Office of the Washington State Auditor
Pat McCarthy

September 18, 2017

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

Contracted CPA Firm's Audit Report on Financial Statements and Federal Single Audit

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the Housing Authority of the City of Seattle's financial statements and compliance with federal grant requirements for the fiscal year ended December 31, 2016. The Housing Authority contracted with the CPA firm for this audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The State Auditor's Office did not audit the accompanying financial statements or the compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the State Auditor's Office website as a matter of public record.

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Federal Uniform Guidance Reports

Year ended December 31, 2016

(With Independent Auditors' Reports Thereon)

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

December 31, 2016

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KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the 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, the financial statements of the business-type activities and the aggregate discretely presented component units of The Housing Authority of the City of Seattle, Washington (the Authority), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 19, 2017. Our report also includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Seattle, Washington
May 19, 2017

KPMG

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

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

Report on Compliance for Each Major Federal Program

We have audited The Housing Authority of the City of Seattle, Washington's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance

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for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Authority as of and for the year ended December 31, 2016 and have issued our report thereon dated May 19, 2017, which contained an unmodified opinion on those financial statements. Our report also includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the Authority's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Seattle, Washington
May 19, 2017

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Schedule of Expenditures of Federal Awards

Year ended December 31, 2016

Grantor agency/pass-through agency/program/grant name	CFDA number	Grant number	Expenditures	Amounts passed through to Subrecipients
U.S. Department of Housing and Urban Development (HUD):				
Moving to Work Program:				
Public and Indian Housing – Comprehensive Grant Program:	14.881			
Capital Funds Program Year 14-Fund 623		WA19P00150113	$ 62,058	—
Capital Funds Program - Replacement Housing Fund (623)		WA19R00150113	105,119	—
Capital Funds Program - Replacement Housing Fund (623)		WA19R00150213	1,781,429	—
Capital Funds Program Year 15-Fund 624		WA19P00150114	2,089,369	—
Capital Funds Program Year 16-Fund 625		WA19P00150115	4,784,956	—
Capital Funds Program Year 16-Fund 626		WA19P00150116	9,837	—
			8,832,768	—
Moving to Work Section 8 Housing Choice Program		WA001VOW108-112	115,330,407	—
Public and Indian Housing Conventional-Operating		SF-151	30,206,527	—
Moving to Work Program Total			154,369,702	—
Choice Neighborhoods Implementation Grants:	14.889			
Choice Neighborhoods Implementation Grants -Yesler CNI II		WA0A001CNG112	427,693	223,725
Choice Neighborhoods Implementation Grants -Yesler PSE		WA0A001CNS112	5,961,528	182,158
			6,389,221	405,883
Section 8 Project-Based Cluster:				
Lower Income Housing Assistance Program:				
Section 8 New Construction/Substantial Rehabilitation:	14.182			
Bayview		WA19-0003-002	776,361	—
Market Terrace		WA19-0054-002	441,000	—
			1,217,361	—
Section 8 Moderate Rehabilitation	14.856	WA001MR0004-K001015	4,854,244	
Section 8 Project-Based Cluster Total			6,071,605	—
Section 8 Housing Choice Program:	14.871			
Non-MTW – Mainstream Disabilities		WA001DV0020,18,19	630,923	—
Non-MTW – Family Unification Program		WA001FU0001-0002	2,489,720	—
Non-MTW – Administrative Fee Funding		WA001AF0106-AF0112	518,258	—
Non-MTW – Veterans Affairs Supportive Housing		WA001VO0266,293 & PB02	2,536,705	—
Section 8 Housing Choice Program			6,175,606	—
ROSS-Public Housing Family Self-Sufficiency	14.877	WA001RFS265A014	17,549	—
ROSS-Service Coordinators Program	14.870	WA001RPS134A015	88,765	—
ROSS-Public Housing Family Self-Sufficiency	14.870	WA001FSH007A15	101,709	—
ROSS-Housing Choice Voucher Family Self-Sufficiency	14.870	WA001FSH007A15	312,291	—
			502,765	—
Continuum of Care for Beacon House Project	14.267	WA0008LOT001407	9,896	9,896
			9,896	9,896
Total HUD			173,518,795	415,779
Department of Health and Human Services - Low Income Home Energy Assistance				
Pass through from City of Seattle Office of Housing				
Weatherization Assistance	93.568	F15-43101-404	102,861	—
Total Department of Health and Human Services			102,861	—
Total Federal Expenditures			$ 173,639,205	415,779

See accompanying notes to the schedule of expenditures of federal awards.

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

Notes to Schedule of Expenditures of Federal Awards

Year ended December 31, 2016

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs administered by The Housing Authority of the City of Seattle, Washington (the Authority). The Authority's organizational structure is defined in note 1 of the notes to the Authority's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through from other government agencies or organizations have been included in the accompanying Schedule.

(2) Basis of Accounting

The accompanying Schedule is presented using the accrual basis of accounting, which is described in note 1 of the notes to the Authority's basic financial statements.

(3) Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule may not agree with the amounts reported in the related federal financial reports filed with grantor agencies because of accruals reflected in the Schedule that would be included in a future report filed with the agencies.

(4) Federal Loans and Loan Guarantees

The Authority has the following outstanding federal loan guarantees under HUD Section 223F at December 31, 2016:

Wedgewood mortgage loan	$ 15,476,535
Wisteria Court mortgage loan	3,213,759
	$ 18,690,294

These guarantees are not considered federal awards as there are no significant continuing compliance requirements.

(5) Cost Rate

The Authority has elected not to use the de minimis 10% indirect cost rate.

THE HOUSING AUTHORITY OF THE
CITY OF SEATTLE, WASHINGTON

Schedule of Findings and Questioned Costs

Year ended December 31, 2016

(1) Summary of Auditor's Results

(a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **None Reported**

(c) Noncompliance material to the financial statements: **No**

(d) Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

(e) Type of report issued on compliance for major programs: **Unmodified**

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

(g) Major programs:

- Moving to Work Program – CFDA 14.881
- Section 8 Project Based Cluster – CFDA numbers 14.182 and 14.856

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$3,000,000**

(i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

The Housing Authority
of the City of Seattle, Washington

Comprehensive Annual Financial Report

For the year ended
December 31, 2016

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Comprehensive Annual Financial Report

For the year ended December 31, 2016

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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Introductory Section (Unaudited)

Section I

May 19, 2017

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

Introduction

We are pleased to present The Housing Authority of the City of Seattle, Washington's (referred to hereafter as "the Seattle Housing Authority", "the Authority" or "SHA") Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. This report was prepared by the Authority's Finance staff, and the Authority's 2016 financial statements included in this CAFR were audited by the national public accounting firm of KPMG LLP, with assistance from the Seattle public accounting firm of Francis & Company PLLC. The independent auditors' report of KPMG LLP is presented on pages 1 through 2 herein. We invite the public to review SHA's 2016 CAFR at https://www.seattlehousing.org/about-us/reports/financial-reports.

The data presented in this report are the responsibility of the management of the Authority. To the best of our knowledge and belief, the data as presented are accurate in all material respects; are presented in a manner designed to fairly state the financial position and results of operations of the Authority; include all necessary disclosures to enable the reader to gain a thorough understanding of the Authority's financial affairs; and are based on a system of internal controls through policies and procedures designed to minimize, prevent, or detect risks to the integrity of the data and correct weaknesses where discovered. The effectiveness of SHA's internal controls is tested in the course of independent financial, compliance, and performance audits. The 2016 Financial Statements also reflect the second year of including the Authority's proportionate share of the Washington State Public Employees' Retirement System net pension liabilities as a liability on our statement of net position as required by U.S. generally accepted accounting principles.

For an overview of the Authority's 2016 financial conditions, please review "Management's Discussion and Analysis" found in Section II: FINANCIAL SECTION, in tandem with this transmittal letter.

Profile of Seattle Housing Authority

Independent Public Jurisdiction: The Authority is an independent municipal entity created by the City of Seattle (City) in 1939 pursuant to state law and the National Housing Act of 1937. Although it maintains close ties with the City in several respects, the Authority is not a component unit of the City, as defined by the pronouncements of the Governmental Accounting Standards Board. The City is not financially accountable for the operations of the Authority, has no responsibility to fund its deficits or receive its surpluses, and has not guaranteed the Authority's debt. The Authority is the largest housing authority in the Pacific Northwest and the 24th largest in the United States.

Moving to Work Housing Authority: The Authority is one of 39 housing authorities, of approximately 3,400 in the country, designated as a "Moving to Work" (MTW) housing authority. An MTW agency is one that is part of a demonstration created in the 1996 Congressional appropriation for the Department of Housing and Urban Development (HUD). MTW agencies have three statutory objectives:

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

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

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

> ***Our Mission***
>
> *Our mission is to enhance the Seattle community by creating and sustaining decent, safe and affordable living environments that foster stability and increase self-sufficiency for people with low-income.*
>
> ***Our Values***
>
> *As stewards of the public trust, we pursue our mission and responsibilities in a spirit of service, teamwork, and respect. We embrace the values of excellence, collaboration, innovation, and appreciation.*

Seattle Housing Authority's 2016-2020 Strategic Plan lays out three strategic directions that frame the Authority's key objectives over the period:

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

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

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

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

Promote Quality Communities.

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

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

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

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

Improve Quality of Life.

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

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

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

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

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

Respectful and Engaging Service and Relationships

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

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

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

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

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

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

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

Housing Profile: The Authority is the developer and the general partner and management agent for 18 Component Units, the owners of which are Low Income Housing Tax Credit limited partnerships or limited liability limited partnerships.

The Authority owns and manages or manages nearly 8,000 units of housing and administers just over 10,000 rental vouchers, providing rental housing or rental assistance just over 29,000 low income people in the City of Seattle (more than 34,000 overall).

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, and in single, duplex, triplex, and small apartment buildings across the city. The Authority also administers the Housing Choice Voucher programs that provide tenant-based or project-based vouchers that serve as rent supplements for qualified low-income tenants.

The Authority works in partnership with local agencies to provide community, social, and health services to some low-income residents and voucher participants. These services include recreation, job training and referral, elder services, instruction in English as a second language, health and dental clinics, and various educational and tutoring programs.

In the mid-1990s, the Authority began a long-term program to redevelop its housing stock to transform the family communities to new mixed-income neighborhoods, while assuring that all low-income residents of these neighborhoods receive relocation assistance. Replacement housing, either on or offsite has also been built or acquired in order to maintain or increase Seattle's inventory of low-income housing. The Authority's redevelopment activities continue today and into the future. Presently, the Authority is engaged in the redevelopment of the last of its 1940 era family housing communities – Yesler Terrace (see Major Initiatives below).

Budget Process and Monitoring: The annual budget for the Authority is prepared by the Executive Director with significant involvement of the Authority's top executive staff and the support and analysis of the Authority's Budget staff. At the front end of the budget process, the Cabinet with the Executive Director agree on the financial forecast on which the budget will be prepared and establish the key areas of focus for the coming year from the Strategic Plan. At the end of the budget process, the Executive Director, with the advice of the Cabinet, determines the final actions to balance the proposed budget.

The Board of Commissioners adopts the annual budget for the Authority after the Executive Director has presented both the Annual MTW Plan and the Authority's Proposed Budget for public review and comment. The MTW Plan and the Proposed Budget are primary tools for implementing the Strategic Plan. The annual proposed budget includes four components – the Operating, HAPs (Housing Assistance Payments), Capital, and Development budgets. MTW federal funds comprise 72 percent of the combined Operating, HAPs, and Capital revenues. The operating and capital budgets are developed from the community or program level up in the Authority's project-based budgeting process. The development programs of the Authority, to rebuild and rehabilitate the family communities, senior program buildings, and high-rise public housing buildings, and build new affordable housing are supported through mixed financings, including low-income housing tax-credit partnerships, bond and mortgage financing, federal HOPE VI and Choice Neighborhood Initiative funds, and federal, state and local grants.

Once adopted by the Board, the annual budgets are implemented and monitored by all departments of the Authority, with support from the Finance and Administration Department and the Asset Management Department. Monthly reports on budget versus actual performance are reviewed by the Budget Office and the Departments. Quarterly budget and portfolio reviews are conducted at the management and executive levels, and budget revisions and actions to address variances against budget, as needed, are taken to ensure appropriate budget control.

Economic Conditions and Financial Outlook

State and Local Economy – Forecast Highlights (1):

The Washington and Seattle area economies continue to grow and have regained nearly all the losses from the Great Recession. To date, recovery of the local and state economies have outpaced the nation, and the predicted signs of deceleration in Washington's growth rate have begun to appear. Economists doing forecasting at the national, state, and regional levels are generally holding to

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[1] This economic outlook information 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.

Predictions of continued slow growth in the near term, while they await more detail on the new President's plans. The Puget Sound Economic Forecaster provides this perspective:

> "We had hoped that the February Blue Chip outlook for the national economy would begin to reflect President Trump's economic policies. Instead, the lead to the forecast reads, '*U.S. outlook still largely unchanged as panelists await action on fiscal policy'*... With only a sketchy outline of Trump's intentions, we have more questions than answers. For example, who will benefit from the proposed tax cuts? Will lower taxes stimulate economic activity? What is the magnitude and timing of the investment in infrastructure? Will federal budget constraints trim Trump's economic wish list?"
>
> "Because of the uncertainty over federal fiscal policy, the Blue Chip panel has not significantly altered its U.S. economic outlook since Trump's election. The Blue Chip report does provide some clues on what forecasters are presently thinking. In 2017, the U.S. economy will create 165,000 payroll jobs per month, down 20,000 from the rate in 2016... With a 4.6 percent unemployment rate, the tight labor market will result in a 3.0 percent increase average hourly earnings between December 2016 and December 2017. There is a one-third chance that a recession will start in either 2017 or 2018."
>
> "Nothing locally has changed to substantially alter the regional economic outlook. Employment estimates through December continue to show a distinct slowdown in the economy since mid-2016. After increasing at a 3.6 percent annual rate in the first half of 2016, employment decelerated to a 2.0 percent rate in the second half... Puget Sound employment growth is expected to slow from 3.0 percent in 2016 to 1.9 percent in 2017 and 1.4 percent in 2018, while personal income will continue to rise at a relatively constant 5.0 percent annual rate. In general, there is little change to our forecast. Like everybody else, we are awaiting Trump's marching orders."

Neither the state nor regional forecast has changed much and both predict continued, but slower growth in most indicators over the period 2017 through 2021. There are, however, some contrasting data that muddy the waters a bit as to the eventual direction the economy will take over the forecast period. Here are some indicators from the Washington State Economic and Revenue Forecast Council and The Puget Sound Economic Forecaster on the condition and prognosis for the economy:

- U.S. labor markets added only 98,000 net new jobs in March, a lower-than-expected increase. Employment gains in January and February were also revised down by a total of 38,000 jobs.
- Stronger consumer confidence reflects greater optimism about the economy. The Conference Board index of consumer confidence increased 9.5 points to 125.6. This was the highest level for the Conference Board since December 2000.
- U.S. auto and light truck sales fell below 17 million units (SAAR) for the first time in a year. Light motor vehicle sales fell to 16.62 million units (SAAR) in March, down 5.4% from February sales and 0.3% below year-ago sales.
- In Washington, total nonfarm payroll employment rose 21,300 (seasonally adjusted) in November, December, January, and February, which represents a solid 2.0% annual rate of growth. This was down, however, from a very strong 3.5% average growth rate during 2016.
- By contrast, in the Puget Sound Region, employment growth is expected to slow from 3.0 percent in 2016 to 1.9 percent in 2017 and 1.4 percent in 2018.

- At a percentage increase of 4.8% in 2016, Washington's and the Puget Sound Region's personal income growth significantly outperformed U.S. personal income growth of 2.2% in 2016. The state and region are expected to remain right around an annual growth rate of 5.0% in 2017 and 2018.
- Washington housing construction came down to earth in January and February after a fourth quarter spike. The number of housing units authorized by building permits fell from 50,900 units (SAAR) in the fourth quarter of 2016 to an average of 42,200 units (SAAR) in January and February of 2017, slightly above forecast.
- After bottoming out at 1.025 (1996=1.000) in the first quarter of 2009, the Puget Sound Housing Market Index has risen more or less steadily to 1.169 in the fourth quarter of 2016, an all-time high. In other words, after a robust rebound, residential real estate activity in the four-county area has never been better.
- The Puget Sound Housing Market Index is composed of closed home sales, the average real closed sales price, and the average time on the market. The Index was up overall 2.0 percent in the fourth quarter of 2016. All three components were up:
  - ✓ Annual home sales increased 14.7 percent from 66,300 to 76,100;
  - ✓ The average home price rose from $438,300 to $482,700, a 10.1 percent rise, a real average rise of 7.4% when inflation is taken into account; and,
  - ✓ The average time that it took to sell a house declined to 1.2 months, the shortest recorded time in the thirty-year history of the Index.
- A worrisome component of the current housing demand is speculation, which The Forecaster measures as the ratio of the home price appreciation rate to the mortgage rate. When home prices rise rapidly, speculative behavior, such as home-flipping, enters the market. This can push home prices above their intrinsic value, which can cause the housing market to crash.
  - ✓ If the speculative demand indicator exceeds 1.5, we become watchful. In the last half of 2016, as the average home price rose at a 10.4 percent annual rate and the mortgage rate averaged 3.6 percent, the speculative demand indicator hovered at 2.9.
  - ✓ In the last two quarters of 2005, just prior to the collapse of the housing bubble, the speculative demand indicator averaged 3.0.
- At 2.2% annual rate of increase in 2016, Seattle area consumer price inflation (CPI) is above the national average of 1.3%, due primarily to higher shelter cost inflation. Seattle's CPI is projected to be 2.5% in both 2017 and 2018, and the national rate is anticipated to be 2.5% and 2.3%, respectively.

