35% to 5.80%, with final due date of August 31, 2032. The bonds are secured by a deed of trust on the properties.	\$ 2,800,000	—	60,000	2,740,000	60,000
Fixed rate bonds payable for Montridge Arms Apartments. Annual payments are \$25,000 to \$125,000 plus interest at rates of 2.5% to 6.0%, with final due date of February 1, 2032. The bonds are secured by a deed of trust on the property.	1,625,000	—	35,000	1,590,000	35,000
Fixed rate bonds payable for Longfellow Creek Apartments. Annual payments are \$15,000 to \$235,000 plus interest at rates of 1.90% to 5.35% with final due date of October 1, 2033. The bonds are secured by a pledge of the general revenue of the Authority and certain revenues and receipts available from the property.	3,320,000	—	75,000	3,245,000	80,000

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

Notes to Basic Financial Statements

December 31, 2010

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010	Due within one year
Fixed rate bonds payable for HOPE VI replacement housing properties of Roxbury Apartments, Lam Bow, and various other units purchased from Decker properties in the amount of \$10,000,000. Annual payments are \$125,000 to \$695,000 plus interest rates at 6.125% with final due date of December 1, 2032. The bonds are secured by a pledge of the general revenue of the Authority and certain revenues and receipts available from the property.	\$ 8,960,000	—	190,000	8,770,000	200,000
Fixed rate bonds payable for Wisteria Court Apartments. Annual payments are \$45,000 to \$245,000 plus interest at rates of 1.2% to 5.3%, with final due date of October 20, 2038. The bond proceeds are invested in GNMA certificates to secure the bond repayment.	3,635,000	—	55,000	3,580,000	55,000
Fixed rate bonds payable for Main Street Apartments and Yesler Court, bearing interest at rates of 2.15% to 5.85%, with final due date of March 31, 2034. The bonds are secured by a pledge of the project revenues.	1,880,000	—	25,000	1,855,000	25,000

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Fixed rate bonds payable for the refinance of Bayview and Lake City Commons bearing interest at rates of 2.15% to 5.80%, with final due date of August 1, 2034. The bonds are secured by deeds of trust on the properties.	\$ 3,410,000	—	70,000	3,340,000	75,000
Variable rate bonds subject to remarketing for Wedgewood Estates mature August, 2036. The interest rate is reset every Wednesday with remarketing agent and was 0.85% on December 31, 2010. The bonds are secured by a letter of credit with Key Bank.	2,585,000	—	170,000	2,415,000	180,000
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 0.48% on December 31, 2010. The bonds are secured by a letter of credit with Key Bank.	5,700,000	—	3,750,000	1,950,000	—
Fixed rate bonds for New Holly phase I acquired from Holly Park Limited partnership. Interest rates are 4.7-5.9% payable twice a year. The bonds mature January 1, 2030.	—	4,540,000	—	4,540,000	125,000
Total bonds payable	108,984,688	4,540,000	14,573,872	98,950,816	2,875,260
Accrued compensated absences	3,227,519	2,548,190	2,586,424	3,189,285	96,280
Total long-term obligations	<u>\$ 172,786,166</u>	<u>12,411,592</u>	<u>20,779,679</u>	<u>164,418,079</u>	<u>11,805,172</u>

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

Notes to Basic Financial Statements

December 31, 2010

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

The following is a summary of debt service requirements of the Authority for long-term obligations as of December 31, 2010:

		Bonds	Notes	Total	
				Principal	Interest
2011	\$	8,073,560	10,726,376	11,708,892	7,071,044
2012		8,101,070	14,420,309	15,764,880	6,726,499
2013		8,117,264	10,504,499	12,358,740	6,233,023
2014		8,149,032	1,516,683	3,755,166	5,880,549
2015		8,098,803	1,516,682	3,887,310	5,698,175
2016 – 2020		40,662,123	7,783,419	22,930,010	25,305,532
2021 – 2025		39,376,859	7,583,413	28,012,901	18,667,371
2026 – 2030		29,754,317	7,813,414	26,484,190	10,713,541
2031 – 2035		15,444,736	7,860,166	18,689,570	4,165,332
2036 – 2040		2,506,054	12,340,073	15,687,565	608,562
2041 – 2045		—	295,202	244,687	50,515
2046 – 2050		—	997,137	953,002	44,135
2051 – 2055		—	42,500	—	42,500
2056 – 2060		—	785,881	751,881	34,000
Total requirements	\$	<u>168,283,818</u>	<u>84,185,754</u>	<u>161,228,794</u>	<u>91,240,778</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, 2010, six bond issues did not meet debt coverage ratio requirements and therefore, additional reporting will be required under the terms of the bond covenants. Failure to meet debt coverage ratio requirements does not constitute an event of default under related bond documents.

(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.

As of December 31, 2010, there were 55 series of these special revenue bonds outstanding. The aggregate principal amount payable for the series issued after September 30, 1996 was

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

Notes to Basic Financial Statements

December 31, 2010

\$325,062,739. The aggregate principal amount payable for the 14 series issued prior to October 1, 1996 could not be determined; their original issue amount totaled \$59,589,554.

(c) Component Unit Debt

The Ravenna School Limited Partnership has outstanding debt in the amount of \$529,727 payable to the Authority at December 31, 2010. Two notes for \$131,115 and \$398,612 are payable by December 31, 2039 and bear interest at 1% per year.

The Othello Street Limited Partnership (OSLP) has bonds outstanding at December 31, 2010 of \$2,175,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on OSLP's leasehold interest in the Holly Park redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. The bonds bear interest at 7.0% per year and mature on January 1, 2032.

As of December 31, 2010, OSLP has other long-term debt totaling \$8,195,384. Of this, \$6,195,384 represents the general partner loans made by the Authority and is secured by liens on OSLP's property. These loans accrue interest at the annual rate of 1%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2010, no interest payments had been made to the Authority. The remaining \$2,000,000 represents a loan from the Washington State Office of Assistance Program. Payments of principal and interest are deferred for 30 years until December 31, 2032, with interest accruing at 1% per annum during the deferral period. Beginning December 31, 2032, all unpaid principal and accrued interest will be paid over 20 years, with annual payments of \$149,383.

The Desdemona Limited Partnership (DLP) has fixed rate bonds outstanding at December 31, 2010 of \$7,370,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on DLP's leasehold interest in the Holly Park redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. At December 31, 2010, the interest rate on the bonds ranged from 6.0% to 6.25%, based on the maturity schedule in the First Supplemental Trust Indenture. The bonds mature on December 1, 2035.

As of December 31, 2010, DLP has other long-term debt totaling \$17,067,338 secured by liens on DLP's property. Of this, \$12,889,135 represents the general partner loans made by the Authority and is secured by liens on DLP's property. These loans accrue interest at the annual rate of 1%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2010, no interest payments had been made to the Authority. DLP also has a loan from the State of Washington Department of Community, Trade, and Economic Development, Office of Community Development in the amount of \$2,000,000. Payments of principal and interest are deferred for 10 years until December 1, 2015, with interest accruing at 1% per annum during the deferral period. Beginning December 1, 2015, all unpaid principal and accrued interest will be paid over 20 years, with annual 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. The DLP also owes the City for a loan in the amount of \$2,066,671. The loan accrues interest at 1%

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

Notes to Basic Financial Statements

December 31, 2010

annually and matures on August 7, 2053. Payments of principal and interest begin June 30, 2006 from available net cash flows. The remaining amount of \$111,532 represents an operating deficit loan payable to the Authority.

The Escallonia Limited Partnership (ELP) has bonds outstanding at December 31, 2010 totaling \$4,850,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on ELP's leasehold interest in the Rainier Vista 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 4.13% under the interest rate swap agreement on the variable rate bonds. The bonds mature on December 1, 2036.

As of December 31, 2010, ELP has other long-term debt totaling \$23,347,094 of general partner loans made by the Authority and secured by liens on ELP's property. These loans accrue noncompounding interest at the annual rate of 1% and mature in fiscal year 2058. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2010, no interest payments had been made to the Authority.

The High Point North Limited Partnership (HPNLP) has fixed rate bonds outstanding at December 31, 2010 totaling \$9,851,340. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Bank of America and secured by a deed of trust on HPNLP's leasehold interest in the High Point Phase I redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. At December 31, 2010, interest was 5.295%. The bonds mature on June 1, 2036.

As of December 31, 2010, HPNLP has other long-term debt totaling \$27,152,733. Of this, \$25,152,733 represents the general partner loans made by the Authority and is secured by liens on HPNLP's property. These loans accrue compounding interest at the annual rate of 1% and mature in fiscal year 2054. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2010, no interest payments had been made to the Authority. The remaining \$2,000,000 represents a loan from the State of Washington Housing Assistance Program. Payments of principal and interest are deferred for 12 years, with interest accruing at 1% a year during the deferral period. Beginning April 30, 2016, quarterly interest payments are due, and beginning April 30, 2021, quarterly payments of principal and interest are required until the final maturity date of January 31, 2046.

The High Point South Limited Partnership (HPSLP) has bonds outstanding at December 31, 2010 totaling \$16,265,000. The bonds were issued by the Authority on behalf of the component unit and are backed by an irrevocable letter of credit issued by Key Bank and secured by a deed of trust on HPSLP'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% on \$16,310,000 of the bonds 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.

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

Notes to Basic Financial Statements

December 31, 2010

As of December 31, 2010, HPSLP has other long-term debt totaling \$15,212,665. Of this, \$13,212,665 represents the general partner loans made by the Authority and is secured by liens on HPSLP's property. These loans accrue noncompounding interest at the annual rate of 1% and mature in fiscal year 2062. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2010, no interest payments had been made to the Authority. The remaining \$2,000,000 represents a loan from the State of Washington Housing Trust Fund. Payments of principal and interest are deferred for 12 years, with interest accruing at 1% a 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.

The Ritz Apartments Limited Partnership (RALP) has total loans outstanding totaling \$1,875,557 as of December 31, 2010. The construction loan of \$1,049,701 bears interest at 5.496%, requires monthly payments, and is due September 1, 2036.

As of December 31, 2010, RALP has other long-term notes payable outstanding totaling \$825,856. Of this amount, \$560,000 represents a note to the City that bears simple interest at 1% annually. Payments are due annually beginning June 30, 2006 from available net cash flows and the note is payable in full by August 9, 2054. The remaining \$265,856 is payable to the general partner and bears interest at 1% annually. Payments are due annually beginning March 30, 2006 from available net cash flows, with final maturity on December 31, 2054.

The Alder Crest Limited Partnership (ACLP) has outstanding long-term obligations in the amount of \$2,392,541 as of December 31, 2010. Of this amount, \$992,283 represents a loan payable to the City that bears interest at 1% per annum and matures March 31, 2057. ACLP also has a loan payable to the City in the amount of \$111,124. The loan bears interest at 2% per annum and matures March 31, 2057. The loan is secured by a third deed of trust on the property. ALP has a loan payable to the State in the amount of \$1,069,133. Of this amount, \$519,133 requires quarterly payments. The entire amount bears 0% interest and is payable in full March 31, 2057. In addition, ACLP also has other borrowings outstanding in the amount of \$220,000 from the Authority which bears interest at 5% per annum and is secured by a fourth deed of trust on the property and matures March 31, 2057.

The High Rise Rehabilitation Phase I Limited Partnership (HRRILP) has long-term obligations totaling \$24,000,000 as of December 31, 2010. Of this, \$12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering HRRILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.82%. After the rehabilitation stage, 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. The HRRILP 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, 2010. During the rehabilitation phase of the project, interest only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.82%. After the rehabilitation stage, 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.

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

Notes to Basic Financial Statements

December 31, 2010

The Seattle High Rise Limited Partnership Phase II (SHRIILP) has long-term obligations totaling \$28,051,551 as of December 31, 2010. Of this, \$12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering SHRIILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2007, with interest accruing at a rate of 4.88%. After the rehabilitation stage, 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. The SHRIILP 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, 2010. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2007, with interest accruing at a rate of 4.6%. After the rehabilitation stage, 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.

The Seattle High Rise Limited Partnership Phase III (SHRIIILP) has long-term obligations totaling \$20,950,000 as of December 31, 2010. 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 SHRIIILP's interest in the project. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2008, with interest accruing at a rate of 4.13%. After the rehabilitation stage, 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. The SHRIIILP 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, 2010. During the rehabilitation phase of the project, interest-only payments are due quarterly beginning April 1, 2008, with interest accruing at a rate of 5.04%. After the rehabilitation stage, principal and interest shall be paid from available cash flows at an annual interest rate of 5.04%. The loan matures on December 19, 2047.

The Douglas Apartments Limited Partnership (DALP) has outstanding long-term obligations in the amount of \$8,100,000 as of December 31, 2010. 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 DALP has a long term note payable to the Authority in the amount of \$1,950,000 which bears interest at 4.8% annually and matures June 1, 2040. The DALP 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, 2010, Tamarack Place Limited Partnership (TPLP) has outstanding long-term obligations in the amount of \$20,899,954. Of this amount, \$10,499,954 represents a variable rate construction loan payable to JP Morgan Chase. As of December 31, 2010, the rate was 1.5%. In addition, the TPLP 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.

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

Notes to Basic Financial Statements

December 31, 2010

As of December 31, 2010 Lake City Village LLLP (LCVLLLP) has outstanding long-term obligations in the amount of \$11,124,518. Of this amount, \$163,503 represents a variable rate construction loan payable to Key Bank. As of December 31, 2010, the rate was 2.77%. In addition, the LCVLLLP has a note payable to the Authority in the amount of \$9,449,518. The loan bears interest at 0.8% per annum and is secured by a leasehold deed of trust on the project. LCVLLLP also has a lease payable to the Authority in the amount \$1,675,000, which is payable from available cash flows.

As of December 31, 2010, Rainier Vista Northeast Limited Liability Limited Partnership (RVNLLLP) has outstanding long-term obligations in the amount of \$5,266,522. Of this amount, \$1,561,666 represents a variable rate construction loan payable to JP Morgan Chase. As of December 31, 2010, the rate was 1.91%. In addition, the RVNLLLP has two loans payable to the Authority. Loan one bears interest at 0.25% per annum and is secured by a leasehold deed of trust on the project. As of December 31, 2010, \$3,622,543 was outstanding. Loan two bears interest at 0.25% per annum and is also secured by a leasehold deed of trust on the project. As of December 31, 2010, \$82,313 was outstanding.

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

Notes to Basic Financial Statements

December 31, 2010

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

	<u>Balance January 1, 2010</u>	<u>Additions/ transfers</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Loans payable to primary government from Holly Park Limited Partnership	\$ 18,440,699	—	18,440,699	—	—
Loan payable to Washington State Office of Community Trade and Economic Development from Holly Park Limited Partnership	1,700,000	—	1,700,000	—	—
Loans payable to primary government from Ravenna School Limited Partnership	529,727	—	—	529,727	—
Loans payable to primary government from Othello Street Limited Partnership	6,195,384	—	—	6,195,384	—
Loan payable to Washington State Office of Assistance Program from Othello Street Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from Desdemona Limited Partnership	12,889,135	—	—	12,889,135	—
Loan payable to Washington State Housing Trust fund from Desdemona Limited Partnership	2,000,000	—	—	2,000,000	—
Operating deficit loan payable from Desdemona Limited Partnership to primary government	111,532	—	—	111,532	63,272
Loan payable to City of Seattle HOME fund from Desdemona Limited Partnership	2,066,671	—	—	2,066,671	—
Loans payable to primary government from Escallonia Limited Partnership	23,347,094	—	—	23,347,094	—
Loans payable to primary government from High Point North Limited Partnership	25,152,734	—	—	25,152,734	—
Loan payable to Washington State Housing Trust fund from High Point North Limited Partnership	2,000,000	—	—	2,000,000	—

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

Notes to Basic Financial Statements

December 31, 2010

	Balance January 1, 2010	Additions/ transfers	Retirements	Balance December 31, 2010	Due within one year
Loans payable to primary government from High Point South Limited Partnership	\$ 5,728,244	7,484,421	—	13,212,665	—
Loan payable to Washington State Housing Trust fund from High Point South Limited Partnership	2,000,000	—	—	2,000,000	—
Loans payable to primary government from the Ritz Apartments Limited Partnership	265,856	—	—	265,856	—
Loans payable to the City of Seattle from the Ritz Apartments Limited Partnership	560,000	—	—	560,000	—
Loans payable to Washington Mutual from the Ritz Apartments Limited Partnership	1,067,745	—	18,044	1,049,701	19,061
Loan payable to City of Seattle from Alder Crest Limited Partnership	992,283	—	—	992,283	—
Loan payable to City of Seattle from Alder Crest Limited Partnership	111,124	—	—	111,124	—
Loan payable to primary government from Alder Crest Limited Partnership	220,000	—	—	220,000	—
Loan payable to Washington State Housing Trust fund from Alder Crest Limited Partnership	1,080,359	—	11,225	1,069,134	11,224
Loans payable to primary government from High Rise Rehabilitation Phase I Limited Partnership	24,000,000	—	—	24,000,000	—
Loans payable to primary government from Seattle High Rise Rehabilitation Phase II Limited Partnership	28,051,551	—	—	28,051,551	—
Loans payable to primary government from Seattle High Rise Rehabilitation Phase III Limited Partnership	19,950,000	1,000,000	—	20,950,000	—

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

Notes to Basic Financial Statements

December 31, 2010

	Balance January 1, 2010	Additions/ transfers	Retirements	Balance December 31, 2010	Due within one year
Financing lease payable to the primary government from Seattle High Rise Rehabilitation Phase III Limited Partnership	\$ 7,367,228	—	7,367,228	—	—
Loan payable to City of Seattle from Douglas Apartments Limited Partnership	3,550,000	100,000	—	3,650,000	—
Loan payable to primary government from Douglas Apartments Limited Partnership	5,700,000	—	3,750,000	1,950,000	20,000
Loan payable to the Department of Commerce from Douglas Apartments	67,986	2,432,014	—	2,500,000	—
Loan payable to primary government from Douglas Apartments	171,621	—	171,621	—	—
Loans payable to primary government from Tamarack Place Limited Partnership	2,339,541	9,610,843	1,550,384	10,400,000	—
Loan payable to primary government from Rainier Vista North east LLLP	—	4,422,543	717,687	3,704,856	—
Loan payable to Key Bank for construction at Lake City Village LLLP	—	163,503	—	163,503	—
Lease payable to primary government from Lake City Village LLLP	—	9,449,518	—	9,449,518	—
Lease payable to primary government from Lake City Village LLLP	—	1,675,000	—	1,675,000	—
Total notes payable	<u>199,656,514</u>	<u>36,337,842</u>	<u>33,726,888</u>	<u>202,267,468</u>	<u>113,557</u>
Bonds payable – Holly Park Limited Partnership	4,660,000	—	4,660,000	—	—
Bonds payable – Othello Street Limited Partnership	2,215,000	—	40,000	2,175,000	45,000
Bonds payable – Desdemona Limited Partnership	7,500,000	—	130,000	7,370,000	140,000
Bonds payable – Escallonia Limited Partnership	4,945,000	—	95,000	4,850,000	100,000

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

Notes to Basic Financial Statements

December 31, 2010

	<u>Balance January 1, 2010</u>	<u>Additions/ transfers</u>	<u>Retirements</u>	<u>Balance December 31, 2010</u>	<u>Due within one year</u>
Bonds payable – High Point North Limited Partnership	\$ 10,030,485	—	179,145	9,851,340	188,034
Bonds payable – High Point South Limited Partnership	36,000,000	—	19,735,000	16,265,000	240,000
Bonds payable – Tamarack Place Limited Partnership	2,078,674	8,421,280	—	10,499,954	10,499,954
Bonds payable – Rainier Vista Northeast LLLP	—	1,561,666	—	1,561,666	—
Total bonds payable	<u>67,429,159</u>	<u>9,982,946</u>	<u>24,839,145</u>	<u>52,572,960</u>	<u>11,212,988</u>
Total long-term obligations	<u>\$ 267,085,673</u>	<u>46,320,788</u>	<u>58,566,033</u>	<u>254,840,428</u>	<u>11,326,545</u>

Debt service requirements of long-term obligations of the component units as of December 31, 2010 are as follows:

	<u>Bonds</u>	<u>Notes</u>	<u>Total</u>	
			<u>Principal</u>	<u>Interest</u>
2011	\$ 13,520,744	4,149,249	11,326,545	6,443,448
2012	2,869,420	4,338,068	896,655	6,310,833
2013	4,384,555	4,143,676	2,282,854	6,245,377
2014	2,845,569	4,138,744	774,023	6,210,290
2015	17,827,738	4,151,019	15,797,243	6,181,514
2016 – 2020	8,439,034	20,754,469	3,126,137	26,067,366
2021 – 2025	8,449,607	23,084,183	4,595,603	26,938,187
2026 – 2030	8,430,459	22,414,371	6,444,136	24,400,694
2031 – 2035	7,853,470	23,335,126	8,234,856	22,953,740
2036 – 2040	5,391,914	23,891,084	7,954,479	21,228,519
2041 – 2045	—	46,249,924	25,723,937	20,525,987
2046 – 2050	—	70,967,107	60,325,041	10,642,066
2051 – 2055	—	41,714,912	34,759,219	6,955,693
2056 – 2060	—	50,166,508	45,830,503	4,336,005
2061 – 2065	—	28,787,892	26,769,197	2,018,695
Total requirements	<u>\$ 80,012,510</u>	<u>372,286,332</u>	<u>254,840,428</u>	<u>197,458,414</u>

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

Notes to Basic Financial Statements

December 31, 2010

(8) Deferred Revenue – Operating Leases

The Authority leased the building and land of the Ritz Apartments to the Ritz Apartments Limited Partnership (RALP) beginning in August 2004. The lease term is 75 years and the Authority has received all required payments. The lease includes a purchase option in which RALP has the right to require the Authority to convey legal title to the property for a total purchase price equal to \$1 plus the sum of the amount remaining to be paid or outstanding on the bonds any time after all lease payments have been made. Assets held for lease included the land of \$194,480 and building and improvements with a cost of \$1,395,225 and accumulated depreciation at December 31, 2010 of \$249,890.