In summary, we expect the State and Puget Sound region to continue positive growth at a slower pace that the slow recovery. That said, we also recognize that most economists see a greater chance for a more pessimistic forecast than for a stronger one due to the uncertainty of federal fiscal policy; to the fact that the recovery has been sustained an unusually long period of time without a recession; to such concerns as the potential for another housing market crash; and, the uncertainty over international relations.

Economic conditions affect the Authority's performance in a number of ways:

First, we benefit from low inflation, as our costs of doing business do not escalate as rapidly as they might otherwise.

Second, as an organization with a significant real estate development portfolio, we are subject to the same volatility of the housing market as are private developers. We have experienced both sides of that coin – we have experienced in recent years escalation of construction costs in excess of inflation due to the hot construction market in multifamily building; and, we have benefited from land price appreciation in selling property for development by the private market in our mixed income communities.

Third, we continue in a market where workable residents face numerous barriers to employment and advancement. For many of these residents, there is little reality to the "economic recovery", as it has not yet included opportunities for many of them. That said, we have heard in the last year increasing reports of greater employment, especially in our family communities.

Finally, the most serious impact of the local economy on low income renters in the tight housing market is that they are priced out of the market with rents escalating nearly 17% from 2014 to 2016 and vacancy rates at record lows. Even with a rental assistance voucher, many of our participants cannot find an affordable unit and about 40% fail-to-lease, even after six months of shopping for a home.

Federal Funding – Status and Outlook

The Authority relies on federal funding through the Department of Housing and Urban Development (HUD) for about 71 percent of our overall sources and approximately 77 percent of its operating and rental assistance funds. Consequently, federal budget decisions play a more direct role in SHA's ongoing financial picture than do local economic conditions.

Since the Budget Control Act of 2011, the federal budgetary focus has been on deficit reduction through reducing federal budget appropriations, especially for discretionary defense and non-defense programs. And, with the 2012 failure of the Congressional Super Committee to reach a bipartisan agreement on how to achieve a second $1 trillion savings over ten years in the federal budget to add to the $1 trillion enacted in 2011, the automatic trigger of sequestration went into effect. In its initial year, this meant a 5 percent reduction on top of the budget cuts passed by Congress.

At the end of 2013, the two houses of Congress agreed on the Bipartisan Budget Act of 2013, which provided a two year reprieve in 2014 and 2015 from sequestration and the restoration of about 50 percent of the sequestered cuts. The agreements contained in the Bipartisan Budget Act ushered in at least a short-term sense of stability in the federal budget process. A second Bipartisan Budget Act of 2015 continued the respite from sequestration and we actually saw increases in several parts of the HUD budget with the 2016 appropriation. The 2017 Appropriations Act was just passed the first week of May and we won't be notified of our final HUD funding for this year for a couple of months. We anticipate that our HUD funding may be slightly lower than our adopted budget, but can be managed with prudent spending practices.

Renewal of the Move To Work Program Contracts

In early 2016, Seattle and the other 38 Move To Work (MTW) housing authorities signed ten year extensions of our MTW contracts on their existing terms and conditions through 2028. While there are still program issues remaining to be negotiated between HUD and the MTW agencies, the threat of radical change to the program was removed with the extension of existing contracts. The operating flexibilities, contractual funding formulas, and ability to combine the three streams of HUD funding into a single block grant are core provisions of the MTW demonstration program that allow Seattle and others to design new ways to operate more efficiently, to demonstrate innovative approaches to providing low income housing and services, and to expand housing choice for low income families.

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 that representation of the Authority's assets and deferred outflows, liabilities and deferred inflows, and net position are accurately reflected on the Authority's financial statements, in conformance with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs and benefits require estimates and the exercise of 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, tests 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs. The Authority's single audit was carried out by the national public accounting firm of KPMG LLP. For the audit year ended December 31, 2016, KPMG LLP did not issue any Single Audit findings of questioned costs or significant deficiencies in internal control and there were no significant deficiencies or material weaknesses in internal control reported by KPMG LLP in connection with their audit of the Authority's 2016 Financial Statements.

Budgeting Control and Program Accountability

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

An integral part of budget control is to review needs for and impacts of budget revisions following adoption of the annual budget by the Board. These reviews occur at least quarterly and where adjustments are justified, the adopted budget is revised. There are also quarterly reviews of all Housing Portfolios by the Authority's Asset Management Committee. During these sessions budget status is reviewed; vacancies and rent collections trends are noted; unit turnover cost and length of time to return a vacated unit to a new lease are reviewed against standards and past performance, and general conditions of the property and welfare of the residents are presented by property management staff. Follow-up actions resulting from these quarterly portfolio reviews are assigned to operating departments, the budget office, and/or the asset management department.

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 Chair of the Board, two other Board members, and two outside independent non-voting members with expertise in finance and accounting. All members are appointed by the Board Chair and serve staggered terms of three years. The Committee meets two to four times a year, as needed, to conduct entry meetings with the independent auditor and the State Auditor and to hear reports and findings of the Auditors. The Audit Committee reports its activities to the full Board, along with any conclusions or recommendations they have to continue to strengthen the Authority's financial management.

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

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

The Financial Policy Oversight Committee also administers the Authority's policy on unrestricted cash balances and unassigned cash (Operating Cash Reserves), which was adopted by the Board of Commissioners in April 2011 and revised in May 2013. The FPO recommends annually to the Board for its decision and adoption by Resolution the Committed Funds of the agency from the Authority's Unrestricted Cash Balance and reports to the Board the agency's conformance with the Board's Financial Policy to maintain unassigned and uncommitted cash equal to at least one month and not more than six months of operating expenses plus 1/12 of annual debt service. At the end of 2016, Seattle Housing Authority reported a balance equal to 2 months and 5 days.

Component Units: The Authority has eighteen discretely-presented component units as of December 31, 2016. As the Authority has expanded its redevelopment activities using mixed financing, component units have become a larger and larger share of our strategy of providing low-income housing. At the end of 2016, the Authority's component units represented 3,837 units or 48 percent of all rental housing units operated directly by the Authority.

Prudently Managing Affordable Housing Properties

Strong Asset Management: The Authority has continued to take an active asset management approach to managing its properties, treating each of them as a distinctive "community" with the goal of efficiently using each property to its fullest potential toward meeting our mission. This means the Authority is actively reviewing its existing real estate holdings to ensure that 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. As noted above, the internal Asset Management Committee with management representatives from all departments conducts quarterly portfolio reviews with property managers and budget and accounting staff, 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 Authority's annual MTW Plan.

Diverse Funding and Partnerships: 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. The Authority continues to compete successfully wherever we see new funding or partnership opportunities.

We also continue to forge new and strengthen existing partnerships around educational and job training opportunities with foundations and schools. The U.S. Department of Labor, through the King County Workforce Development Council, has funded a two year program – Pathways Out of Poverty; this grant 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 these grant funds to support parent engagement work for Yesler parents so they can better support and advocate for their children's educational success. We are leveraging funds from HUD's CNI Yesler Terrace grant for partnerships with the school district, local social services and health care non-profits, higher education institutions, and local and national foundations in programs of educational and economic opportunity for low income residents at Yesler. These efforts will be evaluated for their effectiveness as models that might be scaled-up in Seattle and replicated elsewhere.

SHA is also engaged in a long-term partnership with the Seattle Public Schools and the Bill and Melinda Gates Foundation around the improving the academic success of the more than 5,500 public school students. We invested together in the first phase of the collaboration to share data confidentially so we both knew who our common students are and could assess how well our common students were doing in their attendance and academic performance in relation to the rest of the student body. This investment is paying off in our collective ability to address a key indicator of academic performance and success – attendance.

The Authority's most recent partnership is with 14 other Public Housing Authorities and the Harvard Research Team of Raj Chetty, Nathaniel Hendren, and Lawrence Katz, joined locally by support from the Bill and Melinda Gates Foundation. This partnership is designed to further the research on Moving to Opportunity neighborhoods in the lives of low income children; specifically, we and King County will be testing alternative methods of supporting families with young children in their moves to high opportunity areas.

Key Partnership with City of Seattle: The Authority works closely with the City of Seattle to advance the availability of low income housing in the City and to ensure access to critical public services by those communities. We have worked together as partners in successfully financing the development of our low income housing tax credit properties; in combining City housing levy dollars with Housing Authority rental assistance vouchers in order to ensure that homeless people and extremely low income people have access to assisted housing; we've cooperated in the development, rehabilitation, and operation of the Seattle Senior Housing Program for low income seniors; and, we've worked with both the City and the County on the routing and station designs of light rail and the streetcar extension to ensure service to SHA's family communities in Southeast Seattle and, most recently, with the routing of the streetcar extension through the heart of the Yesler Terrace Transformation Plan area. The streetcar extension was a public investment of more than $134 million and opened in 2014.

Major and Long-Term Initiative – Yesler Terrace Redevelopment

Investing in People, Neighborhood, and Housing

Yesler Terrace is a 30-acre site near downtown Seattle initially developed by Seattle Housing Authority in the early 1940s as Seattle's first publicly subsidized housing. Now, 76 years later, a revitalized Yesler Terrace is emerging as a dynamic, vibrant, mixed-income community that honors the neighborhood's history and cultural richness while creating safe, healthy and sustainable affordable housing, new parks and open spaces, increased transportation options, enhanced economic opportunities, and a new mixed income urban neighborhood.

Partnerships -- The vision and success of the Yesler neighborhood transformation is rooted in many deep collaborative partnerships. Below are some of the key partnerships central to the Authority's achievement to date at Yesler.

- ***Community Engagement***
  The planning for Yesler Terrace formally began in 2006 with the creation of the Guiding Principles, developed by the Yesler Terrace Citizen Review Committee and adopted by the Seattle Housing Authority Board of Commissioners. The Guiding Principles established the core values of social equity, one-for-one replacement housing, environmental stewardship and sustainability, and economic opportunity that still underpin the redevelopment process today. Ongoing engagement of the Yesler, First Hill, Little Saigon residents and the Citizen Review Committee continues to shape the design, policies and programs of the evolving community.

- ***Department of Housing and Urban Development (HUD)***
  HUD is a major partner in supporting the redevelopment through the Choice Neighborhood Initiative funding and technical assistance and their ongoing collaboration on SHA's mixed finance programs for development of the Yesler replacement housing.

- ***City of Seattle***
  Numerous departments in the City have worked collaboratively since 2006 to create and implement the Yesler transformation plan, including the Office of Housing, Department of Construction and Inspections, Seattle Department of Transportation, Seattle Public Utilities, Department of Neighborhoods, and Human Services Department. Major outcomes include creating the Yesler Masterplan zone, increased public open space, additional low income housing, and upgrading streets, transit options and public infrastructure to serve a dense community

  The Cooperative Agreement, one important element of the legislative package, committed up to $10.92 million of City funding to the development of affordable housing and parks. Since 2012, the City has committed an additional $10 million to support upgrade and expansion of the sewer system at Yesler, construction of the 10th Avenue Hillclimb that connects Yesler Terrace and Little Saigon, the new neighborhood Park, and other important neighborhood improvements.

- ***<u>Seattle University</u>***

Seattle University is the lead education partner and works with Seattle Housing Authority, Neighborhood House and Therapeutic Health Services in collaboration with Catholic Community Services, the Parks Department, and Seattle Public Schools to provide supports and services for student-residents to improve their academic achievements. Together, these organizations provide education services available to children 3 – 18 years-old and in their homes, schools and community locations.

- ***Private Philanthropy***
  JP Morgan Chase Foundation, the Kresge Foundation, Seattle Foundation, Boeing Foundation, and the Bill and Melinda Gates Foundation have invested in Yesler transformation activities. Gifts and grants from private foundation supported all aspects of the Yesler vision: creation of the Hillclimb; support for training and job development services for economic opportunities; sustainability investments; and educational achievement of Yesler youth.

- ***Private Development Partners***
  Private development partners, who are investing in the Yesler transformation vision with the Authority, are a critical part of creating a new urban mixed income community and helping to create community connections among all neighbors. Through 2016 we have welcomed as private development partners Spectrum Development; Vulcan Real Estate; Millcreek; and Lowe.

Highlights of 2016 Accomplishments

The three pages that follow summarize some of the key accomplishments of the Yesler transformation in 2016 and reflect the guiding principles and holistic values we seek to achieve.

Housing for All Incomes

- **148** — 30% AMI or Replacement units complete, +70 under construction
- **53** — 60% AMI units complete, +8 under construction
- **30** — 80% units complete, +72 under construction
- **90** — Market-rate Apts complete, +156 under construction

A Complete Neighborhood

- ✓ [illegible]
- ✓ [illegible]
- ✓ [illegible]
- ✓ [illegible]

Quality Education for All

- **100** Yesler youth participated in summer academic and enrichment activities
- **56%** Kindergarten readiness increased from 20% (baseline) to 56% in School Year 2015-2016
- **78%** Kindergarten language readiness increased from 69% to 78%
- **56%** 7th Grader ELA proficiency increased from 31% to 56%
- **25** Families completed the Parent-Child Home Visit Program
- **16** Families have refurbished laptops (10 students completed computer class).

Healthy Outcomes

- **48%** Of current Yesler residents completed the annual Health Assessment (257 total surveys)
- **91%** Residents living on-site have health insurance; up from 17% in 2012
- **93%** Residents living on-site have a primary care provider
- **29** Breathe Easy Home Assessments (2016 HUD Healthy Homes Award Winner)

Economic Opportunities

- **45** [illegible] 2016 [illegible]
- **41** [illegible] residents
- **14** Residents completed the ESL/Job Shadowing program
- **10** Youth participated in paid internship programs, building their professional and personal leadership skills

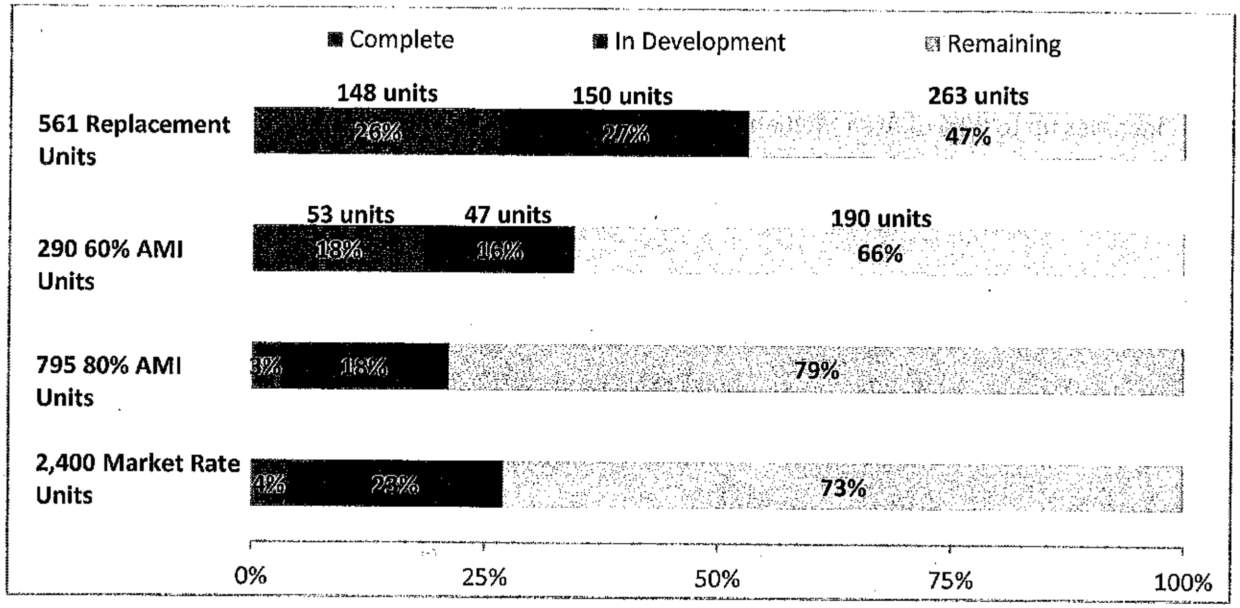
Original Yesler Residents

- **493** Original households in 2012. All have priority to rent the 561 Replacement units being produced at Yesler
- **261** Households moved with relocation assistance after receiving a18 month notices to relocate, as of 2016.
- **133** Original households moved to Replacement units at Yesler Terrace
- **151** Households still live in original units and will choose where to relocate in the future
- **179** Households chose to relocate off-site, and are still eligible to use their Right to Return

Housing Development

The Yesler transformation is designing a housing mix to accommodate families, single occupants, the elderly and those with disabilities, as well as for households across the income spectrum