The Authority leased the building and land of the Alder Crest Apartments to the Alder Crest Limited Partnership (ACLP) beginning in December 2005. The lease matures December 31, 2080. The lease includes a purchase option in which ACLP 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 and building and improvements with a cost of \$1,405,230 and accumulated depreciation at December 31, 2010 of \$228,398.

The High Rise Rehabilitation Phase I Limited Partnership (HRRILP) 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 \$11,434,751 and all payments have been received. The lease matures December 31, 2104. Assets held for lease included land of \$982,235 and building and improvements with a cost of \$17,052,143 and accumulated depreciation at December 31, 2010 of \$15,917,613.

The Seattle High Rise Phase II Limited Partnership (SHRIILP) 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 \$11,062,522 and all payments have been received. The lease matures December 31, 2105. Assets held for lease included land of \$943,485 and building and improvements with a cost of \$17,538,116 and accumulated depreciation at December 31, 2010 of \$16,284,176.

The Seattle High Rise Phase III Limited Partnership (SHRIIILP) 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 \$10,510,573 and the last required payment was received during the year. The lease matures December 31, 2106. Assets held for lease included land of \$1,088,829 and building and improvements with a cost of \$18,422,567 and accumulated depreciation at December 31, 2010 of \$16,041,475.

The Authority leased the building and land of the Douglas Apartments to the Douglas Apartments Limited Partnership (DALP) beginning in December 2008. The lease matures December 31, 2083. The lease includes a purchase option in which DALP 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 and building and improvements with a cost of \$2,856,708 and accumulated depreciation at December 31, 2010 of \$279,458.

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

Notes to Basic Financial Statements

December 31, 2010

The Lake City Village LLLP has leased land and improvements to the Authority beginning May, 2010 for the purpose of constructing an 86 unit affordable apartment building in northeast Seattle. The initial lease amount was \$1,075,000, the remaining \$1,675,000 is in the form of a note payable to the Authority no later than May 1, 2065 and payments are subject to available cash flow of the partnership. The lease matures December 31, 2109. Assets held for lease include land with a cost of \$951,658.

Unearned lease payments are shown as deferred revenue. The LCVLLP has payments due to the Authority in the amount of \$1,675,000. The following schedule shows related unearned rental revenue as of December 31, 2010.

	Original lease amount	Deferred revenue
Ritz Apartments	\$ 1,600,000	1,464,890
High Rise Rehabilitation, Phase I	11,434,750	10,857,537
Alder Crest Apartments	1,935,000	1,806,000
High Rise Rehabilitation, Phase II	12,171,533	11,676,119
High Rise Rehabilitation, Phase III	11,446,098	11,095,242
Douglas Apartments	3,650,000	3,552,666
Lake City Village LLLP	2,750,000	1,060,673
Total	\$ 44,987,381	41,513,127

(9) 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.

(a) 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 three tiers (Plans). Participants who joined the system by September 30, 1977 are enrolled in Plan I, while those joining thereafter are enrolled in Plan II. Plan III applies to all employees joining after September 1, 2002 and employees in Plan II were allowed to transfer to Plan III during the period from September 1, 2002 to May 31, 2003. Retirement benefits are financed from employee and employer contributions and investment earnings. Retirement benefits in both Plan I and Plan II are vested after completion of 5 years of eligible service. Plan III members are vested after 10 years for new employees and 5 years for employees transferring from Plan II to Plan III.

Plan I members are eligible for retirement after 30 years of service, or at the age of 60 with 5 years of service, or at the age of 55 with 25 years of service. The annual retirement benefit is 2% of the

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

Notes to Basic Financial Statements

December 31, 2010

final average salary per year of service, capped at 60%. Final average salary is based on the 24 consecutive highest-paid months.

Plan II members may retire at the age of 65 with 5 years of service, or at 55 with 20 years of service. The annual retirement benefit is 2% of the final average salary per year of service. Final average salary is based on the 60 consecutive highest-paid creditable months. Plan II retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3% annually.

Plan III members may retire at the age of 65 with at least 10 years of service, or 5 years of service including one year of service after reaching age 55, or 5 years of service under Plan II. The annual retirement benefit is 1% of the final average salary per year of service. Final average salary is based on the 60 consecutive highest-paid creditable months. Plan III retirements prior to age 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at 3% annually. There is also a defined contribution component of this plan, and the amount varies between 5% and 15% depending on the option chosen by the employee.

The Authority's payroll covered under PERS was \$29,767,777 for the year ended December 31, 2010. Total payroll for the year ended December 31, 2010 was \$32,359,043.

(b) Contributions

Each biennium, the legislature establishes Plan I and Plan III employer contribution rates and Plan II employer and employee contribution rates. Employee contribution rates for Plan I are established by legislative statute and do not vary from year to year. Employer rates for Plan I are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan II and for Plan III are developed by the Office of the State Actuary to fully fund the system. 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 were not changed during the year. The Authority's employer and employee rates and required contributions for employees covered by PERS as of December 31, 2010 were:

	<u>PERS Plan I required</u>	<u>PERS Plan II required</u>	<u>PERS Plan III required</u>
Employer	5.31%	5.31%	5.31%
Employee	6.00	3.90	varies
	<u>11.31%</u>	<u>9.21%</u>	<u>varies</u>

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

Notes to Basic Financial Statements

December 31, 2010

		<u>PERS Plan I required</u>	<u>PERS Plan II required</u>	<u>PERS Plan III required</u>
Employer	\$	47,883	1,278,803	254,028
Employee		54,047	939,238	323,953
	\$	<u>101,930</u>	<u>2,218,041</u>	<u>577,981</u>

The Authority's actuarially determined employer contribution requirement represents approximately 0.342% of the total for all employees covered by PERS.

The following is a three-year summary of the Authority's employee and employer contributions for payroll covered under PERS:

	<u>Total covered payroll</u>	<u>Required employee contributions</u>	<u>Actual contributions as a percentage of required contributions</u>	<u>Employer contributions</u>	<u>Actual contributions as a percentage of required contributions</u>	<u>Employee contributions as a percentage of covered payroll</u>	<u>Employer contributions as a percentage of covered payroll</u>
2010	\$ 29,767,777	1,317,238	100	\$ 1,580,714	100	4.43%	5.31%
2009	31,407,187	1,570,403	100	2,129,320	100	5.00	6.78
2008	29,473,715	1,574,018	100	2,214,250	100	5.34	7.51

Six-year historical trend information showing PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the PERS December 31, 2009 combined actuarial valuation report. Such report can be obtained from the Washington State Department of Retirement Systems at 402 Legion Way, Olympia, WA 98504.

(10) 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.

(11) Other Post Employment Benefits (OPEB)

(a) Plan Description and Funding Policy

The Authority participates in the City Health Care Blended Premium Subsidy, a cost-sharing multiple-employer postemployment healthcare plan administered by the City. 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

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

Notes to Basic Financial Statements

December 31, 2010

underwriting purposes. The Authority employees are included with the City of Seattle for this plan. The Authority provides implicit subsidy of the post-retirement health insurance costs and funds the subsidy on a pay as you go basis. The postemployment benefit provisions are established and may be amended by City Ordinances.

(b) OPEB Obligation

The actuarial valuation is updated bi-annually. The most recent actuarial valuation was as of January 1, 2010.

(c) Funded Status and Funding Progress

As of December 31, 2010, based on the actuarial valuation dates for each of the plans, the unfunded actuarial accrued liability (UAAL) was equal to the actuarial accrued liability (AAL) due to the Authority's pay-as-you-go policy. Following is the funded status (in thousands) for the plans as of December 31, 2010:

Actuarial valuation date		January 1, 2010
Actuarial value of assets (a)	\$	—
Entry age normal AAL (b)		2,879,000
UAAL (b-a)	\$	2,879,000
Funded ratio (a/b)		—
Covered payroll	\$	29,767,777
UAAL as a percentage of covered payroll ((b-a)/c)		10%

(d) Actuarial Methods and Assumptions

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. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of any assets.

In the January 1, 2010 actuarial valuation, the entry age normal method was used and the actuarial assumptions included a discount rate of 4.39%. The medical inflation trend rate for the City of Seattle traditional and preventative plans was 10% initially and decreasing by 0.5% each year for 10 years until it reaches an ultimate rate of 5.0%. The medical inflation trend rate for the Group Health standard and deductible plans was 9.5% initially and decreasing by 0.5% each year for 9 years until it reaches an ultimate rate of 5.0%. Unfunded actuarial accrued liability is being amortized as a level amount over past and future service. The remaining amortization period at January 1, 2010, was 30 years.

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

Notes to Basic Financial Statements

December 31, 2010

(12) Risk Management

The Authority maintains insurance against most normal hazards. Property insurance coverage is at a limit of \$100 million, with a deductible of \$50,000. Earthquake insurance coverage is \$1 million per occurrence, with a deductible of \$100,000 per occurrence. The Authority participates in the Housing Authority Risk Retention Group (HARRG) in order to obtain stable and affordable general liability insurance coverage. General liability coverage provided is \$15 million per year, with a deductible of \$250,000 per occurrence. The Authority also maintains a number of other insurance policies necessary and appropriate in the normal course of business, including employee fidelity and directors and officers insurance. The amount of settlements has not exceeded insurance coverage for each year of the past three fiscal years.