Yesler Housing Progress



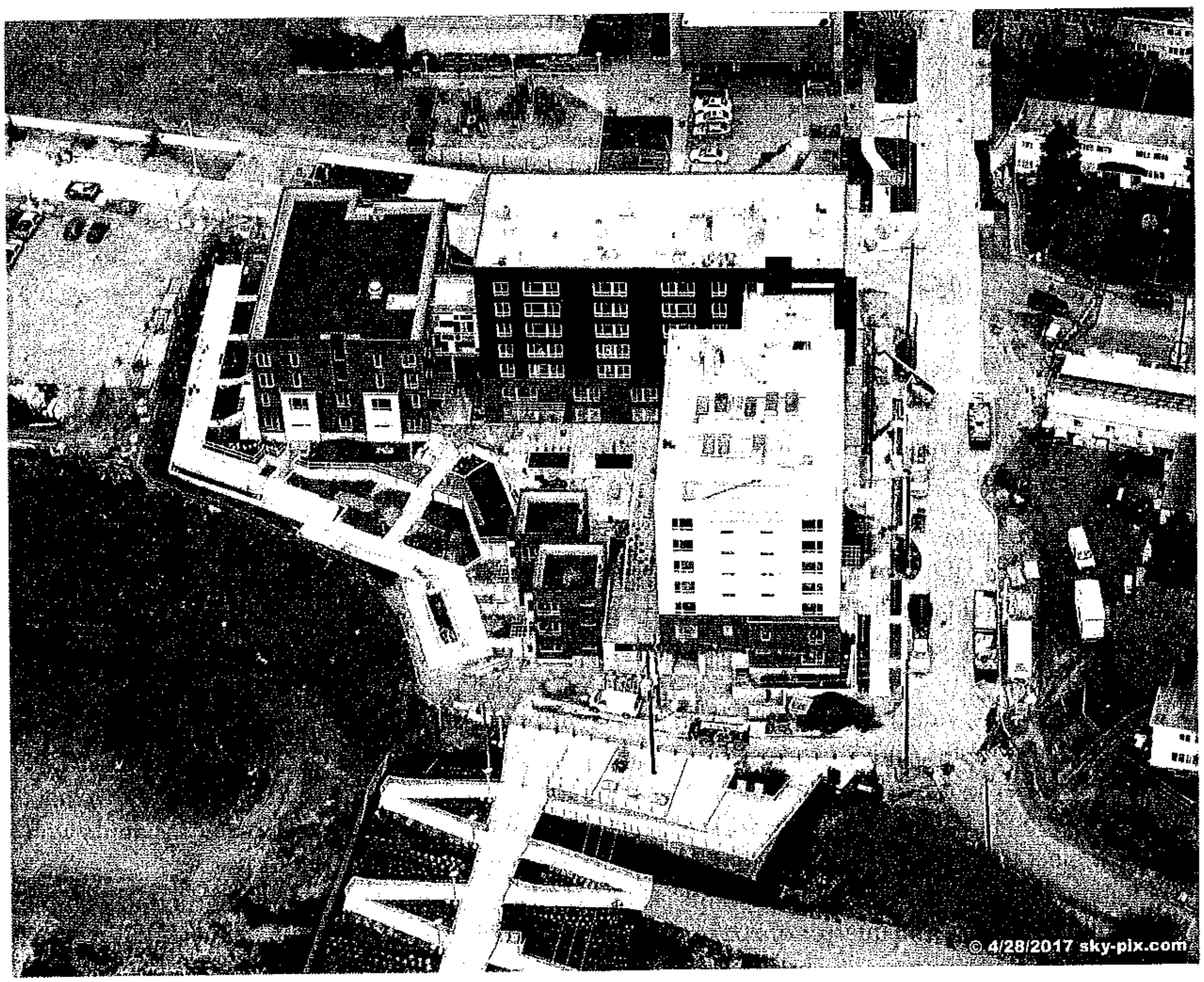
All residential buildings at Yesler will welcome a wide range of people making Yesler their home through providing a range of sizes of units, high degree of accessibility, and a full range of affordability in a community of opportunity.

SHA Housing Development

- The renovated Baldwin Apartments continue to be home to 15 Yesler Terrace households who formerly lived in the older Yesler Terrace housing.
- Kebero Court, with 103 low-income apartments was constructed and fully leased by September 2015.
- Raven Terrace, which includes 83 low-income apartments units, was completed in January 2016. The building is currently fully leased.
- Hoa Mai Gardens, with 111 low-income apartments, is currently under construction with expected completion in late June 2017. Outreach is underway to current and former Yesler residents who may elect to return to Yesler at a unit in Hoa Mai Gardens.
- Red Cedar, 119 low-income apartments is in the final stages of permitting. Construction will commence in second quarter of 2017 and be completed in 2019.

Private Sector Housing Development

- Anthem on 12th Apartments, was completed in 2015 and includes 120 apartments, 30 of which are available to households with incomes up to 80% of the Area Median Income.
- Batik, Vulcan Real Estate's first market rate and affordable building with 195 apartments, 39 of which will be available to households with incomes up to 80% AMI, is under construction and will be completed in 2018.
- Vulcan Real Estate second affordable and market rate building is scheduled to begin construction in the third quarter of 2017 with 237 apartments, 48 of which will be available to households with incomes up to 80% of Area Median Income.
- Modera First Hill, 290 apartments, 77 of which will be available to households with incomes up to 80% of the Area Median Income is in the design and permitting phase.



Hoa Mai Gardens under construction. Hillclimb in the foreground.

Next Steps for Yesler -- 2017

The funding secured to date for Yesler Redevelopment will allow Seattle Housing Authority to progress with developing affordable housing for a variety of incomes, complete the necessary infrastructure work and utility replacements, and provide important amenities and services to the community. Community members will have ongoing opportunities to provide input on the redevelopment and continuity of supportive services. The year 2017, will be significant in that relocated residents will be welcomed into the third new building at Yesler Terrace and important services will continue to be offered to community members. Progress planned for 2017 includes:

Education

- Completion of Yesler Environmental Youth Program serving eight young people from Yesler.
- Continuation of Home from School at Bailey Gatzert to support homeless families and students.
- Continuation of the SHA Education Engagement Specialist support for Yesler's students, providing them with education-related interventions.
- Continuation of on-site after-school tutoring for Yesler students.
- Continuation of Therapeutic Health Services to provide social/emotional support, academic, and wrap around services for Yesler students attending Garfield High School.

Health

- Continuation of Community Health Workers supporting residents for health-related activities.
- Continuation of Breathe Easy Program.

Economic Opportunity

- Ten Yesler Terrace youth will have an opportunity to intern for the summer at our various contractor and partner offices to learn more about redevelopment and receive a paid stipend.
- Integrated planning for summer programming with area educational partners to serve over 100 youth.
- Continuation of on-site early learning instruction at Epstein Opportunity Center ECAP classes.
- Yesler residents receive employment-building skills through the Industrial Sewing Class.
- Through partnership with WDC and TRAC Associates, provide job placement services to Yesler residents.

Neighborhood

- Hoa Mai Garden P-Patch opens (20 total).
- Yesler Terrace Park construction begins.
- Completion of new green street loop section (E Fir St, 10th Ave S, and S. Washington) and the pedestrian path between Hillclimb and South Washington Street.
- Wayfinding system installation begins and will be completed over next few years.
- Development of new programs to engage community members of all ages in temporary and permanent art work to be created for the neighborhood.

Housing

- Completion of Hoa Mai Gardens (111 apartments).
- Construction by SHA of Red Cedar and by Vulcan Real Estate of Batik and Block 3 development.

Awards and Recognition

During 2016, the Housing Authority of the City of Seattle and its residents received or continued distinctions and recognitions, including:

- ***HAI Group 2016 Risk Management Award***
  The national Housing Authority Insurance (HAI) Group has announced Seattle Housing Authority (SHA) as the winner of its 2016 Risk Management Award for the Resident Safety category.

- ***HUD Secretary's Award for Healthy Homes***
  Seattle Housing Authority received the 2016 HUD Secretary's Award for Healthy Homes in the Cross Cutting Coordination program category. SHA's efforts and the Breath Easy Program in the Yesler Terrace Apartments were judged outstanding by the independent reviewers at the National Environmental Health Association and by HUD.

- ***2016 Gold Nugget Awards, Award of Merit***
  Architect Weber Thompson received an Award of Merit for Raven Terrace in the Best Affordable Housing Community. Seattle Housing Authority developed and Walsh Construction built the project.

- ***2016 Wasla Awards, Merit Award Winner***
  Architect Weber Thompson received the Merit Award in the Residential Design Multifamily category for its thoughtful design execution of Raven Terrace.

- ***2016 Builder's Choice Awards, Citation Award***
  Architect Weber Thompson received a Citation Award in the Affordable Housing category for Raven Terrace. The award celebrates thoughtful planning and innovative details to advance the notion of what makes a house a home.

- ***2016 Award of Excellence in Financial Reporting***
  SHA received the award from the juried assessment of excellence by the Government Financial Officers Association. This award is based on professional peer assessment of SHA's Comprehensive Annual Financial Statement. SHA has achieved this designation in annual assessments for 19 years in a row.

- ***2016 Seattle Commute Trip Reduction Awards, Bronze***
  Seattle Housing Authority received the Bronze award from the City of Seattle for achieving greater reductions in drive-alone commuting, offering outstanding transportation benefits to employees, and for active engagement in the city's program. These travel choices reduce air pollution, traffic congestion, and energy consumption, which help make Seattle a great place to live and work.

- ***Credit Rating Renewed***
  Seattle Housing Authority's entity credit rating of "AA" from Standard and Poor's (S&P) under their international rating criteria for housing authorities/social housing in the U.S. and Europe was again confirmed with a stable outlook in 2015. Double A is the highest U.S. housing authority rating by S&P and it is held by five housing authorities, including SHA.

- ***SHA Remains HUD High Performer***
  SHA 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. SHA retained this designation in 2016 and signed an extension of its MTW Contract to 2028 in May 2016.
- ***SHA's Higher Education Project (HEP)***
  Each year, Seattle Housing Authority's Higher Education Project (HEP) Committee awards a minimum of two $1,000 scholarships from the Campus of Learner's Dream Big! Scholarship fund to SHA public housing residents and SHA Housing Choice Voucher Program (Section 8) participants who would like to attend college on a full-time basis in the next academic year. SHA is proud to recognize the 2017 Dream Big! Scholars, all of whom have demonstrated great persistence, strength of character and growth through their high school and college careers. Several students will be writing columns for The Voice detailing their first years in higher education; we look forward to following their progress over the next academic year as they continue to achieve.

  SHA's 2017 Dream Big! Scholarship recipients are:

Emran Nuru	Yesler Terrace	Garfield
Hafsa Muhumed	NewHolly	Rainier Beach
Julie Dinh	NewHolly	Cleveland
Nhi Chau	NewHolly	Franklin
Salma Ibrahim	Rainier Vista	Franklin
Salma Mohamed	NewHolly	Cleveland
Shina Williams	HCV	Rainier Beach
Thuy Luu	NewHolly	Cleveland
Omar Hassan	NewHolly	Cleveland

Acknowledgments

The preparation of this report has been accomplished through the hard work of the Finance Department accountants and the support of other staff members throughout the Seattle Housing Authority. A special thanks to Janet Hayes, Seattle Housing Authority's Controller, whose talents, dedication, and commitment to accurate and thorough financial reporting and whose oversight of strong internal controls are largely responsible for nearly two decades of Awards of Excellence in Financial Reporting from the Government Finance Officers Association and consistently unmodified opinions on SHA's Financial Statements by our independent auditors. We wish to thank, as well, the management and staff of KPMG LLP and Francis & Company PLLC who provided the necessary professional auditing services and technical assistance in conducting the independent audit of the Authority.

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

Respectfully submitted,

Andrew J. Lofton
Executive Director

cc: SHA Cabinet members
SHA Public Website

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Principal Officials

Commissioners as of December 31, 2016

Name	Term expires
Deborah Canavan Thiele, Chair	March 20, 2017
Emily Abbey, Commissioner, Vice Chair	March 20, 2019
Ahmed Abdi, Commissioner	October 1, 2018
Zachary DeWolf, Commissioner	December 1, 2018
Paula Houston, Commissioner	March 20, 2020
David Moseley, Commissioner	March 19, 2019
Jermaine Smiley, Commissioner	December 1, 2018

Administrative Staff

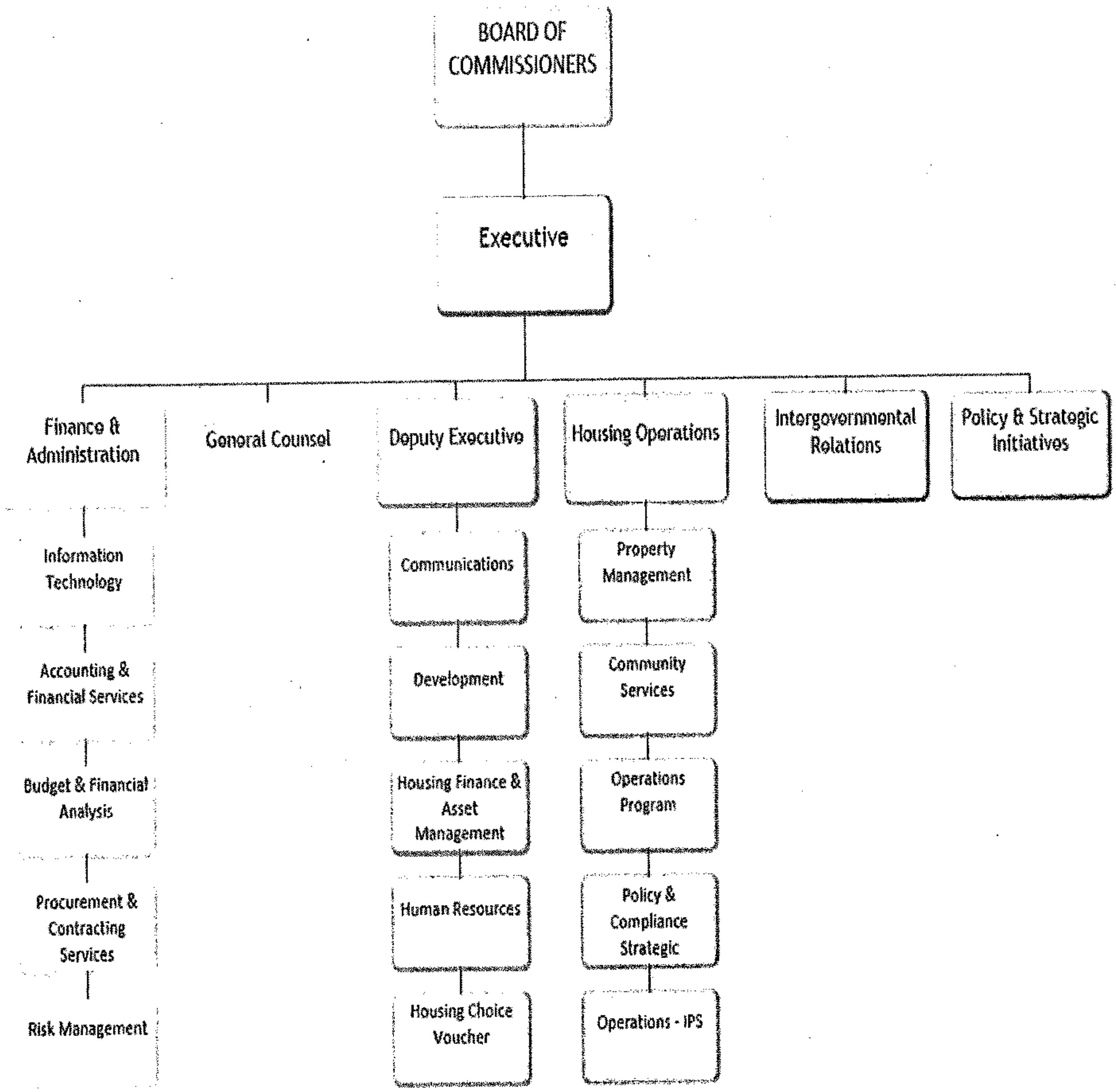
Andrew Lofton, Secretary-Treasurer/Executive Director

Shelly Yapp, Chief Financial Officer

Janet Hayes, Controller

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Organization Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The Housing Authority of the City of Seattle Washington

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Section

Section II

KPMG

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities (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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the year then ended as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units of the Authority, which represent 100% of the total assets, total liabilities, total net position, total revenues and total expenses of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of The Housing Authority of the City of Seattle, Washington, as of December 31, 2016 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 12, and the required supplementary information related to the pension plans on page 80, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The cost certificates for projects WA19P001501-13 and WA19R001501-13 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The cost certificates for projects WA19P001501-13 and WA19R001501-13 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the cost certificates for projects WA19P001501-13 and WA19R001501-13 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2017, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

KPMG LLP

Seattle, Washington
May 19, 2017

Overview of the Financial Statements

The Housing Authority of the City of Seattle, Washington (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2016, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position (balance sheet); the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information and more detailed data.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance for the primary government during the year ended December 31, 2016, with comparative data for the year ended December 31, 2015. Please read this section in conjunction with the transmittal letter in the introductory section of this report and the Authority's basic financial statements, which immediately follow this section.

Financial Highlights

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2016 by $517.4 million (net position), representing an increase of $36.5 million over 2015. Unrestricted net position of $259.7 million at the end of the year represents committed, assigned, and unassigned funds that may be used to meet the Authority's ongoing obligations. Unrestricted cash and investments makes up $108.7 million of this net position, which reflects $63.1 million in longer term commitments adopted by the Board of Commissioners, $5.3 million in assigned funds designated by the Authority's Financial Policy Oversight Committee, $7.7 million in subsidy for January of 2017 received in December of 2016, and $32.6 million in unassigned funds that make up the Authority's Operating Reserves. By Board policy, the Operating Reserve is to be maintained at a minimum of one month and a maximum of six months of average monthly operating expenses plus 1/12th of principal debt service requirements. The Authority's Operating Reserve at the end of 2016 represented approximately two months and 5 days (based on 20 business days in the month) of average monthly expenses and principal debt service.
- Total net position increased by $36.5 million, which is an increase of 10.8% over the 2015 increase in net position of $33.0 million. Operating revenues increased by $7.6 million and capital contributions increased by $2.0 million compared to 2015 while operating expenses increased by $7.3 million and net nonoperating expenses decreased by $1.2 million compared to 2015.
- The Authority's current ratio that measures liquidity decreased during the year from 3.81 to 3.34. Current assets increased by $12.3 million as a result of higher cash and investments balances which was offset by a decrease in receivables from component units. One contributor of the increased cash and investments was that HUD Section 8 subsidies in the amount of $7.7 million for January, 2017 were received in December, 2016. This transaction was also the major reason for the increase in current liabilities which was mainly in the unearned revenue category.

- Long-term notes receivable increased from $220.7 million to $248.5 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 the Choice Neighborhoods Initiative. The largest change in long-term notes receivable from 2015 to 2016 resulted from the additions of loans made to limited partnerships for developments at Yesler Terrace and for the substantial rehabilitation of NewHolly Phase I.
- The Authority's total debt decreased from $107.5 million to $88.3 million during the current reporting period. The reduction stemmed primarily from the payoffs of homeWorks phase II bonds and Series A of the Gamelin and Genesee bonds, as well as the transfer of $2.5 million of notes for New Holly Phase I to the new limited partnership. As a result, the percentage of total debt to net capital assets decreased from 35.1% at December 31, 2015 to 27.7% at December 31, 2016.

Financial Analysis

Statement of Net Position

The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, liabilities, and net position (assets minus liabilities). Also shown is the sum of total liabilities and net position, which equals total assets.

Total assets of the Authority at December 31, 2016 and 2015 amounted to $729.2 million and $685.0 million, respectively, an increase of approximately 6.5%. The significant components of current assets are short-term investments, receivables from component units, and restricted cash. The significant components of noncurrent assets are long-term investments, capital assets, receivables from component units, and notes receivable. Capital assets include land, land improvements, leasehold improvements, structures, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation. The principal changes in assets from December 31, 2015 to December 31, 2016 were increases in current assets, capital assets, and long-term notes receivable. Increases in cash and investments resulted from additional HUD funding.

Total liabilities of the Authority were $217.2 million and $203.1 million at December 31, 2016 and 2015, respectively, representing an increase of 6.9%. Current liabilities include accounts payable, accrued liabilities, unearned revenue, current portion of long-term debt, and short-term borrowings. Current liabilities have increased primarily due to the increases in unearned revenue related to early payment of HUD subsidies as noted above. Noncurrent liabilities are primarily made up of unearned revenue and the long-term portion of the notes and bonds payable. Noncurrent liabilities increased by approximately $6.2 million as a result of increases in unearned revenue of $18.5 million from component units and an increase of $6.2 million in net pension liability. The increases were offset by a decrease of $18.6 million in long-term borrowings.

Deferred outflows of resources in the amount of $3.2 million and deferred inflows of resources in the amount of $4.2 million were established in 2015 as a result of the adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Financial Reporting for Pensions – an amendment of GASB No. 27,* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68,* which require governments participating in pension plans for their employees to record their share of net pension liabilities. The deferred outflows of resources primarily relate to contributions made by the Authority subsequent to the measurement date of the collective net pension liability, and the deferred inflows of resources primarily relate to the difference between projected and actual earnings on plan investments. In 2016, SHA's proportionate share of pension related deferred outflows increased by $2.7 million and pension related deferred inflows decreased by $3.6 million.

Net position represents the Authority's equity, a portion of which is restricted for certain uses. Net position is divided into three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, structures, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction, which is primarily amounts reserved to service debts until they mature. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by 6.5%, or $15.9 million during the year from $243.7 million to $259.7 million. This was primarily the result of increases in operating revenues.

Condensed Statement of Net Position

(In thousands)

		December 31	
		2016	**2015**
Assets:			
Current assets, net	$	122,106	109,827
Noncurrent cash and investments		14,351	15,857
Capital assets, net		317,608	306,246
Notes receivable, long-term, net		248,471	220,710
Other noncurrent receivables and other		26,665	32,310
Total assets		729,201	684,950
Pension related deferred outflows of resources		5,930	3,228
Total assets and deferred outflows of resources		735,131	688,178
Liabilities:			
Current liabilities		36,532	28,764
Noncurrent liabilities		180,620	174,385
Total liabilities		217,152	203,149
Pension related deferred inflows of resources		607	4,176
Net position:			
Net investment in capital assets		242,875	223,535
Restricted for debt service		14,809	13,578
Unrestricted		259,688	243,740
Total net position		517,372	480,853
Total liabilities and net position		734,524	684,002
Total liabilities, net position and deferred inflows of resources	$	735,131	688,178

Statement of Revenues, Expenses, and Changes in Net Position

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

The statement of revenues, expenses, and changes in net position, which follows this section, reflects the year ended December 31, 2016 compared to the year ended December 31, 2015. Overall, operating revenues increased by approximately 3.9% or $7.6 million from 2015 to 2016 and operating expenses increased by 4.2% or approximately $7.3 million for the year; net nonoperating expenses decreased by 85.6% or approximately $1.2 million; and capital contributions increased approximately 15.2% or $2.0 million. Net position increased in 2016 by approximately $36.5 million. Explanations of principal reasons for these changes follow.

The primary reason for favorable increases in operating revenues was a result of increases in subsidies for housing assistance payments in the Housing Choice Voucher program of approximately $11.5 million. Subsidies for the Move-To-Work (MTW) Housing Choice Voucher Program are part of the MTW Block Grant for the Authority, and as such cover Housing Assistance Payments (HAP's), the greatest portion of this funding, as well as administrative costs of the Housing Choice Voucher Program and other single fund activities under the MTW demonstration program and the Authority's MTW contract. Also, as a result of higher prorations in 2016, public housing subsidies also increased by approximately $2.0 million. These increases were offset by decreases in other revenue of approximately $7.1 million as a result of $2.1 million in lower proceeds from land sales and in 2015 the Authority received a one-time contribution of $3.0 million for the redevelopment project at Yesler Terrace.

The most significant increase in operating expenses was the increase in housing assistance payments expense of $5.8 million. Housing assistance payments increased due to higher utilization and higher Voucher Payment Standards compared to 2015. In addition, administrative expenses increased by $2.5 million or 5.0%.

Net nonoperating expenses decreased by approximately $1.2 million during the year. Interest expense was reduced compared to 2015 due to reductions in long term debt in 2016 and 2015. Additionally, in 2016, the Authority reported losses on limited partnerships of $1.2 million, which was primarily related to payments made to High Point North Limited Partnership and Escallonia Limited Partnership to cover developer fees which are required to be paid by the partnerships. This increase was offset by the recognition of net proceeds from an insurance claim of approximately $1.2 million.

Capital contributions for the year ended December 31, 2016 were made up of $8.8 million from HUD capital grants and $6.4 million from the Choice Neighborhoods grant, which is one of the funding sources for Yesler Terrace redevelopment.

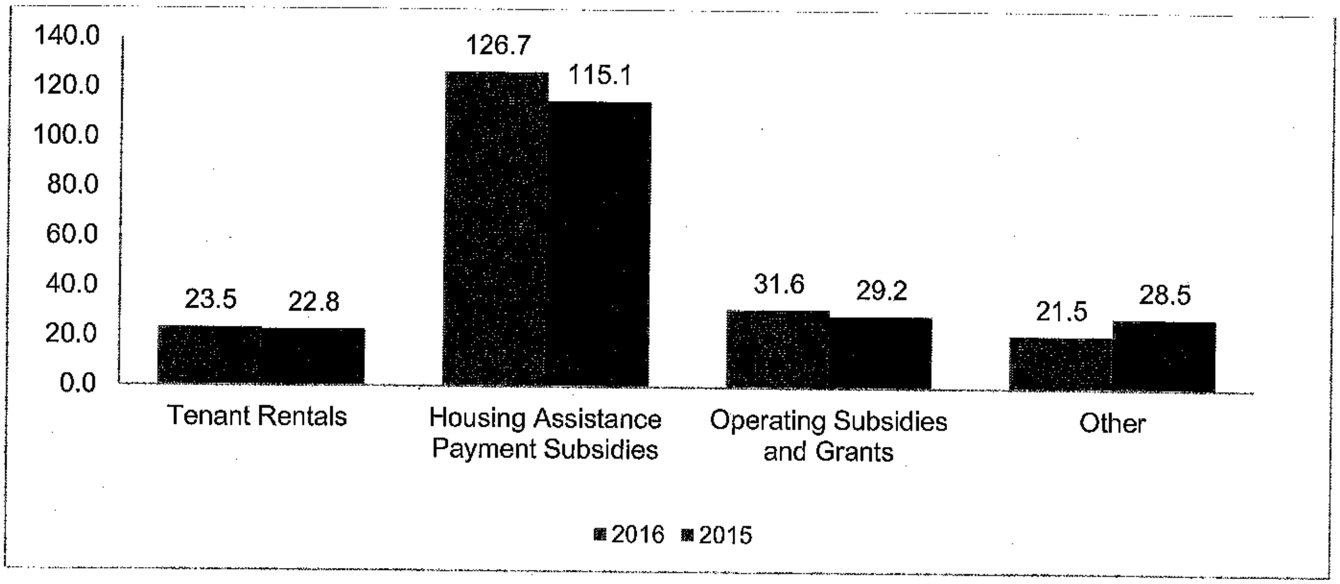
Statement of Revenues, Expenses, and Changes in Net Position

(In thousands)

	Year ended December 31 2016	2015
Operating revenues:		
Tenant rentals	$ 23,540	22,837
Housing assistance payment subsidies	126,672	115,101
Operating subsidies and grants	31,642	29,246
Other	21,452	28,512
Total operating revenues	203,306	195,696
Operating expenses:		
Housing operations and administration	51,949	49,456
Tenant services	4,879	5,072
Utility services	6,062	6,046
Maintenance	18,553	18,481
Housing assistance payments	88,541	82,776
Other	2,585	3,345
Depreciation and amortization	9,231	9,315
Total operating expenses	181,800	174,491
Operating income	21,506	21,205
Nonoperating revenues (expenses):		
Interest expense	(3,980)	(4,572)
Interest income	3,948	3,520
Insurance proceeds, net	1,158	—
Change in fair value of investments	(33)	(2)
Loss on investment in limited partnerships	(1,230)	(1)
Loss on disposition of assets	(73)	(404)
Net nonoperating expenses	(210)	(1,459)
Change in net position before capital contributions	21,296	19,746
Capital contributions	15,222	13,209
Change in net position	36,518	32,955
Total net position, beginning of year	480,853	447,898
Total net position, end of year	$ 517,371	480,853

Operating revenues are shown in detail in the chart below:

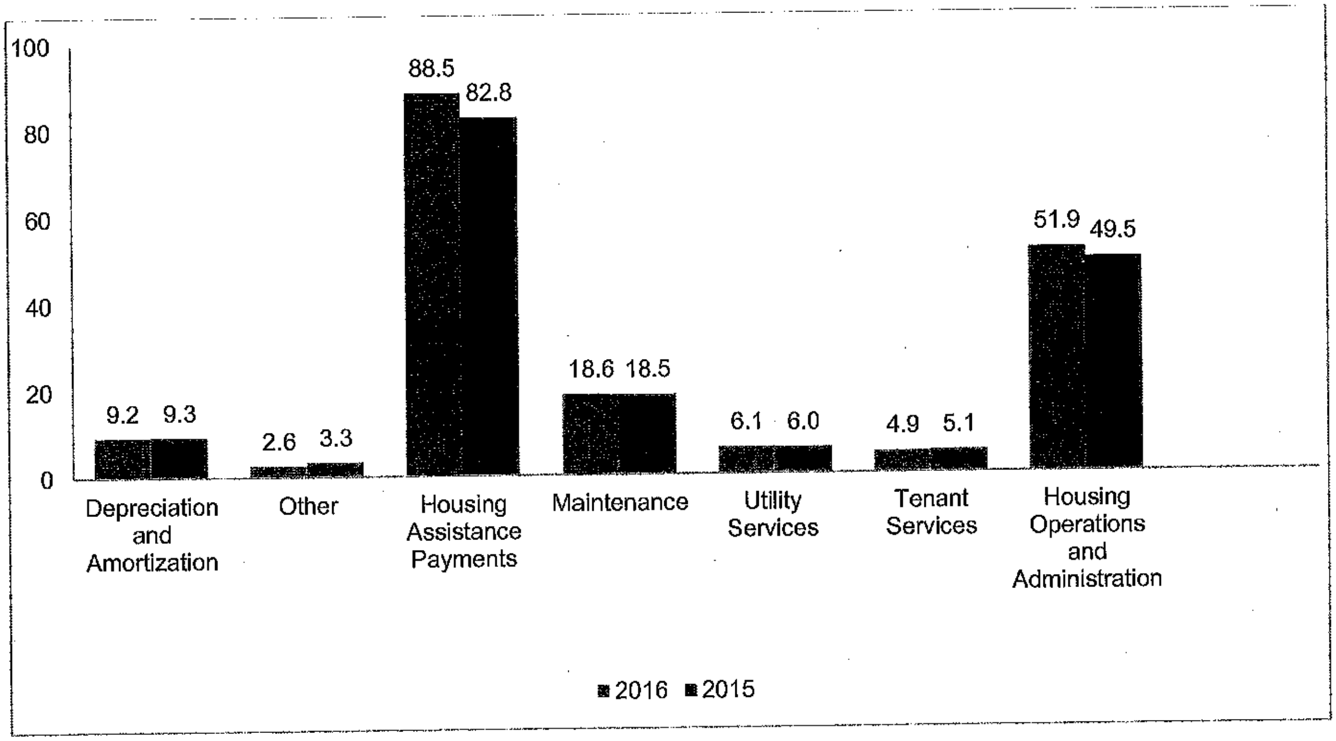
Operating Revenues – 2016 and 2015



Dollars (in millions)

Operating expenses are shown in detail in the chart below:

Operating Expenses – 2016 and 2015



Dollars (in millions)

Capital Asset and Debt Administration

The Authority increased capital assets, net, during the year ended December 31, 2016 by approximately $111.4million.

The table below shows the Authority's capital assets, net of accumulated depreciation and amortization, at December 31, 2016 and 2015 (in thousands):

		2016	2015
Land	$	63,391	63,501
Land improvements		37,389	37,896
Structures		175,681	179,488
Leasehold improvements		259	266
Equipment		2,350	1,299
Construction in progress		38,538	23,796
Total capital assets, net	$	317,608	306,246

Construction in progress increased during the year as a result of redevelopment activities at Yesler Terrace.

The following schedule shows the significant components of the construction in progress as of December 31, 2016 (in thousands):

		2016
Modernization funds – Capital grants	$	3,615
Modernization funds – Choice neighborhood grant		3,530
Yesler Terrace Infrastructure		27,485
Other programs		3,908
Total construction in progress	$	38,538

Note 5 to the Authority's basic financial statements provides additional detail regarding the changes in capital assets during the year ended December 31, 2016.

The table below shows the Authority's outstanding debt at December 31, 2016 and 2015 (in thousands):

		2016	2015
Short-term borrowings	$	1,129	2,081
Notes payable		36,949	39,990
Bonds payable		50,175	65,437
Total debt outstanding	$	88,253	107,508

Total debt outstanding decreased by $19.3 million from December 31, 2015 to 2016. The Authority decreased short-term borrowings by $1.0 million as a result of from payments on the taxable line of credit. Bonds payable decreased primarily due to the payoff of the bonds for High Rise Rehabilitation project, Phase II in the amount of $10.7 million. In addition, Series A of the Gamelin and Genesee bonds in the amount of $2.5 million were paid off as a result of the 2015 refunding and approximately $2.5 million of notes for New Holly Phase I were transferred to the New Holly Phase I limited partnership formed in 2016.

Notes 6 and 7 to the Authority's basic financial statements provide additional detail regarding the debt changes during the year ended December 31, 2016.

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

Federal Funding Support to the Authority

Federal appropriation levels for HUD programs, such as Section 8 Housing Choice Voucher Program and Section 9 Public Housing Operating Subsidies, and the various capital programs continue to have a major impact on the Authority's budget. Federal housing dollars make up the largest source of operating revenue for the Authority and the principal source of funding for public housing capital. During 2016, the Authority earned $158.3 million in federal dollars for its operating programs and $15.2 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 $318.8 million of capital assets as of December 31, 2016.