The Authority's economic risk as a participant in HARRG is limited to the Authority's initial surplus contribution of \$90,000 and the payment of annual premiums for its general liability insurance coverage. Although the underwriting experience of HARRG may result in increased annual premium charges and/or assessments against each participant's surplus contribution account, the Authority's exposure to any net loss allocation is restricted to its surplus contribution account balance. Based on the results of HARRG's latest annual independent actuarial study performed in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the level of reserve maintained by HARRG has been determined to be adequate to cover estimated claim liabilities.

The Authority has elected to pay for its employment security coverage via quarterly reimbursements to the Washington State Department of Employment Security. This reimbursable method of payment is in lieu of unemployment taxes and the election is authorized for all political subdivisions under Washington State Law (RCW 50.44.060).

(13) Contingencies

In connection with various federal and State grant programs, the Authority is obligated to administer related programs and spend the grant moneys 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 moneys. 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, 2010, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately \$39.9 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.

The possibility exists that HUD contributions may decrease in the future. In the event such contributions were significantly reduced, the Authority would need to seek other funding sources to maintain operations at current levels.

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

Notes to Basic Financial Statements

December 31, 2010

(14) Pollution Remediation

During the year, the Authority initiated a project to clean up a polluted site at 6058 35th Ave SW near High Point property in preparation for sale. There is ground contamination on the site as a result of an automotive garage business that previously occupied the property. Costs incurred during the year totaled \$797,303. The project was completed during January 2011 and the total cost was \$881,564.

Pollution remediation liabilities that have not yet been recognized because they are not reasonably estimable:

<u>Property location</u>	<u>Description</u>
7301 MLK Jr Way S	Former service station site. Authority is planning to sell this property, and Chevron has agreed to pay for cleanup costs, but the Authority may be liable for any costs not covered by Chevron.
4561 MLK Jr Way S	This property contains five underground storage tanks. The Authority is planning to sell this property, and Chevron has agreed to pay for cleanup costs, but the Authority may be liable for any costs not covered by Chevron.

(15) General Revenue Pledge

The Authority issues certain bonds and short term borrowings that are backed by the general revenues of the Authority. The Authority also backs certain bonds issued by its discretely presented component units. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. Total pledged revenues as of December 31, 2010 are as follows:

<u>Description of debt</u>	<u>Purpose of debt</u>	<u>Year issued</u>	<u>Total future revenues pledged</u>	<u>Proportion of annual debt service pledged to 2010 general revenue</u>	<u>Term of commitment</u>
Obligations of the Authority:					
Project revenues are primary repayment source:					
Fixed rate bonds	Purchase of Villa Park Townhomes	1996	\$ 2,371,233	0.14%	2026
Fixed rate bonds	Purchase of Telemark Apartments, Stone Ave N and N 104th St properties	2001	4,768,223	0.20	2031
Fixed rate bonds	Purchase of Montridge Arms Apartments	2002	2,854,136	0.12	2032
Fixed rate bonds	Purchase of Market Terrace Apartments and Mary Avenue Townhomes	2002	5,006,855	0.21	2032

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

Notes to Basic Financial Statements

December 31, 2010

Description of debt	Purpose of debt	Year issued	Total future revenues pledged	Proportion of annual debt service pledged to 2010 general revenue	Term of commitment
Fixed rate bonds	Purchase of various properties acquired to replace units demolished related to Hope VI redevelopments	2002	\$ 16,196,866	0.70%	2032
Fixed rate bonds	Purchase of Longfellow Creek Apartments	2003	5,680,180	0.24	2033
Fixed rate bonds	Purchase of Yesler Court and Main Street Place Apartments	2004	3,596,678	0.12	2034
Fixed rate bonds	Refinancing of Bayview Tower and construction at Lake City Commons	2004	6,197,414	0.25	2034
Fixed rate bonds	Purchase of condominium units at Gamelin and Genessee mixed use buildings	2005	5,181,600	0.13	2035
Fixed rate bonds	Purchase of condominium units at Gamelin and Genessee mixed use buildings	2005	1,611,800	0.30	2020
Fixed rate bonds	Construction of housing units at New Holly redevelopment, phase I	1998	7,701,078	0.37	2030
Variable rate bonds	Rehabilitation of Douglas apartments	2009	3,244,008	0.03	2040
Property sales are primary repayment source:					
Variable rate note	Construction of infrastructure Rainier Vista and High Point redevelopments	2009	\$ 26,454,987	8.56%	2013
General revenues are primary repayment source:					
Fixed rate bonds	Purchase of medical office for redevelopment at Wallingford site	2000	\$ 268,403	0.06%	2015
Variable rate bonds	Purchase Wedgewood Estates Apartment complex	2001	3,032,200	0.26	2036
Fixed rate bonds	Purchase of Porchlight Office building and refunding of Wakefield office building	2002	13,278,275	0.57	2032
Operating line of credit, \$6 million	Short-term financing for general operations of the Authority	2002	1,894,001	0.05	2011
Real estate line of credit, \$15 million	Purchase real estate for affordable housing	2003	8,396,868	0.18	2011
Taxable line of credit, \$7 million	Purchase commercial properties	2004	6,203,339	0.16	2011

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

Notes to Basic Financial Statements

December 31, 2010

<u>Description of debt</u>	<u>Purpose of debt</u>	<u>Year issued</u>	<u>Total future revenues pledged</u>	<u>Proportion of annual debt service pledged to 2010 general revenue</u>	<u>Term of commitment</u>
Obligations of the Authority for component units					
Project revenues are primary repayment source:					
Fixed rate bonds	Construction of housing units at NewHolly redevelopment, Phase II	2000	\$ 4,248,575	0.19%	2032
Fixed rate bonds	Construction of housing units at Rainier Vista redevelopment, Phase I	2003	10,159,954	0.19	2036
Fixed rate bonds	Construction of housing units at NewHolly redevelopment, Phase III	2003	14,625,733	0.56	2035
Fixed rate bonds	Construction of housing units at High Point redevelopment, Phase I	2004	\$ 17,986,500	0.67	2036
Fixed rate bonds	Construction of housing units at High Point redevelopment, Phase II	2007	20,730,174	1.11	2039
Equity investments are primary repayment source:					
Variable rate bonds	Construction of housing units at Rainier Vista redevelopment, Phase II	2010	\$ 10,499,954	10.00%	2039
Variable rate bonds	Construction of housing units at Rainier Vista redevelopment, Phase III	210	1,561,666	—	2039

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

Notes to Basic Financial Statements

December 31, 2010

(16) Discretely Presented Component Units Condensed Financial Information

The following tables reflect the condensed balance sheets and statements of revenues, expenses, and changes in net assets as of and for the year ended December 31, 2010:

	Condensed balance sheet				
	Ravenna School Limited Partnership	Othello Street Limited Partnership	Desdemona Limited Partnership	Escallonia Limited Partnership	Tamarack Place Limited Partnership
Total assets	\$ 1,114,374	13,403,995	37,404,100	33,863,451	22,829,608
Current receivables from primary government	78,826	198,270	41,635	14,781	173,243
Capital assets, net	852,093	11,781,263	35,032,300	32,331,204	13,953,612
Total liabilities	802,611	11,631,617	30,397,448	31,281,602	22,752,521
Current payables due to primary government	199,561	207,838	660,607	244,444	18,674
Long-term payables to primary government	590,425	6,847,936	17,716,952	25,458,012	11,659,046
Bonds and other long-term liabilities outstanding	—	4,339,240	11,565,615	4,750,000	—
Net assets invested in capital assets	322,366	1,410,879	10,594,962	4,134,110	—
Net assets restricted for debt service	161,879	609,314	792,858	873,410	8,422,660
Unrestricted net assets	(172,482)	(247,815)	(4,381,168)	(2,425,671)	(8,345,573)
Total net assets	311,763	1,772,378	7,006,652	2,581,849	77,087

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

Notes to Basic Financial Statements

December 31, 2010

	Condensed balance sheet				
	High Point North Limited Partnership	High Point South Limited Partnership	Ritz Apts Limited Partnership	Alder Crest Limited Partnership	Douglas Apts Limited Partnership
Total assets	\$ 56,783,141	60,153,590	2,604,776	6,454,502	10,853,234
Current receivables from primary government	70,092	16,338	—	14,657	127,961
Capital assets, net	52,994,406	57,658,141	2,458,735	6,101,209	10,214,493
Total liabilities	41,324,172	37,336,688	2,340,255	2,624,409	9,048,885
Current payables due to primary government	387,656	185,606	69,333	49,006	310,350
Long-term payables due to primary government	28,709,196	15,644,450	510,349	309,595	1,967,861
Bonds and other long-term liabilities outstanding	11,765,743	18,025,000	1,590,640	2,161,317	6,150,000
Net assets invested in capital assets	15,990,333	26,180,476	583,178	3,708,668	2,114,493
Net assets restricted for debt service	2,364,939	1,009,699	67,352	199,790	247,779
Unrestricted net assets	(2,896,303)	(4,373,273)	(386,009)	(78,365)	(557,923)
Total net assets	15,458,969	22,816,902	264,521	3,830,093	1,804,349

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

Notes to Basic Financial Statements

December 31, 2010

Condensed balance sheet						
	High Rise Rehab Phase I Limited Partnership	Seattle High Rise Rehab Phase II Limited Partnership	Seattle High Rise Rehab Phase III Limited Partnership	Rainier Vista NE LL Limited Partnership	Lake City Village LL Limited Partnership	Total
Total assets	\$ 32,602,376	38,309,654	29,504,649	7,026,913	13,024,900	365,933,263
Current receivables from primary government	—	—	—	—	—	735,803
Capital assets, net	29,150,990	35,243,110	27,161,482	6,822,154	12,503,749	334,258,941
Total liabilities	27,144,503	31,340,286	23,052,919	6,323,370	12,724,314	290,125,600
Current payables due to primary government	684,463	135,625	346,592	2,589	52,398	3,554,742
Long-term payables due to primary government	26,164,250	30,922,596	22,477,162	3,723,964	11,199,116	203,900,910
Bonds and other long-term liabilities outstanding	—	—	—	1,561,666	163,503	62,072,724
Net assets invested in capital assets	5,150,990	7,191,559	6,211,482	1,555,631	1,215,728	86,364,855
Net assets restricted for debt service	2,241,052	2,145,231	1,310,633	90,298	—	20,536,894
Unrestricted net assets	(1,934,169)	(2,367,422)	(1,070,385)	(942,386)	(915,142)	(31,094,086)
Total net assets	5,457,873	6,969,368	6,451,730	703,543	300,586	75,807,663