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

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

The Authority has successfully weathered the challenges to date of federal budget reductions to non-defense discretionary funding resulting from the approximate $2 trillion in federal budget cuts to discretionary programs required over a ten year period under the Budget Control Act of 2011 and Sequestration. This has been done by investing in cost saving measures and changing our business practices to increase our efficiency with limited impacts on tenants and on participants' services. This did not come without a price. The Authority reduced its full-time staffing by more than 100 positions, an 18% cut in staff from 2010 through 2013. There was no avoiding a service impact of this level of cuts – response times for service increased; some maintenance tasks moved from annual to biennial – like window washing; caseloads increased for property management and rental voucher staff; and for a period rental assistance vouchers were not being issued to people on the waitlist. While the Authority's staffing remains nearly 50 positions below the 2010 level today, our investments in technology and other labor savings changes has resulted in improved service and response times for tenant services. The Authority has continued throughout to serve more people each year and no low income people lost their housing with the Authority as a result of federal cuts.

Congress enacted a reprieve from Sequestration for 2014 and 2015, and as a result the Authority experienced improvements in federal funding through 2016. As of the date of these financial statements, Congress has just completed passage of the 2017 budget; the result is expected to be more favorable for the Authority than a full year continuing resolution. Congress has not yet received the President's 2018 proposed budget and has not yet convened hearings on the 2018 budget. Consequently, there is considerable uncertainty on the shape of the federal budget in the new Administration's first year. Nonetheless, the Authority expects to maintain current service and program levels through 2017 and is well-positioned to respond to moderate changes in the federal budget in 2018. That said, over the long-term federal budget deficits can only grow as the baby-boomer generation ages and Congress and the President fail to address either new revenues or changes in mandatory spending programs.

Local Housing Market Outlook

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

Beginning in 2014, the Authority has experienced both the upsides and downsides of the "hot" housing market in Seattle. We have had success in completing sales of remaining properties in our redeveloped communities of High Point and Rainier Vista. This will assure completion of the private sector side of the mixed income developments of housing and commercial properties in these communities. In the Yesler Terrace redevelopment, the Authority is experiencing, along with all other developers, construction cost increases that challenge our development assumptions and budgets. On the flip side, we are benefiting at Yesler Terrace from land appreciation in sale of blocks for private residential development.

Perhaps of most concern is that many low income households who qualify for rental assistance vouchers are finding the private rental stock in Seattle unaffordable to them, despite a more than 32 percent increase in the Voucher Payment Standard in the past year and a half. While we have seen some improvements in leasing success, the pace of continuing increase in the rental prices, combined with vacancy rates below 2 percent, are making it very difficult for families to find affordable rental opportunities in Seattle. The Authority has extended the time period for lease up from 60 to 180 days to provide more search time for voucher-holders and has increased support for housing search efforts with housing search assistance, 1st and last month and security deposit assistance, mitigation funds for landlords in the event of tenant property damages, and increased housing counseling to help participants address the affordability crisis.

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, 190 Queen Anne Ave North, Seattle, WA 98109.

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BASIC FINANCIAL STATEMENTS

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2016

Assets and Deferred Outflows of Resources		Primary government	Component units
Current assets:			
Cash and cash equivalents	$	7,348,869	3,475,096
Restricted cash		13,122,055	21,370,496
Investments		94,383,105	—
Accounts receivable:			
Tenant rentals and service charges		387,480	598,619
Other		2,805,036	—
Due from:			
Other governments		1,988,853	—
Primary government		—	588,811
Component units (net of allowance of $1,542,581)		921,361	—
Inventory and prepaid items		416,715	952,852
Restricted investments		—	94,872
Unamortized charges		212,320	900,371
Notes receivable		225,763	—
Notes receivable from component units		40,000	—
Assets held for sale		250,354	—
Other assets		4,275	—
Total current assets		122,106,186	27,981,117
Noncurrent assets:			
Investments		6,955,910	—
Cash restricted for long-term purpose		735,503	22,362,773
Restricted investments		6,659,496	577,579
Due from component units (net of allowance of $14,631,303)		19,801,595	—
Assets held for sale		828,681	—
Other		6,034,819	4,179,065
Capital assets:			
Land		63,390,835	5,099,274
Land improvements		44,238,796	24,617,391
Leasehold improvements		986,330	—
Structures		394,704,786	444,501,950
Equipment		18,294,365	9,962,607
Construction in progress		38,538,291	28,961,920
Less accumulated depreciation and amortization		(242,545,540)	(107,494,977)
Capital assets, net		317,607,863	405,648,165
Notes receivable, less current portion (net of allowance of $5,596,093)		13,132,310	—
Notes receivable from component units, less current portion (net of allowance of $3,892,612)		235,339,001	—
Total noncurrent assets		607,095,178	432,767,582
Total assets		729,201,364	460,748,699
Pension related deferred outflows of resources		5,929,416	—
Total assets and deferred outflows of resources	$	735,130,780	460,748,699

(Continued)

Exhibit A-1

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Net Position

December 31, 2016

Liabilities, Deferred Inflows of Resources and Net Position	Primary government	Component units
Current liabilities:		
Accounts payable:		
Vendors and contractors	$ 8,969,516	7,649,001
Other	1,640,547	1,125,896
Accrued liabilities	4,231,661	5,322,253
Due to component units	588,811	—
Due to primary government	—	2,463,942
Security deposits	1,295,798	1,512,661
Short-term borrowings	1,129,297	—
Current portion of long-term debt from primary government	—	40,000
Current portion of long-term debt	5,903,528	1,749,475
Unearned revenue	12,772,630	88,585
Total current liabilities	36,531,788	19,951,813
Noncurrent liabilities:		
Due to primary government	—	34,432,898
Unearned revenue	60,902,092	—
Long-term payables and liabilities	728,268	283,119
Long-term debt, less current portion:		
Notes payable to primary government	—	237,978,554
Notes payable	36,185,313	51,693,344
Bonds payable	45,035,000	56,496,151
Accrued compensated absences	2,601,592	331,784
OPEB liability	1,685,000	—
Net pension liability	33,483,082	—
Total noncurrent liabilities	180,620,347	381,215,850
Total liabilities	217,152,135	401,167,663
Pension related deferred inflows of resources	607,321	—
Total liabilities and deferred inflows of resources	217,759,456	401,167,663
Net position:		
Net investment in capital assets	242,874,725	57,690,641
Restricted for debt service	14,808,756	38,252,435
Unrestricted (deficit)	259,687,843	(36,362,040)
Total net position	517,371,324	59,581,036
Total liabilities, deferred inflows of resources and net position	$ 735,130,780	460,748,699

See accompanying notes to basic financial statements.

Exhibit A-2

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Revenues, Expenses, and Changes in Net Position

Year ended December 31, 2016

		Primary government	Component units
Operating revenues:			
Tenant rentals	$	23,540,026	34,510,276
Housing assistance payment subsidies		126,672,548	—
Operating subsidies and grants		31,641,807	—
Other		21,451,962	1,531,011
Total operating revenues		203,306,343	36,041,287
Operating expenses:			
Housing operations and administration		51,948,733	9,445,275
Tenant services		4,878,898	—
Utility services		6,061,780	5,225,445
Maintenance		18,552,983	7,617,587
Housing assistance payments		88,541,664	—
Other		2,585,239	2,987,300
Depreciation and amortization		9,230,730	13,124,089
Total operating expenses		181,800,027	38,399,696
Operating income (loss)		21,506,316	(2,358,409)
Nonoperating revenues (expenses):			
Interest expense		(3,979,539)	(8,652,611)
Interest income		3,947,513	60,356
Change in fair value of investments		(32,797)	704,172
Insurance proceeds, net		1,157,909	—
Loss on investment in limited partnerships		(1,230,014)	—
Loss on disposition of assets		(73,161)	—
Net nonoperating expenses		(210,089)	(7,888,083)
Change in net position before contributions		21,296,227	(10,246,492)
Contributions:			
Capital contributions		15,221,989	—
Partners' contributions		—	25,225,110
Total contributions		15,221,989	25,225,110
Change in net position		36,518,216	14,978,618
Total net position at beginning of year (as restated for component units)		480,853,108	44,602,418
Total net position at end of year	$	517,371,324	59,581,036

See accompanying notes to basic financial statements.

Exhibit A-3

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Statement of Cash Flows

Year ended December 31, 2016

	Primary government
Cash flows from operating activities:	
Receipts from residents	$ 23,704,100
Receipts from other sources	30,878,841
Operating grants and subsidies received	165,591,650
Advances from affiliates	6,473,452
Payments to vendors	(53,023,351)
Housing assistance payments	(88,541,664)
Payments for salaries and benefits	(28,856,377)
Net cash provided by operating activities	56,226,651
Cash flows from capital and related financing activities:	
Capital contributions	16,185,085
Acquisition and construction of capital assets	(22,851,760)
Proceeds from dispositions of property and equipment	359,322
Principal payments on notes and bonds payable	(16,753,020)
Interest paid	(4,107,573)
Net cash used in capital and related financing activities	(27,167,946)
Cash flows from investing activities:	
Investment income received	4,233,352
Maturity of investment securities	60,522,349
Purchases of investment securities	(70,681,318)
Decrease in net investment in partnerships	(1,822,682)
Collections on notes receivable	853,183
Advances on notes receivable	(14,862,327)
Net cash used in investing activities	(21,757,443)
Increase in cash and cash equivalents	7,301,262
Cash and cash equivalents at beginning of year	13,905,165
Cash and cash equivalents at end of year	$ 21,206,427
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 21,506,316
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	9,230,730
Changes in operating assets and liabilities:	
Accounts receivable and other assets	5,929,307
Inventory and prepaid items	(9,884)
Assets held for sale	6,499,161
Accounts payable and other liabilities	2,185,105
Accrued compensated absences	(176,037)
Unearned revenue and other	11,061,953
Total adjustments	34,720,335
Net cash provided by operating activities	$ 56,226,651
Supplemental disclosure of non-cash activities	
Loans assumed by limited partnership	$ 2,656,973
Notes receivable assumed by primary government	13,034,079

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization and Program Descriptions

The Housing Authority of the City of Seattle, Washington (the Authority) was created in 1939 as a municipal corporation that derives its powers from Washington State (State) Law 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 6,040 units, which includes 894 units of senior housing (see below). The purpose of the program is to provide decent and affordable housing to low-income families at reduced rents. The properties are owned, maintained, and managed by the Authority. The properties are acquired, developed, and modernized under HUD's Capital Funds Program and through HUD Hope VI Urban Revitalization grants. Financing for the properties is obtained through bond issues and grants. Funding of the program is provided by federal annual contributions and operating subsidies and tenant rentals (determined as a percentage of family income, adjusted for family composition).

The Seattle Senior Housing Program (SSHP) – operates 1,030 units acquired and developed under a 1981 City of Seattle (City) bond issue. The purpose of this program is to provide low-rent housing for the elderly, handicapped, and disabled. Funding for the management and operation of these housing units is provided primarily from rental income with a small subsidy for the Public Housing operating funds. During 2011, the Authority received approval from HUD and from the City to include 894 of the SSHP units in the Public Housing program. This change took effect January 1, 2012.

The Section 8 Program – consists of several Section 8 housing programs including the Section 8 Housing Choice Voucher program, the Section 8 New Construction and Substantial Rehabilitation program, and the Moderate Rehabilitation program. The Housing Choice Voucher program provides rental housing assistance subsidies in support of 10,448 housing units. The purpose of the program is to provide decent and affordable housing to low-income families and elderly and handicapped individuals wherein rental assistance is provided by HUD. The associated units are maintained and managed by private landlords.

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

The Section 8 Moderate Rehabilitation program operates under HUD's ACC S-0068K and consists of the operations of 684 privately owned family housing units. The purpose of the program is to rehabilitate substandard rental housing units and provide decent and affordable housing to low-income families whereby rental assistance is provided by HUD. The associated developments are maintained and managed by private landlords. Funding of the program is provided by federal housing assistance contributions.

Other Housing Programs – operates 1,012 units of low-income housing. These projects are financed primarily through bond issues and receive no external funding. On-site management for these units may be done by the Authority or contracted with other management companies. In addition, the Authority also has 739 nonpublic housing, tax credit units within the HOPE VI redeveloped communities.

The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's significant accounting policies are described below.

(b) *Reporting Entity*

The governing body of the Authority is its Board of Commissioners (Board), comprising seven members appointed by the Mayor of the City. The Authority is not financially dependent on the City and is not considered a component unit of the City.

As defined by GAAP, the reporting entity consists of the primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component units' board, and one of (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or if the component unit is fiscally dependent on and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the component has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board.

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

The Authority is the 0.01% owner and the general partner in 18 real estate limited partnerships as of December 31, 2016. 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. The Authority is financially accountable for the limited partnerships as they are fiscally dependent on the Authority according to the terms of the partnership agreements to provide operating subsidy for ongoing operations and some partnership debt obligations are backed by the Authority's general revenues. Additionally, in some cases, the Authority is legally obligated to fund operating deficits and could be liable for tax payments upon exiting the partnerships. The Authority also has outstanding loans and net advances to the limited partnerships amounting to approximately $255.5 million at December 31, 2016. The limited partnerships do not serve the primary government exclusively, or almost exclusively, and, therefore, are shown as discretely presented component units.

The 18 component units are: Desdemona Limited Partnership (Desdemona), Escallonia Limited Partnership (Escallonia), High Point North Limited Partnership (High Point North), High Point South Limited Partnership (High Point South), Ritz Apartments Limited Partnership (Ritz Apartments), Alder Crest Limited Partnership (Alder Crest), High Rise Rehabilitation Phase I Limited Partnership (homeWorks I), Seattle High Rise Phase II Limited Partnership (homeWorks II), Seattle High Rise Phase III Limited Partnership (homeWorks III), Douglas Apartments Limited Partnership (South Shore Court), Tamarack Place Limited Partnership (Tamarack Place), Lake City Village Limited Liability Limited Partnership (Lake City Court), Rainier Vista Northeast Limited Liability Limited Partnership (Rainier Vista NE), Leschi House Limited Liability Limited Partnership (Leschi House), 1105 East Fir Limited Liability Limited Partnership (Kebero Court), 820 Yesler Way Limited Liability Limited Partnership (Raven Terrace), 221 10th Ave S Limited Liability Limited Partnership (Hoa Mai Gardens) and NewHolly Phase I Limited Liability Limited Partnership (NewHolly Phase I).

Desdemona 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 Desdemona 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 partnership for a nominal amount under a noncancelable 99-year operating lease. The Authority is the 0.01% general partner of the partnership and is obligated to fund operating deficits without limitation as to amount. As of December 31, 2016, Desdemona has no outstanding developer fees payable to the Authority.

Escallonia 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 Escallonia will continue to operate and manage the rental units. The Authority participates as the 0.01% managing general partner of the partnership. The Authority has leased the land for phase one of the Rainier Vista redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. As of December 31, 2016, Escallonia owed the Authority for developer fees in the amount of $15,971.

High Point North is a separate legal entity created on October 31, 2003 to undertake phase one of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the partnership. The Authority has leased the land for phase one of the High Point redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership up to $750,000 after 10 consecutive years of the partnership's operating subsidy being fully funded. As of December 31, 2016, High Point North owed the Authority developer fees in the amount of $629,252.

High Point South is a separate legal entity created on July 12, 2007 to undertake phase two of the redevelopment activities at the High Point community. The Authority participates as the 0.01% managing general partner of the partnership. The Authority has leased the land for phase two of the High Point redevelopment project to the partnership for a nominal amount under a noncancelable 99-year operating lease. The Authority is obligated to fund operating or other cash shortfalls of the partnership. As of December 31, 2016, High Point South owed the Authority $1,898,041 for developer fees.

Ritz Apartments is a separate legal entity created on August 12, 2004 to undertake rehabilitation of the Ritz Apartments. During fiscal year 2005, the Ritz Apartments admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the partnership. The land and building are leased to the partnership under a 75-year financing lease. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls. As of December 31, 2016, Ritz Apartments owed the Authority $170,515 for developer fees.

Alder Crest is a separate legal entity created on January 1, 2005 to undertake rehabilitation of the Alder Crest Apartments. Alder Crest admitted a tax credit investor to the partnership as a 99.99% limited partner. The Authority participates as the 0.01% managing general partner of the partnership and the Authority has leased the building to Alder Crest under a 75-year financing lease. The Authority is required to fund operating deficits without limitation through operating deficit loans. Upon dissolution and liquidation of the partnership, the general partner obligation to fund operating deficits through operating deficit loans shall continue in an additional amount not to exceed $109,615. As of December 31, 2016, Alder Crest owed the Authority oversight developer fees amounting to $39,748.

Phase I homeWorks is a separate legal entity created on July 26, 2005 to undertake phase one of a three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Each phase of the project will cover seven buildings, which are leased to the component unit for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2016, homeWorks I has no outstanding developer fee payable to the Authority.

Phase II homeWorks is a separate legal entity created on August 11, 2006 to undertake phase two of the three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority. Phase two also covers seven buildings, which are leased to the component unit for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2016, homeWorks II has no outstanding developer fee payable to the Authority.

Phase III homeWorks is a separate legal entity created on September 13, 2007 to undertake phase three of the three-phase rehabilitation of 21 public housing high-rise buildings owned by the Authority.

Phase three also covers seven buildings, which are leased to the component unit for 99 years. The Authority participates as the 0.01% managing general partner. The Authority is required to provide operating subsidies sufficient to cover the difference between tenant rental income and operating expenses as well as contributions to reserve accounts. As of December 31, 2016, homeWorks III has no outstanding developer fee payable to the Authority.

South Shore Court is a separate legal entity created on September 17, 2007 to undertake rehabilitation of the Douglas Apartments, owned by the Authority. South Shore Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The land and building are leased to the partnership under a 75-year financing lease. If an operating deficit exists, the Authority is obligated to loan funds to the partnership up to the amount of the deficit. As of December 31, 2016, the South Shore Court owed the Authority developer fees in the amount of $283,146.

Tamarack Place is a separate legal entity created on October 15, 2008 to undertake phase two of the redevelopment activities at the Rainier Vista community. During 2010, Tamarack Place admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a 99-year operating lease for the land to the partnership for a nominal amount. If an operating deficit exists, the general partner is obligated to loan the partnership up to $350,000. As of December 31, 2016, Tamarack Place owed the Authority no developer fees.

Lake City Court is a separate legal entity created on December 3, 2009 to undertake redevelopment activities at the site formerly occupied by Lake City Village, which was demolished in 2002 due to severe flooding damage to the housing units. During 2010, the Lake City Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has a 55-year capital lease for the land with the Authority for $2,750,000 of which $1,553,566 is payable as of December 31, 2016. If an operating deficit exists, the Authority is obligated to contribute funds to the partnership up to $515,000. As of December 31, 2016, Lake City Court has no developer fees owed to the Authority.

Rainier Vista NE is a separate legal entity created on January 29, 2010 to undertake phase three of the redevelopment activities at the Rainier Vista Community. During 2010, Rainier Vista NE admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a 99-year operating lease for the land to the partnership for a nominal amount. The Authority is obligated to fund operating deficits up to $1,000,000 and to advance funds with no limitation to the partnership to cover deficits. As of December 31, 2016, Rainier Vista NE has no outstanding developer fees payable to the Authority.

Leschi House is a separate legal entity created on October 8, 2012 to undertake the redevelopment of Leschi House, a property in the Senior Housing portfolio. During 2015, Leschi House admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The Authority has a long-term 99 years and 5 months capital lease for the land and building with the partnership in the amount of $3,110,000. If operating deficits exist, the Authority is required to loan funds to the partnership up to $298,498. As of December 31, 2016, the Leschi House owed the Authority developer fees in the amount of $810,000.

Kebero Court is a separate legal entity created on October 23, 2012 to undertake the first phase of the redevelopment of Yesler Terrace with the construction of a 103-unit apartment building. During 2014, Kebero Court admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has unlimited obligation to fund operating deficits through the stabilization date. After that date, the obligation will be limited to $384,000. As of December 31, 2016, Kebero Court owed the Authority developer fees in the amount of $1,057,584.

Raven Terrace is a separate legal entity created on January 29, 2014 to undertake the second phase of the redevelopment of Yesler Terrace with the construction of an 83-unit apartment project. During 2015, Raven Terrace admitted a tax credit investor to the partnership as a 99.98% limited partner and a 0.01% special limited partner. The Authority participates as the 0.01% managing general partner of the partnership. The partnership has leased the land from the Authority for 99 years for a nominal amount. If there are insufficient funds in the operating deficit reserve, the Authority is obligated to provide noninterest-bearing loans to the partnership. As of December 31, 2016, Raven Terrace owed the Authority developer fees in the amount of $1,185,000.

Hoa Mai Gardens is a separate legal entity created on February 2, 2015 to continue with the redevelopment of Yesler Terrace with the construction of an 111-unit apartment building. During 2015, Hoa Mai Gardens admitted a tax credit investor to the partnership as a 99.99% limited partner and the Authority participates as the 0.01% managing general partner. The partnership has leased the land from the Authority for 99 years. The Authority has unlimited obligation to fund operating deficits through the stabilization date which occurs when the project has a debt service coverage ratio of 1.15 for three consecutive months of operations.. The partnership agreement does not specify the obligation of the general partner in regard to funding operating shortfalls after stabilization. As of December 31, 2016, no developer fees were owed to the Authority.

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

All 18 component units have a December 31 year-end. The component units' financial statements are presented as of December 31, 2016 and may be obtained by contacting the Authority.

(c) New Accounting Standards Adopted in the Current Year

GASB Statement No. 72, *Fair Value Measurement and Application,* defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be presented in the notes to the financial statements. This statement establishes a three level hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact to the fair value measurements presented in the Statement of Net Position or Statements of Revenues, Expenses and Changes in Net Position of the Authority as a result of implementing this Statement, although Note (2) was updated to comply with the new Statement.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,* improves financial reporting and comparability of financial statement information among governments by providing clear guidance on how to apply financial reporting guidance. There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions.* There was no impact to the Authority's financial statements as a result of implementing this statement.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants,* establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The Authority participates in the Washington State's Local Government Investment Pool (LGIP). Note (2) was updated to comply with the new Statement.

GASB Statement No. 80, *Blending Requirements for Certain Component Units,* improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The Authority early adopted this statement and determined there was no impact to the Authority's financial statements as a result of implementing this statement.

In addition, the Authority's component units adopted Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). Under this statement debt issuance costs are presented as a deduction from the carrying amount of the related obligation and amortization of debt issuance costs are shown as a component as interest expense.

In accordance with the new standard, the Authority restated the net position of the component units as shown in the table below:

Net position as previously reported	$	44,656,393
Adoption of ASU 2015-03		(53,975)
Net position, as restated	$	44,602,418

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

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB),* addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers. The provisions of this Statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 82, *Pension Issues*, will address certain issues that have been raised regarding GASB Statements No. 67, No. 68, and No. 73. The requirements of this statement are effective for periods beginning after June 15, 2017.

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

(e) Basis of Accounting

The financial statements of the Authority are reported using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation and amortization of assets is recognized in the statement of revenues, expenses, and changes in net position. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the Authority are included in the statement of net position. The principal operating revenues of the Authority are rental revenues received from residents and subsidies received from HUD for qualified residents for housing assistance payments in the Section 8 program and for operations in the public housing program. Grants and similar items are recognized as operating revenue when all eligibility requirements have been met. Gains from sale of capital assets used in the core operations of the Authority are included in operating revenues – other. Operating expenses for the Authority include the costs of operating housing units, administrative expenses, depreciation, and loss from sale of capital assets. All other revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating revenues and expenses or as contributions of capital.

The Authority reports unearned revenue on its statement of net position. Unearned revenues arise when the cash has been received but the potential revenue has not been earned in the current period. Unearned revenues also arise when resources are received by the Authority before it has a legal claim to them, as grant monies are received prior to meeting all eligibility requirements and/or the occurrence of qualifying expenditures. In subsequent periods, when both the revenue recognition criteria are met or when the Authority has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

(f) Cash and Investments

Cash and cash equivalents are comprised of cash on hand, demand deposits, and short-term investments with a term of less than one year. All of the Authority's investments are reported at fair value with the exception of the Local Government Investment Pool (LGIP), which is carried at amortized cost. The LGIP portfolio of securities meets the requirements in GASB 72 which allow its investments to be reported at amortized cost.

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

(g) *Accounts Receivable – Other*

Other accounts receivable represent various receivables including accrued interest on investments, accrued interest on notes receivable, receivables from other housing authorities for Section 8 portability payments, receivables from component units for developer fees, and receivables from other rental projects that the Authority manages but does not own. The Authority will record an allowance when collectability of the related receivable in uncertain.

(h) *Inventories and Prepaid Items*

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

(i) *Unamortized Charges*

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

(j) *Capital Assets and Depreciation*

Capital assets are stated at historical cost. Maintenance and repairs are charged to current period operating expenses while improvements are capitalized. Upon retirement or other disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the respective accounts and any gains or losses are included in operating revenues and expenses. All capital assets with a value greater than $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 using the straight-line method over estimated useful lives the following:

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

(k) *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 costs.

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

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

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

(m) Management Fees

The Authority manages two residential rental properties for HUD. For the year ended December 31, 2016, the Bay View Tower project paid the Authority management fees of $54,556, which is equal to 5.2% of net rental revenues received. Market Terrace paid the Authority management fees of $13,284 based on a fee of $1,107 per month.

(n) Payments in Lieu of Taxes

Pursuant to an agreement with the City, the Authority may make payments in lieu of taxes (PILOT). PILOT may also be provided to other taxing districts in which property is owned. Upon mutual understanding with the City and other taxing districts, no PILOT was made in 2016 and no amounts are due and payable as of December 31, 2016.

(o) Unearned Revenue

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

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

(p) *Income Taxes*

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

(q) *Pension Plans*

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

(r) *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 deferred outflows and liabilities and deferred inflows, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates relate primarily to the determination of the allowance on notes receivable from component units.

(2) Deposits and Investments

(a) *Deposits*

As of December 31, 2016, the Authority's carrying amount of deposits (excluding petty cash and U.S. Post Office deposits) was $21,201,181 and the bank balance was $23,180,613. The bank deposits are held with financial institutions and are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net position. All deposits in excess of the 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. In addition to bank deposits, the Authority has $2,500 held at the U.S. Post Office and $2,746 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 position.

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

The Authority 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 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.

Fair Value

The Authority adopted GASB Statement No. 72, "*Fair Value Measurement and Application*" which establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value as follows:

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

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

	Amortized cost	Level 1 Quoted prices	Level 2 observable inputs	Level 3 unobservable inputs
Money market funds	$ —	3,439,375	—	—
U.S. agency securities	—	11,176,916	—	—
State investment pool	93,382,221	—	—	—
Total investments	$ 93,382,221	14,616,291	—	—

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, 2016, all investments were insured or registered, and held by the Authority or its agent in the Authority's name, or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name, or investment pools that are not classified since the investments are not evidenced by securities that exist in physical or book entry form. Therefore, the investments are not exposed to custodial risk. The Authority's policy allows for safekeeping of securities either by the agent or a third party custodian as is the case for the Local Government Investment Pool.

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). T the Authority has a large percentage of its portfolio invested in the Local Government Investment Pool.

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

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

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

	S&P credit rating	N/A or less than 1 year	1–5 years	More than 10 years	Total
Money market funds	n/a	$ 3,439,375	—	—	3,439,375
U.S. agency securities	AAA	1,000,884	10,176,032	—	11,176,916
State investment pool	n/a	93,382,221	—	—	93,382,221
Total investments		$ 97,822,480	10,176,032	—	107,998,512

Investments are presented in the following financial statement captions in the statement of net position as investments, current and noncurrent and restricted investments, current and noncurrent.

(c) *Component Unit Deposits*

As of December 31, 2016, the component units' carrying amount of deposits (excluding petty cash) was $47,207,365 and the bank balance was $47,266,226. The bank balances held with financial institutions are entirely insured or collateralized and are classified as cash and cash equivalents in the statement of net position. All deposits in excess of the FDIC insurance limit of $250,000 are covered by the Public Deposit Protection Commission of the State of Washington, which is a multiple financial institution collateral pool, established under Chapter 39.58 of the Revised Code of Washington. In addition to bank deposits, the component units have $1,000 in petty cash funds.

(d) Component Unit Investments

As of December 31, 2016, investments of $672,451 were held in trust and restricted for the development of the component units' redevelopment projects, replacement reserves, and operating reserves.

Custodial Risk

The investments of the component units are comprised of a guaranteed investment contract collateralized by U.S. government investment securities and money market funds. As of December 31, 2016, all investments were insured or registered, and held by the component unit or its agent in the component unit's name. Therefore, the investments are not exposed to custodial risk.

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

Approximately 86% of the investment balance is held in one unrated security, subjecting the component units to concentration of credit risk, credit risk, and interest rate risk.

The chart below shows the exposure to these risks:

	S&P credit rating	N/A or less than 1 year	More than 10 years	Total
Yield agreements	n/a	—	577,579	577,579
Money market funds	n/a	94,872	—	94,872
Total investments		$ 94,872	577,579	672,451

(3) Restricted Cash and Investments

(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, 2016 as shown in the schedule below:

	Residential	Commercial	Total
Total security deposits	$ 1,060,958	234,840	1,295,798

(b) *Bond Trust Funds and Mortgage Reserves*

As of December 31, 2016, funds held for bond trust funds and mortgage reserves are shown below:

		Balance
Investments for Gamelin/Genesee bonds are restricted for the payment of principal and interest. The investments consist of money market funds and bear no interest.	$	253,184
Cash is held for replacement reserves on the public housing units at New Holly Phase II. Interest is paid at approximately 0.02% as of December 31, 2016.		243,947
Cash is held for the payment of principal and interest for the bond refunding in 2013 for Montridge Arms, Westwood East, Spruce Street, Norman Street, MLK properties, Fir Street, Lam Bow, Main Street Apartments, and Yesler Court. The funds consist of money market funds and bear no interest.		847,914
Investments for the Longfellow Creek bonds are restricted for the payment of principal and interest. The investments consist of notes, mortgages, and contracts and bear no interest.		244,913
Cash is held for Tamarack commercial property for operating reserves as required by the loan agreement. The account bears interest at 0.20%.		30,297
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%.		3,299,583
Reserves are held in restricted cash accounts for the mortgage on Wedgwood Estates and bear interest at approximately 0.046%.		1,580,252
Reserves are held in restricted cash accounts for taxes and insurance for Wedgewood Estates and bear no interest.		112,235
Reserves are held in restricted cash accounts for the mortgage on Wisteria Court Apartments and bear interest at approximately 0.04%.		317,673
Reserves are held in restricted cash accounts for taxes and insurance for Wisteria Court Apartments and bear no interest.		36,609
Restricted cash is held for the Beacon operating reserves and replacement reserves. The funds consist of money market funds and bear interest at approximately 0.21%.		126,306
Reserves are held in restricted cash accounts for the capital replacement and operations of Villa Park and bear interest at approximately 0.20%.		101,177
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, Yesler Court, and New Holly Phase I, bearing interest at approximately 0.20%.		612,208

(Continued)

	Balance
Investments are held for the Holly Park Phase I bonds and are restricted for payment of principal and interest. The account bears no interest and will be liquidated when the bonds are redeemmed in early 2017.	3,772,544
Reserves are held in restricted cash accounts for the Holly Park Phase I and Phase II operating reserve and tax credit replacement reserve and bear interest at approximately 0.20%.	2,257,528
Restricted cash is held for operating reserves and replacement reserves for Senior Housing projects Willis House, Reunion House, Nelson Manor, and Olmsted Manor and bear interest of approximately 0.02%.	139,296
Restricted cash is held for critical repairs at Wedgewood Estates related to the refinancing of the building. The account bears interest at 0.24%.	91,859
Restricted cash held for bond activity related to the Douglas Apartment bonds. The account bears no interest.	249,672
Reserves are held in cash accounts for Ravenna School replacement reserves and bear interest at approximately 0.15%	185,135
Money market funds are held for replacement reserves for properties supported by the 2014 bond refunding including Market Terrace, Mary Avenue, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Avenue, 924 MLK Way, and Baldwin Apartments. The funds bear no interest.	826,612
Restricted money market funds are held for the payment of principal and interest for properties of the 2015 bond refunding including Market Terrace, Mary Avenue, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Avenue, 924 MLK Way, and Baldwin Apartments. The funds bear no interest.	862,008
Restricted cash is held for Holly Park Phase II bonds for the payment of principal and interest. The investments consist of money market funds The funds bear no interest.	325,282
Restricted cash is held for Holly Park Phase II public housing expense reserve and operating deficit reserve. The funds bear interest at approximately 0.02%.	436,165
Restricted cash is held according to a security agreement with HUD. Funds represent proceeds from land sale at High Point and are to be used for development at Yesler Terrace. HUD will release funds when certain conditions are met as described in the security agreement. The funds bear interest at approximately 0.02%.	973,047
Total	$ 17,925,446

(c) *Other Restricted Funds*

As of December 31, 2016, restricted cash amounts of $728,268 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.

Restricted cash amounts of $19,169 are held for retainage for construction projects.

HUD requires the Authority to maintain restricted investments equal to the required reserves for the Market Terrace project. HUD must approve any release or disbursement of reserve funds in advance. Restricted investments for required reserves of $83,310 were held as of December 31, 2016.

Restricted cash amounts of $76,987 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 $223,980 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 $397.

Restricted cash amounts of $164,096 are held in an endowment trust for residents of Lake City Court. The funds are to be used for purposes that are consistent with the objectives of providing youth enrichment activities, providing services for seniors and providing community building activities for the residents of Lake City Court. The intent is to spend only the interest earnings and leave the principal intact. Upon approval from HUD in September 2013, grant funds in the amount of $163,069 were deposited to the account. During the year, there were no withdrawals and the account increased in value by $275.