Statement of revenues, expenses, and changes in net assets					
	Holly Park Limited Partnership	Ravenna School Limited Partnership	Othello Street Limited Partnership	Desdemona Limited Partnership	Escallonia Limited Partnership
Operating revenues	\$ 1,707,733	260,974	789,355	1,723,807	1,456,583
Operating expenses	2,700,665	301,689	1,015,439	2,247,001	2,296,080
Depreciation/amortization	790,400	54,033	427,335	1,160,351	1,151,834
Operating loss	(992,932)	(40,715)	(226,084)	(523,194)	(839,497)
Nonoperating expenses	(264,856)	(9,801)	(235,346)	(799,348)	(521,373)
Change in net assets before contributions	(1,257,788)	(50,516)	(461,430)	(1,322,542)	(1,360,870)
Partners' contributions	(3,527,227)	—	47,358	—	—
Beginning net assets	4,785,015	362,279	2,186,450	8,329,194	3,942,719
Ending net assets	—	311,763	1,772,378	7,006,652	2,581,849

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

Notes to Basic Financial Statements

December 31, 2010

	Statement of revenues, expenses, and changes in net assets					
	Tamrack Place Limited Partnership	High Point North Limited Partnership	High Point South Limited Partnership	Ritz Apts Limited Partnership	Alder Crest Limited Partnership	Douglas Apts Limited Partnership
Operating revenues	\$ 25,336	2,777,764	2,753,414	171,645	245,629	315,097
Operating expenses	138,951	3,821,917	3,506,644	199,344	471,757	419,588
Depreciation/amortization	67,638	2,132,177	2,029,855	109,668	254,978	250,451
Operating loss	(113,615)	(1,044,153)	(753,230)	(27,699)	(226,128)	(104,491)
Nonoperating expenses	(122,533)	(793,892)	(1,607,196)	(66,411)	(21,556)	(278,321)
Change in net assets before contributions	(236,148)	(1,838,045)	(2,360,426)	(94,110)	(247,684)	(382,812)
Partners' contributions	—	—	970,000	—	—	2,079,959
Beginning net assets	313,235	17,297,014	24,207,328	358,631	4,077,777	107,202
Ending net assets	77,087	15,458,969	22,816,902	264,521	3,830,093	1,804,349

	Statement of revenues, expenses, and changes in net assets					
	High Rise Rehab Phase I Limited Partnership	Seattle High Rise Rehab Phase II Limited Partnership	Seattle High Rise Rehab Phase III Limited Partnership	Rainier Vista LL Limited Partnership	Lake City Village LL Limited Partnership	Total
Operating revenues	\$ 3,719,620	3,787,035	3,147,467	249	—	22,881,708
Operating expenses	4,576,298	4,917,025	3,883,230	—	—	30,495,628
Depreciation/amortization	854,168	1,126,080	761,634	—	—	11,170,602
Operating loss	(856,678)	(1,129,990)	(735,763)	249	—	(7,613,920)
Nonoperating expenses	(654,895)	(977,895)	(1,019,958)	(36,806)	—	(7,410,187)
Change in net assets before contributions	(1,511,573)	(2,107,885)	(1,755,721)	(36,557)	—	(15,024,107)
Partners' contributions	—	—	7,077,200	740,100	300,586	7,687,976
Beginning net assets	6,969,446	9,077,253	1,130,251	—	—	83,143,794
Ending net assets	5,457,873	6,969,368	6,451,730	703,543	300,586	75,807,663

(This page intentionally left blank)

COST CERTIFICATES

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: SEATTLE HOUSING AUTHORITY	Modernization Project Number: WA19R001501-06
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	235,436.00
B. Funds Disbursed	\$	235,436.00
C. Funds Expended (Actual Modernization Cost)	\$	235,436.00
D. Amount to be Recaptured (A-C)	\$	0.00
E. Excess of Funds Disbursed (B-C)	\$	0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *Thomas M. Tierney* 05/17/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X *[Signature]*

5/20/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP) Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: SEATTLE HOUSING AUTHORITY	Modernization Project Number: WA19R001502-06
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	776,671.00
B. Funds Disbursed	\$	776,671.00
C. Funds Expended (Actual Modernization Cost)	\$	776,671.00
D. Amount to be Recaptured (A-C)	\$	0.00
E. Excess of Funds Disbursed (B-C)	\$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *James M Tierney* 05/17/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)	Date:
X <i>[Signature]</i>	5/26/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)	Date:
X <i>[Signature]</i>	
Approved: (Director, Office of Public Housing / ONAP Administrator)	Date:
X	

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

**Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)**

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: SEATTLE HOUSING AUTHORITY	Modernization Project Number: WA19R001501-07
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	718,411.00
B. Funds Disbursed	\$	718,411.00
C. Funds Expended (Actual Modernization Cost)	\$	718,411.00
D. Amount to be Recaptured (A-C)	\$	0.00
E. Excess of Funds Disbursed (B-C)	\$	0.00

2. That all modernization work in connection with the Modernization Grant has been completed;

3. That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;

4. That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and

5. That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *James M Tierney* 05/17/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X *[Signature]*

5/26/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP) Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: SEATTLE HOUSING AUTHORITY	Modernization Project Number: WA19R001502-07
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	755,174.00
B. Funds Disbursed	\$	755,174.00
C. Funds Expended (Actual Modernization Cost)	\$	755,174.00
D. Amount to be Recaptured (A-C)	\$	0.00
E. Excess of Funds Disbursed (B-C)	\$	0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *Thomas M. Tierney* 05/17/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X *[Signature]* 5/26/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: SEATTLE HOUSING AUTHORITY	Modernization Project Number: WA19R001501-08
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	2,686,260.00
B. Funds Disbursed	\$	2,686,260.00
C. Funds Expended (Actual Modernization Cost)	\$	2,686,260.00
D. Amount to be Recaptured (A-C)	\$	0.00
E. Excess of Funds Disbursed (B-C)	\$	0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *Francis M Titney* 05/17/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X *[Signature]*

5/26/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 12/31/2011)

Comprehensive Improvement Assistance Program (CIAP)
Comprehensive Grant Program (CGP)

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2577-0044 and 0157), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Do not send this form to the above address.

This collection of information requires that each Housing Authority (HA) submit information to enable HUD to initiate the fiscal closeout process. The information will be used by HUD to determine whether the modernization grant is ready to be audited and closed out. The information is essential for audit verification and fiscal close out. Responses to the collection are required by regulation. The information requested does not lend itself to confidentiality.

HA Name: SEATTLE HOUSING AUTHORITY	Modernization Project Number: WA19R001502-08
--	--

The HA hereby certifies to the Department of Housing and Urban Development as follows:

1. That the total amount of Modernization Cost (herein called the "Actual Modernization Cost") of the Modernization Grant, is as shown below:

A. Original Funds Approved	\$	719,088.00
B. Funds Disbursed	\$	719,088.00
C. Funds Expended (Actual Modernization Cost)	\$	719,088.00
D. Amount to be Recaptured (A-C)	\$	0.00
E. Excess of Funds Disbursed (B-C)	\$	0.00

- That all modernization work in connection with the Modernization Grant has been completed;
- That the entire Actual Modernization Cost or liabilities therefor incurred by the HA have been fully paid;
- That there are no undischarged mechanics', laborers', contractors', or material-men's liens against such modernization work on file in any public office where the same should be filed in order to be valid against such modernization work; and
- That the time in which such liens could be filed has expired.

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signature of Executive Director & Date:

X *James M. Tizney*

05/17/2010

For HUD Use Only

The Cost Certificate is approved for audit:

Approved for Audit (Director, Office of Public Housing / ONAP Administrator)

Date:

X *[Signature]*

5/26/10

The audited costs agree with the costs shown above:

Verified: (Designated HUD Official)

Date:

X

Approved: (Director, Office of Public Housing / ONAP Administrator)

Date:

X

(This page intentionally left blank)

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

**Statistical Section
(Unaudited)**

Section III

**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	Table 7 – 9
Operating Information	the purpose of these tables is to show the Authority's operations and provide information to assess the government's economic condition	Tables 10 – 12

Table 1**THE HOUSING AUTHORITY OF THE CITY OF SEATTLE,
WASHINGTON**

Financial Trends

Net Assets by Component – Primary Government

Last Ten Fiscal Years (Unaudited)

Fiscal year ended September 30 (b)	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total
2001 (a)	\$ 296,649,495	10,610,581	84,302,659	391,562,735
2002	163,706,669	8,830,581	75,745,049	248,282,299
2003	177,298,605	5,192,219	76,931,411	259,422,235
2004	204,283,445	7,788,390	71,066,202	283,138,037
2005	223,381,297	5,194,324	101,203,466	329,779,087
2006	174,593,252	5,448,150	144,625,694	324,667,096
2007 (b)	211,875,842	9,725,557	132,651,693	354,253,092
2008 (b)	222,001,336	5,326,536	142,674,746	370,002,618
2009 (b)	227,083,324	5,550,146	151,794,210	384,427,680
2010 (b)	229,826,301	6,486,917	170,526,030	406,839,248

Notes: (a) In fiscal year 2002, the Authority adopted the new government reporting model as required by GASB Statement No. 34 and made an adjustment to record depreciation for assets not previously depreciated.

(b) Beginning in fiscal year 2007, the Authority's fiscal year-end date changed to December 31 from September 30.