(4) Notes Receivable

(a) *Other Than from Component Units*

		December 31, 2016	Due within one year
Due from Stone View Village I Limited Partnership and Stone View Village II Limited Partnership. The notes bear interest at rates ranging from 0.5% to the lowest applicable federal rate as determined under the Internal Revenue Code of 1986, and all interest and principal are due in March and April, 1939.	$	1,373,835	—
Due from Lutheran Alliance to Create Housing (LATCH) Roxbury Limited Partnership. The note bears no interest for the first 30 years. Interest accrues beginning February 1, 2030 at 2%, with annual payments of $73,388 until the note matures in January, 2050.		1,200,000	—
Due from the Low Income Housing Institute (LIHI), a Washington nonprofit corporation, and the Lakeview Apartments Limited Partnership. The note bears interest at 3% annually and all interest and principal will be forgiven in December, 2040, if the project is operated according to the loan regulatory agreement.		494,600	—
Due from the Plymouth Housing Group (PHG), a Washington nonprofit corporation. The loan bears interest at 1% annually and all principal and interest are due January 2041. Provided the borrower complies with the loan regulatory agreement, all principal and interest will be forgiven January 2041.		856,912	—
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 in accordance with the loan agreement.		270,000	—
Due from Madison Housing Partners Phase I, LLC and Madison Housing Partners Phase II, LLC. The notes are for the Views at Madison Apartments I and Views at Madison II, respectively, and are secured by deeds of trust on the properties. Both notes bear interest at an annual rate of 1.0% and are payable December 31, 2042.		826,106	—

(Continued)

		December 31, 2016	Due within one year
Due from the Seattle Chinatown International District Public Development Authority (SCIDPDA). The note bears interest at a rate of 1% per annum and all interest and principal are due on the maturity date of December 31, 2043.	$	1,622,881	—
Two notes due from the LIHI NW 85th, LLC, which are secured by a deed of trust on the property. One of the $500,000 notes bears interest at 1% per annum and is payable in full on December 31, 2042, provided the project is operated in accordance with Low Income Housing regulatory agreement and the terms of the loan agreement. The other note bears interest at 3% per annum. The balance of principal and accrued interest as of December 31, 2004 shall be amortized over a period of 20 years beginning on January 1, 2005. Payments of $2,942 will be required monthly until final maturity on December 31, 2025.		750,807	28,163
Due from the Andover Court Associates, LLC and secured by a deed of trust on the property. The note bears interest at 1% per annum and is payable in full on the maturity date of March 31, 2043, provided the project is operated in accordance with the Low Income Housing regulatory agreement and the terms of the loan agreement.		743,179	—
Due from LIHI Meadowbrook Associates, LLC. The note bears interest at a rate of 1% per annum. The balance of principal and interest is due in full on the maturity date of December 31, 2052.		600,000	—
Due from HRG for the purchase of Judkins Park Apartments. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of February 29, 2044.		400,340	—
Due from the Archdiocesan Housing Authority and ML King Housing Limited Partnership. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of July 31, 2044.		266,013	—
Due from Main Street Interim, LLC. The note is secured by a deed of trust, bears interest at 1% per annum, and matures December 1, 2054.		1,055,568	—

	December 31, 2016	Due within one year
Due from Denny Park, LLC. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are due on the maturity date of September 3, 2044.	$ 250,000	—
Due from CHHIPS Pantages Apartments LLC. The note is secured by a deed of trust on the property and bears interest at 1%. Principal and interest are payable on the maturity date of August 16, 2044.	548,465	—
Due from Stoneway Apartments, LLC. The note is secured by a deed of trust on the property and bears interest at 1% per annum. Principal and interest are payable on the maturity date of July 31, 2055.	1,499,999	—
Due from CHHIPS for the construction of Broadway and Pine Apartments. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are due on the maturity date of November 4, 2055.	548,465	—
Due from Delridge Neighborhood Development, managing member of the West Seattle Resource Center, LLC. The note is secured by a deed of trust and bears interest at 1%. Principal and interest are payable on the maturity date of February 1, 2056.	325,000	—
Due from Homestead Community Land Trust for one scattered site property purchased from the Authority. The note is secured by a deed of trust, assignments of rent, security agreement, and fixture filing and bears interest at 0.39%. Principal and interest are due when the property is old to a qualified low-income borrower. The note was paid in full in February, 2017.	197,600	197,600
Due from Neighborhood House for land sold at Rainier Vista. The note bears no interest and matures August 31, 2054.	210,000	—
Allowance for loss	(681,697)	—
Total notes receivable, net	$ 13,358,073	225,763

The Authority has gross notes receivable and an allowance of $4,914,396 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.

(b) ***Notes Receivable from Component Units***

		Balance December 31, 2016	Due within one year
Two notes due from homeWorks I. One note for $12,000,000 bears interest at 4.82% per annum during rehabilitation and 2.75% per annum thereafter. The other note in the amount of $12,000,000 bears interest at 4.68% per annum during rehabilitation and 2.75% per annum thereafter. Both notes mature on January 1, 2046 with principal and interest payments due quarterly during rehabilitation and annually from available cash flows thereafter. As of December 31, 2016, the amount of interest payable to the Authority was $4,144,250.	$	24,000,000	—
Two notes due from Escallonia. One note in the amount of $13,430,695 and one note in the amount of $9,916,399. 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, 2016, interest payable to the Authority was $2,375,945.		23,347,094	—
Two notes due from High Point North in the amounts of $8,500,000 and $16,652,734. The notes bear compounding interest at 1% per annum and mature in in fiscal year 2054. Interest payments are due annually from available net cash flows. As of December 31, 2016, interest payable to the Authority was $3,305,443.		25,152,734	—
Due from Ritz Apartments. The note bears interest at 1% per annum and matures December 31, 2054. Principal and interest payments are due annually from available cash flows. Interest payable to the Authority on December 31, 2016 was $49,631.		265,856	—
Due from Alder Crest. The note bears interest at 5% per annum and matures March, 2057 with payments from available cash flows. Interest payable to the Authority on December 31, 2016 was $115,847.		220,000	—

	Balance December 31, 2016	Due within one year
Due from Alder Crest for renovations. The note bears interest at 0.5% per annum, payable annually beginning January 1, 2014. The loan shall not exceed $371,816 and matures January 31, 2029. No interest was due to the Authority on December 31, 2016.	361,232	—
Two notes due from Desdemona. 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, 2016 was $4,447,519.	12,889,135	—
Two notes due from High Point South in the amounts of $4,606,506 and $8,606,159. The notes bear interest at at 1% per annum and mature in 2062. Interest payments are due annually from available net cash flows. As of December 31, 2016, interest payable to the Authority was $968,929.	13,212,665	—
Two notes due from homeWorks Phase II in the amounts of $12,000,000 and $16,051,551. The notes bear bear interest at 4.88% and 4.60%, respectively, during rehabilitation and 3.5% thereafter. Both notes mature December 21, 2046. As of December 31, 2016, interest payable to the Authority was $5,816,455.	28,051,551	—
Two notes due from homeWorks Phase III in the amounts of $9,200,000 and $11,750,000. The notes bear interest at 4.13% and 5.04%, respectively, during rehabilitation and 4.25%, thereafter. Both notes mature December 19, 2047. As of December 31, 2016, interest payable to the Authority was $4,198,289.	20,950,000	
Due from Tamarack Place. The note bears interest at 1% per annum and matures in 2049. Interest payments are due annually from available net cash flows. As of December 31, 2016, interest payable to the Authority was $754,000.	10,400,000	—

		Balance December 31, 2016	Due within one year
Two notes due from Rainier Vista NE. One note in the amount of $10,700,000 and one note in the amount of $6,604,268. Both notes bear interest at 1.5% per annum and mature in 2060. Interest payments are due annually from available cash flows. As of December 31, 2016, interest payable to the Authority was $275,419.	$	16,604,268	—
Due from Lake City Court. The note accrues interest at 0.08% per annum and matures May 2065. As of December 31, 2016, interest payable to the Authority was $814,481.		16,358,505	—
Due from South Shore Court. The note accrues interest at 4.80% per annum and matures June 2040. As of December 31, 2016, interest payable to the Authority was $7,080.		1,810,000	40,000
Two notes due from Kebero Court. The notes accrue interest at 3.0% per annum and mature April 1, 2065. As of December 31, 2016, interest payable to the Authority was $670,253.		8,783,627	—
Due from Raven Terrace. The note accrues interest at 2.5% and matures in 2069. As of December 31, 2016 interest payable to the Authority was $347,167.		10,190,761	—
Due from Leschi House. The note accrues interest at 1.0% per annum and matures April 30, 2065. As of December 31, 2016, interest payable to the Authority was $8,318.		628,250	—
Due from Hoa Mai Gardens. The note accrues interest at 1.0% per annum and matures December 1, 2065. As of December 31, 2016 interest payable to the Authority was $52,798.		11,458,290	—
Due from NewHolly Phase I. The acquisition loan accrues interest at 2.18% per annum and matures in 2066. As of December 31, 2016 interest payable to the Authority was 67,217.		13,034,079	—
Allowance for loss		(2,339,046)	—
Total notes from component units, net	$	235,379,001	40,000

The Authority has gross notes receivable and an allowance of $1,553,566 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. No interest was payable to the Authority as of December 31, 2016 on this loan.

(5) Capital Assets

The following is a summary of changes in capital assets of the Authority for the year ended December 31, 2016:

	Balance January 1, 2016	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2016
Capital assets, not being depreciated:				
Land	$ 63,500,815	—	(109,980)	63,390,835
Construction in progress	23,795,946	32,550,759	(17,808,414)	38,538,291
Total capital assets, not being depreciated	87,296,761	32,550,759	(17,918,394)	101,929,126
Depreciable capital assets:				
Land improvements	43,812,813	425,983	—	44,238,796
Structures	391,219,505	4,533,096	(1,047,815)	394,704,786
Leasehold improvements	897,974	88,356	—	986,330
Equipment	16,789,665	1,621,808	(117,108)	18,294,365
	452,719,957	6,669,243	(1,164,923)	458,224,277
Less accumulated depreciation and amortization for:				
Land improvements	(5,916,644)	(933,382)	—	(6,850,026)
Structures	(211,731,163)	(7,625,332)	333,180	(219,023,315)
Leasehold improvements	(631,856)	(95,479)	—	(727,335)
Equipment	(15,491,070)	(568,381)	114,587	(15,944,864)
Total accumulated depreciation and amortization	(233,770,733)	(9,222,574)	447,767	(242,545,540)
Total capital assets, being depreciated, net	218,949,224	(2,553,331)	(717,156)	215,678,737
Total capital assets, net	$ 306,245,985	29,997,428	(18,635,550)	317,607,863

Substantial restrictions are imposed by HUD, as well as by state and local governments, on the use and collateralization of the Authority's capital assets.

Construction in Progress

Capital improvements made on the Authority's Low Rent housing stock are financed by grant funds provided by HUD under Capital Grants and the Choice Neighborhood Initiative Grants (CNI). The funds provided through these programs are used to rehabilitate the housing stock, which extends the useful life of the buildings. Capital grants are awarded annually based on a comprehensive modernization plan submitted by the Authority. CNI grants are awarded based on a specific application request. The Authority's construction in progress in the Low Rent program consists of the costs for modernization of public housing units. When modernization grants are completed, HUD issues a modernization cost certificate for each grant, at which time construction in progress for that grant is recorded in the building category. For the CNI redevelopment grants, some construction in progress amounts represent infrastructure costs, which will be ultimately transferred to and maintained by the City of Seattle. These transfers occur when the projects are complete.

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, 2016:

		Balance January 1, 2016	Additions and transfers-in	Dispositions and transfers-out	Balance December 31, 2016
Capital assets, not being depreciated:					
Land	$	5,099,274	—	—	5,099,274
Construction in progress		31,874,642	23,717,495	(26,630,217)	28,961,920
Total capital assets not being depreciated		36,973,916	23,717,495	(26,630,217)	34,061,194
Depreciable capital assets:					
Land improvements		21,490,242	3,127,149	—	24,617,391
Structures		402,714,038	41,787,912	—	444,501,950
Equipment		8,922,117	1,040,490	—	9,962,607
		433,126,397	45,955,551	—	479,081,948
Less accumulated depreciation for:					
Land improvements		(7,906,388)	(1,503,184)	—	(9,409,572)
Structures		(82,016,226)	(11,025,098)	—	(93,041,324)
Equipment		(4,571,684)	(472,397)	—	(5,044,081)
Total accumulated depreciation		(94,494,298)	(13,000,679)	—	(107,494,977)
Total capital assets, being depreciated, net		338,632,099	32,954,872	—	371,586,971
Total capital assets, net	$	375,606,015	56,672,367	(26,630,217)	405,648,165

(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 65.0% of the bank's prime rate plus 0.96%, or 3.4% at December 31, 2016, which is payable monthly. The line of credit matures August 2017. The line may be extended annually by the Executive director until August 31, 2022 with the consent of the bank. There were no amounts borrowed during the year or amounts outstanding at December 31, 2016.

The Authority maintains a $15 million revolving real property line of credit in order to provide a ready means of financing real property acquisitions. The Authority entered an agreement with the bank effective June 22, 2016. Under the terms of the agreement, the line of credit is 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. Both Series A and Series B lines may be extended annually by the Executive Director until June 22, 2022 with consent of the bank. The rate for both lines was December 31, 2016 was 3.06%. As of December 31, 2016, no amounts were outstanding on either portion of the line of credit and no amounts were borrowed during the year.

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 0.90%, or 2.85% as of December 31, 2016, which is payable monthly. The line matures on December 1, 2017, and is renewable annually through 2021. The total amount outstanding at December 31, 2016 was $1,129,297.

The following is a summary of changes in the Authority's short-term borrowings for the year ended December 31, 2016:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016
Taxable line of credit for purchase of 6058 35th Ave SW.	$ 951,685	—	951,685	—
Taxable line of credit for purchase of the Red Brick Apartments at at 6927 MLK Jr Way S.	1,129,297	—	—	1,129,297
Total short-term borrowings	$ 2,080,982	—	951,685	1,129,297

(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, 2016:

		Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
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	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. The portion of the note from the City's General fund was transferred to the New Holly Phase I LLLP during the year.		2,417,263	—	801,579	1,615,684	—
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	—

(Continued)

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
Notes payable issued in 2001 to the City of 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 Washington State Office of Assistance Program for New Holly Phase II. Payments of principal and interest are deferred for 30 years until December 31, 2032 with interest accruing at 1%. Beginning on the 31st year, all unpaid principal and interest will be paid over 20 years with annual payments of $149,383.	2,000,000	—	—	2,000,000	—
Note payable to the State of Washington for the Villa Park project. Interest accrues at 1% per year compounded monthly, with 50 annual payments of $27,698. The note is secured by a deed of trust on the property.	755,329	—	20,145	735,184	20,346

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
Note payable to the City for the Villa Park Apartments. Interest accrues at 1% simple interest per year for the first 20 years and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with debt covenants for 75 years, the unpaid principal balance will be forgiven. The note is secured by a deed of trust on the property.	$ 1,785,723	—	—	1,785,723	—
Mortgage loan for Wedgewood Estates payable to CBRE. Term is 35 years, with final maturity September 1, 2046. The interest rate is 4.10% with monthly payments of $75,102. The loan is guaranteed with FHA insurance.	15,737,396	—	260,861	15,476,535	271,759
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.	3,287,824	—	74,065	3,213,759	78,251

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
Note payable to the City from 1992 for the Beacon House project. Interest accrues at 1% simple interest per year for the first 20 years and is forgiven at the rate of 5% per year beginning on the 21st year, subject to compliance with certain covenants. Principal payments may be deferred if the property is kept for low-income housing. If the Authority remains in compliance with the debt covenants for 75 years, the unpaid principal balance will be forgiven.	$ 329,260	—	—	329,260	—
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. The note was transferred to New Holly Phase I LLLP during the year.	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.	850,000	—	—	850,000	—
Loans payable to Seattle Office of Community Trade and Economic Development for rehab at Willis House and Reunion House which bear interest at 1%. Forgivable on maturity date in December 2049.	879,273	—	—	879,273	—

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
Loan payable to the City of Seattle for utility infrastructure at New Holly Rainier Visa and High Point. The loan matures July, 2019 and bears interest at 2.5%.	$ 665,748	—	169,212	496,536	176,634
Loans payable to Seattle Office of Housing for the rehab of Nelson Manor. The loan bears interest at 1%, which is payable at maturity, in August 2061.	478,065	—	—	478,065	—
Loan payable to Seattle Office of Housing for the rehab of Olmsted Manor. The loan bears interest at 1% and is payable at maturity, August 2061.	477,974	—	—	477,974	—
Loan payable to Seattle Office of Housing for the rehab of Blakely Manor. The loan is payable at maturity November 18, 2061. Interest rate is 1%.	984,155	—	—	984,155	—
Loan payable to Seattle Office of Housing for the rehab of Bitter Lake Manor. The loan bears interest at 1% and is payable at maturity, January 25, 2062.	978,930	—	—	978,930	—
Loan to the State of WA for Beacon House payable at maturity in March 2043 and bears no interest.	114,212	—	—	114,212	—
Loan payable to WA State Community Reinvestment Assn for Tamarack Commercial property. Term is 15 years. Note bears interest at 6.5% and is due March, 2027.	1,037,555	—	15,501	1,022,054	16,538
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2064.	375,027	—	—	375,027	—

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
CDBG loan payable to City of Seattle for Yesler Terrace redevelopment. Principal and interest at 1% are due at maturity, December 1, 2065. for Yesler Terrace	$ 436,470	—	—	436,470	—
Total notes payable	39,990,204	—	3,041,363	36,948,841	763,528
Bonds payable tax-exempt series A for the Gamelin and Genesee commercial condo units. The bonds were paid off in January, 2016.	2,460,000	—	2,460,000	—	—
Bonds payable for Gamelin and Genessee commercial condo units. The bonds mature in 2035 and bear interest at 4.3%. The bonds are to be repaid with revenues from the from the properties and are further secured by a pledge of general revenue of the Authority.	3,320,000	—	125,000	3,195,000	125,000
Bonds payable for the High Rise Rehabilitation project, Phase II. The bonds mature November 1, 2026 and bear interest of 4.553%. The bonds are secured by a deed of trust. The bonds were repaid during the year.	10,741,551	—	10,741,551	—	—
Bonds payable for the High Rise Rehabilitation project, Phase III. The bonds mature November 1, 2027 and bear interest of 5.15%. The bonds are secured by a deed of trust.	8,975,000	—	425,000	8,550,000	445,000