Table 2

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

Financial Trends

Changes in Net Assets – Primary Government

Last Ten Fiscal Years (Unaudited) (a)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (b)</u>	<u>2008 (b)</u>	<u>2009 (b)</u>	<u>2010 (b)</u>
Operating revenues:									
Tenant rentals	\$ 17,198,871	18,776,018	19,990,759	20,697,641	19,888,907	23,958,442	18,548,105	18,963,514	19,853,164
Housing assistance payment subsidies	67,010,540	71,278,909	75,725,763	80,263,996	77,907,735	107,528,715	84,099,962	87,253,047	96,202,546
Operating subsidies and grants (c)	17,954,601	17,701,294	17,347,758	16,668,848	16,038,328	19,109,472	17,523,075	18,006,286	21,258,217
Other	6,079,556	5,622,755	13,619,504	49,240,885	21,232,065	35,381,503	22,594,560	19,212,557	19,480,446
Total operating revenues	<u>108,243,568</u>	<u>113,378,976</u>	<u>126,683,784</u>	<u>166,871,370</u>	<u>135,067,035</u>	<u>185,978,132</u>	<u>142,765,702</u>	<u>143,435,404</u>	<u>156,794,373</u>
Operating expenses:									
Housing operations and administration	28,309,341	28,035,895	26,024,065	29,152,797	30,248,810	46,408,207	41,515,711	38,998,671	42,453,709
Tenant services	2,975,192	2,877,693	2,242,826	2,436,512	2,750,585	3,171,644	1,307,592	1,644,363	3,729,452
Utility services	5,781,141	5,254,899	5,177,870	4,922,362	4,827,108	5,252,632	4,092,002	4,540,982	4,718,662
Maintenance	15,054,315	16,275,910	18,133,133	17,281,723	16,388,539	21,461,247	17,053,995	18,159,325	20,082,664
Housing assistance payments	53,824,569	65,156,211	71,889,208	68,212,519	62,296,993	80,300,757	64,270,568	71,064,302	73,550,131
Other	3,909,637	8,436,704	1,712,092	3,413,099	6,031,825	2,585,630	2,767,976	2,115,315	4,209,600
Depreciation and amortization	9,809,050	10,199,726	11,166,605	11,656,022	11,929,183	15,155,490	10,299,572	9,281,594	10,059,962
Total operating expenses	<u>119,663,245</u>	<u>136,237,038</u>	<u>136,345,799</u>	<u>137,075,034</u>	<u>134,473,043</u>	<u>174,335,607</u>	<u>141,307,416</u>	<u>145,804,552</u>	<u>158,804,180</u>
Operating income (loss)	<u>(11,419,677)</u>	<u>(22,858,062)</u>	<u>(9,662,015)</u>	<u>29,796,336</u>	<u>593,992</u>	<u>11,642,525</u>	<u>1,458,286</u>	<u>(2,369,148)</u>	<u>(2,009,807)</u>
Nonoperating revenues (expenses):									
Interest expense	(3,330,981)	(4,002,391)	(4,811,281)	(5,510,982)	(7,849,402)	(10,755,826)	(8,532,367)	(7,956,814)	(7,479,432)
Interest income	3,295,317	2,079,480	1,450,061	3,190,698	5,625,496	7,637,844	6,547,470	5,337,931	5,257,848
Change in fair value of investments	—	—	972,676	(718,763)	(273,517)	140,142	(332,725)	430,908	44,842
Loss on investment in limited partnerships	—	—	—	—	—	—	(1,505,687)	(1,480)	(67,624)
Disposition of assets	—	(9,272,216)	(5,070,867)	(1,932,491)	(13,426,642)	(6,673,827)	(1,735,402)	(4,472,397)	(19,878,330)
Net nonoperating expenses	<u>(35,664)</u>	<u>(11,195,127)</u>	<u>(7,459,411)</u>	<u>(4,971,538)</u>	<u>(15,924,065)</u>	<u>(9,651,667)</u>	<u>(5,558,711)</u>	<u>(6,661,852)</u>	<u>(22,122,696)</u>
Change in net assets before contributions	<u>(11,455,341)</u>	<u>(34,053,189)</u>	<u>(17,121,426)</u>	<u>24,824,798</u>	<u>(15,330,073)</u>	<u>1,990,858</u>	<u>(4,100,425)</u>	<u>(9,031,000)</u>	<u>(24,132,503)</u>
Capital contributions	<u>23,843,896</u>	<u>45,193,125</u>	<u>40,837,228</u>	<u>21,816,252</u>	<u>10,218,082</u>	<u>27,595,138</u>	<u>19,849,951</u>	<u>23,456,062</u>	<u>46,544,071</u>
Increase (decrease) in net assets	<u>12,388,555</u>	<u>11,139,936</u>	<u>23,715,802</u>	<u>46,641,050</u>	<u>(5,111,991)</u>	<u>29,585,996</u>	<u>15,749,526</u>	<u>14,425,062</u>	<u>22,411,568</u>
Net assets at beginning of year	<u>235,893,744</u>	<u>248,282,299</u>	<u>259,422,235</u>	<u>283,138,037</u>	<u>329,779,087</u>	<u>324,667,096</u>	<u>354,253,092</u>	<u>370,002,618</u>	<u>384,427,680</u>
Net assets at end of year	<u>\$ 248,282,299</u>	<u>259,422,235</u>	<u>283,138,037</u>	<u>329,779,087</u>	<u>324,667,096</u>	<u>354,253,092</u>	<u>370,002,618</u>	<u>384,427,680</u>	<u>406,839,248</u>

Notes: (a) Ten years of data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34 in 2002.

(b) Fiscal years 2002 through 2006 represent a year end date of September 30. Beginning in 2007, the fiscal year end date is December 31 and in 2007 the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.

(c) Effective for reporting year 2010, the Authority has classified Operating subsidies and grants as operating revenues. Prior years have been restated on this schedule to reflect comparative results.

Table 3

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

Revenue Capacity

Operating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited) (a)

Year (b)	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
2002	\$ 17,198,871	15.9%	\$ 67,010,540	61.9%	\$ 17,954,601	16.6%	\$ 6,079,556	5.6%	\$ 108,243,568	100.0%
2003	18,776,018	16.6	71,278,909	62.8	17,701,294	15.6	5,622,755	5.0	113,378,976	100.0
2004	19,990,759	15.8	75,725,763	59.7	17,347,758	13.7	13,619,504	10.8	126,683,784	100.0
2005	20,697,641	12.4	80,263,996	48.1	16,668,848	10.0	49,240,885	29.5	166,871,370	100.0
2006	19,888,907	14.7	77,907,735	57.7	16,038,328	11.9	21,232,065	15.7	135,067,035	100.0
2007	23,958,442	12.9	107,528,715	57.8	19,109,472	10.3	35,381,503	19.0	185,978,132	100.0
2008	18,548,105	13.0	84,099,962	58.9	17,523,075	12.3	22,594,560	15.8	142,765,702	100.0
2009	18,963,514	13.2	87,253,047	60.9	18,006,286	12.6	19,212,557	13.3	143,435,404	100.0
2010	19,853,164	12.7	96,202,546	61.3	21,258,217	13.6	19,480,446	12.4	156,794,373	100.0

Notes (a) Ten years of data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34 in 2002.

(b) Fiscal years 2002 through 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.

(c) Effective for reporting year 2010, the Authority has classified Operating subsidies and grants as operating revenues. Prior years have been restated on this schedule to reflect comparative results.

Table 4

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

Revenue Capacity

Nonoperating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited) (a)

Year (b)	Interest income		Change in fair value of investments		Total	
	Amount	Percent of total	Amount	Percent of total	Amount	Total
2002	\$ 3,295,317	15.5%	\$ —	—%	\$ 3,295,317	100.0%
2003	2,079,480	10.5	—	—	2,079,480	100.0
2004	1,450,061	59.9	972,676	40.0	2,422,737	100.0
2005	3,190,698	129.1	(718,763)	(29.1)	2,471,935	100.0
2006	5,625,496	105.1	(273,517)	(5.1)	5,351,979	100.0
2007	7,637,844	98.2	140,142	1.8	7,777,986	100.0
2008	6,547,470	105.3	(332,725)	(5.3)	6,214,745	100.0
2009	5,337,931	92.8	430,908	7.2	5,768,839	100.0
2010	5,257,848	99.2	44,842	0.8	5,302,690	100.0

- Notes: (a) Ten years of data not available due to the conversion to the Enterprise Fund Model under GASB Statement No. 34 in 2002.
- (b) Fiscal years 2002 through 2006 represent a year-end date of September 30. Beginning in 2007, the fiscal year-end date is December 31, and in 2007, the statement of revenues, expenses, and changes in net assets reflects a fifteen-month period.
- (c) Effective for reporting year 2010, the Authority has classified Operating subsidies and grants as operating revenues. Prior years have been restated on this schedule to reflect comparative results

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 (b)	Ratio of debt service to general expenses
	Principal	Interest			
Villa Park 1996 Bonds:					
2001	\$ 30,000	117,275	147,275	466,989	0.3
2002	30,000	116,103	146,103	1,667,735	0.1
2003	30,000	114,873	144,873	178,085	0.8
2004	35,000	113,147	148,147	179,791	0.8
2005	35,000	110,406	145,406	190,861	0.8
2006	40,000	106,550	146,550	337,199	0.4
2007 (a)	50,000	133,255	183,255	282,354	0.6
2008	45,000	102,534	147,534	252,675	0.6
2009	50,000	99,612	149,612	239,185	0.6
2010	50,000	96,691	146,691	251,264	0.6
Wakefield 2000 Bonds for Wallingford:					
2001	24,588	40,128	64,716	14,450	4.5
2002	26,353	38,363	64,716	12,811	5.1
2003	28,236	36,480	64,716	7,490	8.6
2004	30,299	34,417	64,716	16,021	4.0
2005	32,491	32,225	64,716	23,470	2.8
2006	34,840	22,636	57,476	18,115	3.2
2007 (a)	47,093	33,620	80,713	15,327	5.3
2008	40,749	24,278	65,027	6,070	10.7
2009	43,711	20,971	64,682	710	91.1
2010	46,871	17,845	64,716	825	78.4
Telemark 2001 Bonds:					
2002	25,000	173,479	198,479	119,772	1.7
2003	30,000	172,896	202,896	89,037	2.3
2004	30,000	171,756	201,756	128,387	1.6
2005	35,000	170,556	205,556	222,399	0.9
2006	35,000	168,544	203,544	111,717	1.8
2007 (a)	50,000	208,287	258,287	112,065	2.3
2008	40,000	164,536	204,536	112,669	1.8
2009	45,000	162,431	207,431	161,058	1.3
2010	50,000	160,035	210,035	161,343	1.3
Wedgewood 2001 Variable Rate Bonds:					
2002	130,000	59,814	189,814	1,241,767	0.2
2003	130,000	44,802	174,802	979,865	0.2
2004	135,000	39,831	174,831	897,686	0.2
2005	140,000	74,056	214,056	963,775	0.2
2006	150,000	105,939	255,939	943,339	0.3
2007 (a)	187,500	151,700	339,200	922,274	0.4
2008	160,000	69,529	229,529	808,109	0.3
2009	165,000	40,280	205,280	812,350	0.3
2010	170,000	12,862	182,862	1,900,927	0.1
Wakefield/PorchLight 2002 Bonds:					
2003	100,000	479,398	579,398	773,846	0.7
2004	130,000	477,972	607,972	854,780	0.7
2005	130,000	471,191	601,191	823,119	0.7
2006	135,000	350,194	485,194	729,875	0.7
2007 (a)	175,000	576,430	751,430	730,729	1.0
2008	145,000	455,540	600,540	902,813	0.7
2009	155,000	440,037	595,037	798,750	0.7
2010	160,000	441,565	601,565	646,107	0.9

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 (b)	Ratio of debt service to general expenses
	Principal	Interest			
Mary Avenue 2002 Bonds:					
2002	\$ —	12,185	12,185	58,510	0.2
2003	45,000	164,663	209,663	146,551	1.4
2004	45,000	169,719	214,719	141,603	1.5
2005	45,000	168,292	213,292	149,021	1.4
2006	50,000	166,827	216,827	152,883	1.4
2007 (a)	62,500	165,847	228,347	231,906	1.0
2008	55,000	175,305	230,305	178,955	1.3
2009	55,000	160,255	215,255	196,758	1.1
2010	60,000	157,763	217,763	270,925	0.8
Montridge Arms 2002 Bonds:					
2003	25,000	103,690	128,690	97,468	1.3
2004	25,000	102,965	127,965	105,846	1.2
2005	30,000	101,782	131,782	110,403	1.2
2006	30,000	100,430	130,430	112,855	1.2
2007 (a)	37,500	123,911	161,411	117,360	1.4
2008	30,000	97,615	127,615	133,722	1.0
2009	35,000	95,869	130,869	114,649	1.1
2010	35,000	94,158	129,158	60,775	2.1
Longfellow Creek 2003 Bonds:					
2004	—	143,739	143,739	496,191	0.3
2005	15,000	180,645	195,645	476,275	0.4
2006	65,000	179,215	244,215	255,770	1.0
2007 (a)	87,500	221,437	308,937	428,712	0.7
2008	70,000	175,085	245,085	282,268	0.9
2009	75,000	172,891	247,891	343,526	0.7
2010	75,000	170,379	245,379	335,457	0.7
HOPE VI Replacement Housing Bonds:					
2004	125,000	608,672	733,672	674,351	1.1
2005	130,000	598,208	728,208	454,761	1.6
2006	140,000	589,735	729,735	508,423	1.4
2007 (a)	188,750	690,082	878,832	603,954	1.5
2008	165,000	569,624	734,624	724,984	1.0
2009	175,000	558,625	733,625	664,970	1.1
2010	190,000	548,800	738,800	667,486	1.1
Bayview/Lake City Commons 2004 Bonds:					
2005	60,000	192,915	252,915	460,249	0.5
2006	65,000	195,575	260,575	497,517	0.5
2007 (a)	81,250	222,891	304,141	680,237	0.4
2008	65,000	192,216	257,216	544,688	0.5
2009	70,000	189,021	259,021	693,499	0.4
2010	70,000	186,428	256,428	683,532	0.4
Yesler Community Replacement Bonds:					
2005	15,000	109,504	124,504	68,783	1.8
2006	15,000	109,144	124,144	64,738	1.9
2007 (a)	18,750	135,850	154,600	88,859	1.7
2008	20,000	107,832	127,832	76,361	1.7
2009	20,000	109,307	129,307	97,884	1.3
2010	25,000	106,362	131,362	76,764	1.7
Gamelin/Genesse Bonds:					
2007 (a)	30,000	288,150	318,150	37,079	8.6
2008	17,000	229,901	246,901	58,525	4.2
2009	21,000	229,052	250,052	43,951	5.7
2010	62,000	228,955	290,955	17,837	16.3

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)

Fiscal year ended September 30 (a)		Bonds payable	Notes payable	Short-term borrowings	Total debt	Capital assets, net	Ratio of total debt to capital assets
2001	\$	32,093,074	33,244,519	2,577,527	67,915,120	386,381,956	17.58
2002		40,718,092	35,163,081	2,179,574	78,060,747	241,767,416	32.29
2003		57,620,244	41,966,362	3,609,826	103,196,432	280,495,038	36.79
2004		62,439,614	35,539,012	20,132,303	118,110,929	300,731,249	39.27
2005		60,277,566	34,244,424	17,071,307	111,593,297	314,126,900	35.52
2006		85,476,724	33,750,623	31,154,788	150,382,135	304,561,566	49.38
2007		130,867,182	33,016,355	45,212,312	209,095,849	329,120,245	63.53
2008		123,459,433	32,485,160	48,603,302	204,547,895	337,110,417	60.68
2009		108,984,688	60,573,959	16,321,253	185,879,900	337,089,410	55.14
2010		98,950,816	62,277,978	16,077,424	177,306,218	343,138,706	51.67

Note: (a) The Authority changed its fiscal year-end date from September 30 to December 31 beginning in fiscal year 2007.

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 (a)	Public housing program			Total number of tenants	Nonelderly handicapped/ disabled
	Adults	Elderly	Minors		
2001	5,109	1,547	3,346	10,002	2,159
2002	5,008	1,520	3,301	9,829	2,002
2003	4,754	1,615	2,517	8,886	1,997
2004	4,824	1,625	2,548	8,997	1,930
2005	4,944	1,657	2,755	9,356	1,953
2006	4,731	1,662	2,648	9,041	1,793
2007	4,598	1,727	2,587	8,912	1,709
2008	4,730	1,685	2,814	9,229	1,739
2009	4,897	1,767	3,230	9,894	1,782
2010	4,888	1,823	3,089	9,800	1,839

Calendar year (a)	Section 8 program (b)			Total number of tenants	Nonelderly handicapped/ disabled
	Adults	Elderly	Minors		
2001	4,940	1,003	5,218	11,161	1,697
2002	6,089	1,250	5,300	12,639	2,202
2003	7,362	1,446	5,838	14,646	2,665
2004	7,631	1,501	5,933	15,065	2,718
2005	7,149	1,421	5,636	14,206	2,615
2006	7,209	1,857	5,102	14,168	2,727
2007	7,426	1,801	5,311	14,538	2,863
2008	7,616	1,970	5,258	14,844	3,044
2009	8,084	1,995	5,998	16,077	3,289
2010	8,371	2,059	5,937	16,367	3,451

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 (a)	<u>Senior and local housing programs (c)</u>			Total number of tenants	Nonelderly handicapped/ disabled
	Adults	Elderly	Minors		
2001	195	884	—	1,079	404
2002	276	761	—	1,037	147
2003	572	867	186	1,625	266
2004	596	899	222	1,717	240
2005	640	903	746	2,289	196
2006	661	904	278	1,843	192
2007	723	913	345	1,981	186
2008	711	906	310	1,927	170
2009	924	1,023	424	2,371	126
2010	926	1,001	424	2,351	117
	<u>Agencywide totals</u>				
Calendar year (a)	Adults	Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
2001	10,244	3,434	8,564	22,242	4,260
2002	11,373	3,531	8,601	23,505	4,351
2003	12,688	3,928	8,541	25,157	4,928
2004	13,051	4,025	8,703	25,779	4,888
2005	12,733	3,981	9,137	25,851	4,764
2006	12,601	4,423	8,028	25,052	4,712
2007	12,747	4,441	8,243	25,431	4,758
2008	13,057	4,561	8,382	26,000	4,953
2009	13,905	4,785	9,652	28,342	5,197
2010	14,185	4,883	9,450	28,518	5,407

Note: (a) 2001 data is presented on a fiscal year basis rather than calendar year.

(b) Includes port-ins and excludes port-outs and participants living in the Authority's Senior Housing program.

(c) Effective 2009, Senior and Local Housing Programs includes tenants from privately managed properties.

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 (a)	Seattle population (a)	Per capital income King County (b)	Per capita income King region (b)	Public school enrollment (c)	King County average annual unemployment rate (d)
2001	1,758,300	568,102	\$ 45,965	41,229	46,796	5.1
2002	1,774,300	570,802	44,135	40,735	46,901	6.5
2003	1,779,300	571,900	45,334	41,778	46,699	6.8
2004	1,788,300	572,600	49,118	45,122	46,420	4.6
2005	1,808,300	573,000	48,116	45,242	46,239	4.8
2006	1,835,300	578,700	52,655	48,522	45,634	4.2
2007	1,861,300	586,200	57,710	53,061	45,276	4.5
2008	1,884,200	592,800	58,141	53,999	45,572	5.7
2009	1,909,300	602,000	N/A	N/A	45,944	8.5
2010	1,933,400	612,000	N/A	N/A	47,008	8.4

Notes: (a) As of April 1, source: Washington State Office of Financial Management, 2010 Population Trends for Washington State estimates only.

(b) Source: U.S. Bureau of Economic Analysis, 2008 is most current available.

(c) Seattle Public Schools

(d) Preliminary source: Washington State Employment Security Department.

Table 9

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

Demographics and Economic Statistics

Principal Industries

Last Ten Fiscal Years (Unaudited)

Industry	2010		2009		2008	
	Number of employees	Rank	Number of employees	Rank	Number of employees	Rank
Retail trade	106,000	1	113,900	1	116,900	1
Professional and technical	93,400	2	91,900	2	100,600	2
Local government	89,200	3	88,200	3	89,500	3
Manufacturing durable goods	75,200	4	75,400	4	83,700	4
Food services and drinking places	73,600	5	72,100	5	77,700	5
Administrative and waste services	61,000	6	58,400	6	72,500	6
Wholesale trade	58,500	7	58,300	7	63,400	7
State government	54,900	8	56,900	8	57,100	8
Software publishers	49,600	9	49,100	9	51,200	9
Ambulatory health care services	47,300	10	45,800	10	44,800	12
Finance and insurance	42,300	11	44,600	12	49,000	10
Transportation and warehousing	42,200	12	44,900	11	46,600	11

Industry	2007		2006		2005	
	Number of employees	Rank	Number of employees	Rank	Number of employees	Rank
Retail trade	119,800	1	120,900	1	123,000	1
Professional and technical	94,700	2	88,600	2	84,700	3
Local government	87,300	3	86,000	4	85,800	2
Manufacturing durable goods	86,900	4	87,200	3	83,800	4
Food services and drinking places	77,100	5	75,900	5	74,100	5
Administrative and waste services	73,900	6	75,000	6	71,300	6
Wholesale trade	64,200	7	64,700	7	63,900	7
State government	55,300	8	55,400	8	55,000	8
Software publishers	46,100	11	44,700	11	40,800	12
Ambulatory health care services	42,800	13	42,700	13	43,100	11
Finance and insurance	50,600	9	51,400	9	53,000	9
Transportation and warehousing	48,700	10	47,900	10	46,000	10

Industry	2004		2003		2002	
	Number of employees	Rank	Number of employees	Rank	Number of employees	Rank
Retail trade	121,600	1	121,500	1	120,500	1
Professional and technical	79,700	3	78,800	3	79,200	4
Local government	85,700	2	87,800	2	86,700	2
Manufacturing durable goods	77,900	4	77,200	4	86,200	3
Food services and drinking places	70,200	5	69,600	5	68,500	5
Administrative and waste services	65,900	6	61,800	7	60,000	7
Wholesale trade	63,500	7	62,300	6	61,700	6
State government	55,100	8	54,800	8	53,800	8
Software publishers	38,300	12	36,900	12	35,500	12
Ambulatory health care services	41,600	11	39,600	11	38,500	11
Finance and insurance	52,700	9	53,700	9	53,000	9
Transportation and warehousing	47,500	10	46,700	10	47,100	10

Industry	2001		2000	
	Number of employees	Rank	Number of employees	Rank
Retail trade	123,200	1	129,500	1
Professional and technical	84,600	4	94,400	3
Local government	86,000	3	82,400	4
Manufacturing durable goods	98,200	2	103,900	2
Food services and drinking places	68,200	5	70,900	6
Administrative and waste services	59,800	7	76,600	5
Wholesale trade	64,500	6	67,700	7
State government	54,000	9	51,900	10
Software publishers	35,400	12	32,600	13
Ambulatory health care services	37,400	11	35,500	12
Finance and insurance	54,200	8	52,100	9
Transportation and warehousing	48,600	10	53,700	8

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

Data provided for King County, which includes the Seattle Metropolitan Area and other surrounding communities.

Table 10

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

Operating Information

Number of Units by Program

Last Ten Fiscal Years (Unaudited)

Fiscal year	Public housing	Section 8	Senior housing	Other housing programs	Hope IV nonpublic units	Total
2001	6,294	6,299	994	413	178	14,178
2002	5,981	8,116	994	471	178	15,740
2003	5,380	8,464	994	810	178	15,826
2004	5,481	8,758	993	870	190	16,292
2005	5,441	9,199	993	875	290	16,798
2006	5,432	9,199	993	902	423	16,949
2007	5,250	9,202	993	1,008	423	16,876
2008	5,263	9,260	993	971	539	17,026
2009	5,261	9,425	993	910	629	17,218
2010	5,436	9,612	994	915	541	17,498

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (b)	Total households on waiting lists (c)
2000	10,706	13,506
2001	10,828	12,833
2002	10,889	11,516
2003	11,677	13,819
2004	12,027	8,546
2005	11,861	11,074
2006	11,869	12,284
2007	12,077	3,850
2008	12,359	6,879
2009	12,912	7,751
2010	13,220	8,179

- Notes:
- (b) Excludes Mod rehab, outgoing portable vouchers, nonpublic housing tax credits, and local programs, but includes incoming portable vouchers.
 - (c) For years 1999 – 2003, waiting list figures include duplicates if applicant applied for more than one program. 2004 – 2010 reflects unique households.

Table 11

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

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2010 (Unaudited)

Public housing			
Name of development	Address	Number of units	Year built or acquired
Ballard House	2445 NW 57th Street	79	1969
Barton Place	9201 Rainier Avenue S.	91	1971
Beacon Tower	1311 S. Massachusetts	108	1971
Bell Tower	2215 1st Avenue	120	1970
Cal-Mor Circle	6420 California Avenue SW	75	1968
Capitol Park	525 14th Avenue E.	125	1970
Cedarvale House	11050 8th Avenue NE	118	1970
Cedarvale Village	11050 8th Avenue NE	24	1971
Center Park	2121 26th Avenue S.	137	1969
Center West	533 3rd Avenue W.	91	1969
Denny Terrace	100 Melrose Avenue E.	221	1968
Green Lake Plaza	505 NE 70th Street	130	1969
Harvard Court	610 Harvard Avenue E.	81	1968
High Point	3000 SW Graham Street	350	Various
Holly Court	3804 S. Myrtle	97	1980
International Terrace	202 6th Avenue S.	100	1972
Jackson Park House	14396 30th Avenue NE	71	1970
Jackson Park Village	14396 30th Avenue NE	41	1970
Jefferson Terrace	800 Jefferson Street	299	1967
Lake City House	12546 33rd Avenue NE	115	1971
Lictonwood	9009 Greenwood Avenue N.	81	1970
Longfellow Creek*	5915 Delridge Way SW	30	1993
New Holly	7050 32nd Avenue S.	400	Various
Olive Ridge	1700 17th Avenue	105	1969
Olympic West	110 W. Olympic Place	75	1970
Partnership units	Various	50	Various
Queen Anne Heights	1212 Queen Anne Avenue N.	53	1970
Rainier Vista	2917 S Snoqualmie St	196	Various
Ross Manor	1420 Western Avenue	100	1984
Roxhill Court Apartments*	9940 27th Ave SW	13	1980
Scattered Sites	Various	715	Various
Stewart Manor	6339 34th Avenue	74	1968
Tri-Court	720 N. 143rd	87	1971
University House	4700 12th Avenue NE	101	1971
University West	4544 7th Avenue NE	113	1971
West Town View	1407 2nd Avenue W	59	1977
Westwood Heights	9455 27th Avenue SW	130	1978
Wisteria Court*	7544 24th Ave SW	20	1987
Yesler Terrace	903 E. Yesler Way	561	1941
	Total units – public housing	5,436	

*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, 2010 (Unaudited)

Section 8			
Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers	Various	8,723	—
Moderate Rehabilitation	Various	759	—
Bay View Tower	2614 4th Ave	100	1979
Market Terrace	1115 NW Market St.	30	1980
	Total number of Section 8 units	<u>9,612</u>	
Senior housing			
Name of development	Address	Number of units	Year built or acquired
Bitter Lake Manor	620 N. 130th	72	1983
Blakeley Manor	2401 NE Blakeley	70	1984
Carroll Terrace	600 5th Avenue W.	26	1985
Columbia Place	4628 S. Holly	66	1983
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
Leschi House	1011 S. Weller	34	1988
Michaelson Manor	320 W. Roy	57	1985
Nelson Manor	220 NW 58th	32	1985
Olmsted Manor	501 NE Ravenna Blvd.	35	1986
Phinney Terrace	6561 Phinney Avenue N.	51	1984
Pinehurst Court	12702 15th Avenue NE	73	1984
Pleasant Valley Plaza	3801 34th Avenue W.	41	1984
Primeau Place	308 14th Avenue E.	53	1984
Ravenna School Apartments	6564 Ravenna Avenue NE	39	1979
Reunion House	530 10th Avenue E.	28	1984
Schwabacher House	1715 NW 59th Street	44	1984
South Park Manor	520 S. Cloverdale	27	1983
Sunrise Manor	1530 NW 57th Street	32	1985
Wildwood Glen	4501 SW Wildwood	24	1983
Willis House	6341 5th Ave NE	42	1983
	Total number of senior housing units	<u>994</u>	

Table 11

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

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2010 (Unaudited)

Other housing programs

Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th	3	2001
127th & Greenwood	12701 Greenwood Ave N	6	1983
5983 Rainier Ave S	5983 Rainier Ave S	12	2002
924 MLK Jr Way S	924 MLK Jr Way S	5	1998
Alder Crest Apartments	6520 35th Ave SW	36	1977
Beacon House	1545 12th Ave S	6	1993
Coach House	1056 N 35th Street	8	1997
Daybreak	1515 2nd Ave N.	3	1978
Delridge Triplexes	8136 and 8144 Delridge Way SW	6	1993
Fir Street Townhomes	Various	7	Various
Heritage House	1533 Western Avenue	62	1990
Keystone House	3515 Woodland Park N.	32	1988
Lake City Commons	12745 30th Ave NE	15	2002
Lam Bow Apartments	6935 Delridge Way SW	51	1970
Longfellow Creek Apartments ^b	5915 Delridge Way SW	54	1993
Main Place II	308 22nd Ave S	25	1993
Main Street Apartments	2035 S Main St	11	1993
Mary Avenue Townhomes	8550-84 Mary Ave NW	8	2001
MLK Townhomes	Various	6	1996
Montridge Arms Apartments	9000 27th Ave SW	33	1968
Norman Street Townhomes	Various	15	Various
Ravenna Springs/Bryant Apts	Various	13	Various
Referendum 37	Various	2	Various
Ritz Apartments	1302 E Yesler Way	30	1908
Roxhill Court Apartments ^b	9940 27th Ave SW	11	1980
Spruce Street Townhomes	Various	10	1997
South Shore Court	4811 S Henderson	44	1962
Stone Ave Townhomes	8514 Stone Ave N	4	2001
Telemark Apartments	2850 NW 56th St	24	1975
Villa Park Townhomes	9111 50th Avenue S.	43	1997
Wedgewood Estates	3716 NE 75th	203	1948
Westwood Heights East Apts	9440 27th Ave SW	42	1997
Wisteria Court ^b	7544 24th Ave SW	76	1987
Yesler Court	114 23rd Ave	9	1994
	Total other housing units	<u>915</u>	
HOPE VI nonpublic housing units:			
High Point		250	
NewHolly		220	
Rainier Vista		71	
	Total HOPE VI Nonpublic housing	<u>541</u>	
	Total units – All programs (a)	<u><u>17,498</u></u>	

Notes: (a) Includes overlap of other housing program units and senior housing units which also have project based and program based Housing Choice Vouchers.

(b) Public housing units are listed under the public housing section.

Table 12

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

Operating Information

Regular Staff Headcount by Department

Last Ten Fiscal Years (Unaudited)

Fiscal year	Executive	Development and asset management	Housing operations	Admissions and Section 8	Finance and administrative services	Information systems	Human resources	Total
2001	17	33	376	58	48	11	13	556
2002	10	35	374	63	49	10	10	551
2003	10	35	355	57	48	10	10	525
2004	12	37	347	53	47	10	10	516
2005	11	35	342	51	43	11	8	501
2006	13	37	333	56	44	14	7	504
2007	15	36	352	51	43	17	8	522
2008	16	31	362	60	42	18	10	539
2009	14	33	362	59	41	19	10	538
2010	15	33	350	63	43	22	10	536

(This page intentionally left blank)