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
Fixed rate bonds payable 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.	$ 2,815,000	—	100,000	2,715,000	105,000
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.	3,270,000	—	70,000	3,200,000	80,000
Variable rate bonds subject to remarketing for Wedgewood Estates mature August 2036. The interest rate is reset every Wednesday with remarketing agent and was 0.16% on December 31, 2014. The bonds are secured by a letter of credit with Key Bank.	725,000	—	595,000	130,000	130,000
Variable rate bonds subject to remarketing for Douglas Apartments rehabilitation project and mature June 2040. The interest rate is reset every Wednesday with remarketing agent and was 0.19% on December 31, 2014. The bonds are secured by a letter of credit with Key Bank.	$ 1,810,000	—	40,000	1,770,000	40,000

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due within one year
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 were paid off in January 2017 in connection with the resyndication of New Holly Phase I.	$ 3,830,000	—	165,000	3,665,000	3,665,000
Fixed rate bonds for Replacement housing properties, Montridge Arms, Main Street Apts and Yesler Court. Bonds mature September 2043 and are secured by a deed of trust on the properties.	12,175,000	—	205,000	11,970,000	210,000
Fixed rate bonds for Market Terrace, Mary Avenue townhomes, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Place II, Delridge Triplexes, 5983 Rainier Ave, 924 MLK Way and Baldwin Apartments. Bonds mature December 1, 2044 and are secured by a deed of trust on the properties. properties. Rates range from 0.25 to 3.50%.	13,400,000	—	275,000	13,125,000	275,000
Fixed rate bonds for New Holly Phase II. The bonds mature January, 2032 and bear interest at 7.0%. The bonds are backed by a deed of trust on the property and by a pledge of the Authority's general revenue.	1,915,000	—	60,000	1,855,000	65,000
Total bonds payable	65,436,551	—	15,261,551	50,175,000	5,140,000
Accrued compensated absences	3,079,276	2,540,713	2,716,750	2,903,239	301,647
Total long-term obligations	$ 108,506,031	2,540,713	21,019,664	90,027,080	6,205,175

(Continued)

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, 2016:

	Bonds	Notes	Total	
			Principal	Interest
2017	$ 7,426,490	1,777,004	5,903,528	3,299,966
2018	3,630,923	1,574,376	1,980,073	3,225,226
2019	3,638,026	1,514,547	2,010,680	3,141,893
2020	3,647,719	1,373,449	1,960,597	3,060,571
2021	3,649,140	1,354,030	2,045,203	2,957,967
2022–2026	18,237,144	6,733,894	11,719,070	13,251,968
2027–2031	16,838,998	7,274,004	14,274,773	9,838,229
2032–2036	12,115,320	8,847,612	13,522,272	7,440,660
2037–2041	9,480,809	12,268,998	17,820,344	3,929,463
2042–2046	5,118,781	5,509,773	9,487,815	1,140,739
2047–2051	—	1,733,074	1,489,605	243,469
2052–2056	—	228,005	—	228,005
2057–2061	—	3,001,199	2,790,194	211,005
2062–2066	—	1,824,605	1,790,427	34,178
2067–2071	—	329,260	329,260	—
Total requirements	$ 83,783,350	55,343,830	87,123,841	52,003,339

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, 2016, Authority management also believes that all bond issues met debt coverage ratio requirements.

(b) Conduit Debt

The Authority has issued special revenue bonds to provide financial assistance to not-for-profit agencies and private developers for the purpose of constructing low-income housing. The bonds are limited obligation bonds of the Authority and are payable solely from project revenue. These nonrecourse conduit bonds are secured by the property financed and are often collateralized by a letter of credit issued by a major bank. The Authority is not obligated in any manner, and accordingly, the bonds have not been recorded in the accompanying financial statements except for the 6 series of bonds amounting to $70,688,343 that are obligations of the component units of the Authority. The component unit bonds are further backed by the general revenues of the Authority as described in Note 14.

As of December 31, 2016, there were 32 series of outstanding special revenue bonds for private non-profits and private developers. The aggregate principal payable could not be determined, their original issue amount totaled $189,113,484.

(c) Component Unit Debt

Desdemona has fixed rate bonds outstanding at December 31, 2016 of $6,425,000. 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 Desdemona'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, 2016, 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, 2016, Desdemona has other long-term debt totaling $16,955,806 secured by liens on the partnership's property. Of this amount, $12,889,135 represents the general partner loans made by the Authority and is secured by liens on the partnership's property. These loans accrue interest at the annual rate of 1% to 3%, and interest-only payments on the outstanding principal balances are due to the general partner from available net cash flows. As of December 31, 2016, no interest payments had been made to the Authority. Desdemona 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 were 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 is being paid over 20 years, with annual interest only payments of $22,104 for the first 10 years and $122,060 for the remaining 10 years and the final payment due on or before October 1, 2045. Desdemona also owes the City for a loan in the amount of $2,066,671. The loan accrues interest at 1% annually and matures on August 7, 2053. Payments of principal and interest are due from available net cash flows.

Escallonia has bonds outstanding at December 31, 2016 totaling $4,175,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on the partnership'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 3.98% under the interest rate swap agreement on the variable rate bonds. The bonds mature on December 1, 2036.

As of December 31, 2016, Escallonia has other long-term debt totaling $23,347,094 of general partner loans made by the Authority and secured by liens on the partnership'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.

High Point North has fixed rate bonds outstanding at December 31, 2016 totaling $8,553,564. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point North's leasehold interest in the High Point Phase I redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. The bonds mature on June 1, 2036 and accrue interest at 5.295%.

As of December 31, 2016, High Point North has other long-term debt totaling $27,152,734. Of this amount, $25,152,734 represents the general partner loans made by the Authority and is secured by liens on the partnership's property. These loans accrue compounding interest at the annual rate of 1% and mature in fiscal year 2054. Interest-only payments on the loans are due to the general partner from available net cash flows. As of December 31, 2016, 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.

High Point South has bonds outstanding at December 31, 2016 totaling $14,665,000. The bonds were issued by the Authority on behalf of the component unit and are backed by a deed of trust on High Point South's leasehold interest in the High Point Phase II redevelopment project. The bonds are further secured by a pledge of the Authority's unobligated general revenue. Interest is due monthly at a fixed rate of 3.98% through an interest rate swap agreement, and at the variable rate of 65.01% of the one-month LIBOR rate plus 2.54%. The bonds mature on March 1, 2039.

As of December 31, 2016, High Point South has other long-term debt totaling $15,212,665. Of this amount, $13,212,665 represents the general partner loans made by the Authority and is secured by liens on the partnership's property. These loans accrue noncompounding interest at 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, 2016, 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.

Ritz Apartments has total loans outstanding totaling $1,741,659 as of December 31, 2016. The construction loan of $915,803 bears interest at 5.496%, requires monthly principal and interest payments, and is due September 1, 2036.

As of December 31, 2016, Ritz Apartments 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.

Alder Crest has outstanding long-term obligations in the amount of $2,686,426 as of December 31, 2016. Of this amount, $992,283 represents a loan payable to the City that bears interest at 1% per annum and matures March 31, 2057. Alder Crest also has a loan payable to the City in the amount of $111,124. The loan bears interest at 1% per annum and matures March 31, 2057. The loan is secured by a third deed of trust on the property. Alder Crest has a loan payable to the State in the amount of $1,001,788. Of this amount, $451,788 requires quarterly payments. The entire amount bears no interest and is payable in full March 31, 2057. In addition, Alder Crest also has other borrowings outstanding in the amount of $581,231 from the Authority. One loan in the amount of $220,000 bears interest at 5% per annum and is secured by a fourth deed of trust on the property and matures March 31, 2057. The remaining $361,231 is a loan from the Authority for reimbursement of capital work needed on the stairways of the property. The loan amount shall not exceed $371,816, bears interest at 0.5% annually beginning January 1, 2014 and matures January 31, 2029.

Phase I homeWorks has long-term obligations totaling $24,000,000 as of December 31, 2016. Of this amount, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership's interest in the project. 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. homeWorks I 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, 2016. During the rehabilitation phase of the project, interest only payments are due quarterly beginning April 1, 2006, with interest accruing at a rate of 4.68%. 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.

Phase II homeWorks has long-term obligations totaling $28,051,551 as of December 31, 2016. Of this amount, $12,000,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership's interest in the project. 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. homeWorks II 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, 2016. 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.

Phase III homeWorks has long-term obligations totaling $20,950,000 as of December 31, 2016. Of this, $9,200,000 represents a promissory note from the general partner made by the Authority and secured by a deed of trust encumbering the partnership's interest in the project. 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. homeWorks III 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, 2016. 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 4.25%. The loan matures on December 19, 2047.

South Shore Court has outstanding long-term obligations in the amount of $7,960,000 as of December 31, 2016. Of this amount, $3,650,000 represents a loan payable to the City that bears interest at 2% per annum and matures June 30, 2060. Also, the partnership has a long-term note payable to the Authority in the amount of $1,810,000, which bears interest at 4.8% annually and matures June 1, 2040. South Shore Court has another note payable to the Department of Commerce with the face amount of $2,500,000. The note bears no interest and is payable on June 30, 2060.

As of December 31, 2016, Tamarack Place has outstanding long-term obligations in the amount of $11,329,810. Of this amount, $929,810 represents a fixed rate construction loan payable to Washington Community Reinvestment Association (WCRA) at an interest rate of 6.5%. In addition, the Tamarack Place has a loan payable to the Authority in the amount of $10,400,000. The loan bears interest at 1% per annum and is secured by a leasehold deed of trust on the project.

As of December 31, 2016, Lake City Court has outstanding long-term obligations in the amount of $17,912,071. Of this amount, $16,358,505 represents a note payable to the Authority, which bears interest at 0.8% per annum and is secured by a leasehold dead of trust on the project. Lake City Court also has a lease payable to the Authority in the amount $1,553,566, which is payable from available cash flows.

As of December 31, 2016, Rainier Vista NE has outstanding long-term obligations in the amount of $19,129,560. Rainier Vista NE has a fixed rate note payable to U.S. Bank in the amount of $2,525,292, which is secured by a deed of trust on the property and carries an interest rate of 4.8%. The remaining long-term obligation balance consists of two loans payable to the Authority. Loan one bears interest at 1.5% per annum and is secured by a leasehold deed of trust on the project. As of December 31, 2015, $10,000,000 was outstanding. Loan two bears interest at 1.5% per annum and is also secured by a leasehold deed of trust on the project. As of December 31, 2016, $6,604,268 was outstanding.

As of December 31, 2016, Kebero Court has outstanding long-term obligations in the amount of $17,580,380. Of this amount, $6,981,978 represents a permanent, fixed rate loan which was converted from a variable rate construction loan in April, 2016. The original note amount was $7,050,000 and matures November 8, 2034 when the remaining portion will be paid off. Kebero Court also has a loan payable to the City of Seattle in the amount of $1,814,775, which bears interest at 1.0% and matures in April, 2065. The maximum loan amount is $1,855,000. The remaining $8,783,627 represents two notes from the Authority, which bear interest at 3.0% with principal and interest payable annually from the property's cash flow and matures April 2065. The notes are secured by a leasehold deed of trust and the maximum amount is $8,783,627. The variable construction loan was paid during the year.

As of December 31, 2016, Leschi House has outstanding long-term obligations in the amount of $7,827,328. Of this amount, $3,375,442 represents fixed bonds bearing interest of 5.13% annually and with a maturity date of August 1, 2045. During the year, the bonds were converted from variable rate to fixed rate and reduced from $8,400,000 to $3,425,000. In addition, Leschi House has a loan payable to the State of Washington Department of Commerce in the amount of $2,499,999. The loan began accruing interest of 1% per annum beginning on May 1, 2015 and matures on April 30, 2065. Leschi House has an additional loan payable to the City of Seattle Office of Housing in the amount of $1,323,637. The loan accrues interest at a rate of 1% per annum and matures on April 30, 2065. Leschi House also has a loan payable to the Authority for $628,250 which bears interest at 1% per annum and matures on April 30, 2065.

As of December 31, 2016, Raven Terrace has outstanding long-term obligations in the amount of $15,322,592. Of this amount $1,141,831 represents a loan from the City of Seattle with a maximum amount of $1,300,000. The loan accrues interest at 1% annually with no payments due until maturity on December 1, 2065. During the year, the variable rate construction loan was converted into permanent fixed rate loan in the amount of $3,990,000. The loan matures December 7, 2046 when the remaining portion will be paid off. The remaining $10,190,761 represents two loans from the Authority that mature in May 2069 and bear interest of 2.5%.

As of December 31, 2016, Hoa Mai Gardens has outstanding long-term obligations in the amount of $22,612,628. Of this amount $11,154,337 represents the amounts advanced on variable rate, 32 month construction loan from Chase bank. The maximum loan amount is $25,300,000. After construction is completed, the construction loan will be converted to a fixed rate, permanent loan for up to $10,750,000 with a maturity date of February 17, 2037. Hoa Mai Gardens also has two notes from the Authority. The first note bears interest at 1% and a term of 50 years; matures in December 2065 and the maximum amount of the notes is $6,688,824. As of December 31, 2016 $5,447,430 was drawn from that note. The second note bears interest at 1% and carries a term of 50 years with a maximum loan amount of $10,750,000. As of December 31,201 $6,010,861 was drawn from that note.

As of December 31, 2016, NewHolly Phase I has outstanding long-term obligations in the amount of $37,875,658. Of this amount $6,960,000 represents 30 year bonds with rates from 1.15% through 3.55% and $15,380,000 represents 2.5 year variable rate bonds with a rate of 1.25% as of December 31, 2016. In addition, NewHolly has an acquisition loan from the Authority in the amount of $13,034,079 which bears interest at 2.18% compounded annually and matures in 2066. The partnership also has two rehabilitation loans from the Authority which have not yet been funded. The first note is not to exceed $3,000,000 and the second notes is not to exceed $2,500,000. Both of these loans carry an interest rate of 1% compounded annually and mature in 2066. Lastly, NewHolly Phase I acquired two loans from the Authority when the partnership was closed. One loan is in the amount of $1,700,000 from the State of Washington Department of Commerce. The loan matures on December 31, 2040 and does not accrue interest. The remaining note is in the amount of $801,579 from the City of Seattle. It matures in 2032 and has an interest rate of 1% per annum.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Notes to Basic Financial Statements

December 31, 2016

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

	Balance January 1, 2016	Additions/ transfers	Retirements	Balance December 31, 2016	Due within one year
Loans payable to primary government from Desdemona	$ 12,889,135	—	—	12,889,135	—
Loan payable to Washington State Housing Trust fund from Desdemona	2,000,000	—	—	2,000,000	—
Loan payable to City of Seattle HOME fund from Desdemona	2,066,671	—	—	2,066,671	—
Loans payable to primary government from Escallonia	23,347,094	—	—	23,347,094	—
Loans payable to primary government from High Point North	25,152,734	—	—	25,152,734	—
Loan payable to Washington State Housing Trust fund from High Point North	2,000,000	—	—	2,000,000	—
Loans payable to primary government from High Point South	13,212,665	—	—	13,212,665	—
Loan payable to Washington State Housing Trust fund from High Point South	2,000,000	—	—	2,000,000	—
Loans payable to primary government from the Ritz Apartments	265,856	—	—	265,856	—
Loans payable to the City of Seattle from the Ritz Apartments	560,000	—	—	560,000	—
Loans payable to Washington Mutual from the Ritz Apartments	943,029	—	27,226	915,803	24,334
Loan payable to City of Seattle from Alder Crest	992,283	—	—	992,283	—
Loan payable to City of Seattle from Alder Crest	111,124	—	—	111,124	—
Loans payable to primary government from Alder Crest	341,815	239,416	—	581,231	—
Loan payable to Washington State Housing Trust fund from Alder Crest	1,013,012	—	11,224	1,001,788	11,224

(Continued)

	Balance January 1, 2016	Additions/ transfers	Retirements	Balance December 31, 2016	Due within one year
Loans payable to primary government from homeWorks I	$ 24,000,000	—	—	24,000,000	—
Loans payable to primary government from homeWorks II	28,051,551	—	—	28,051,551	—
Loans payable to primary government from homeWorks III	20,950,000	—	—	20,950,000	—
Loan payable to City of Seattle from South Shore Court	3,650,000	—	—	3,650,000	—
Loan payable to primary government from South Shore Court	1,810,000	—	—	1,810,000	40,000
Loan payable to the Department of Commerce from South Shore Court	2,500,000	—	—	2,500,000	—
Loans payable to primary government from Tamarack Place	10,400,000	—	—	10,400,000	—
Loan payable to WCRA from Tamarack Place	944,693	—	14,883	929,810	15,879
Loan payable to primary government from Rainier Vista NE	16,604,268	—	—	16,604,268	—
Loan payable to US Bank for construction of Rainier Vista NE	2,572,581	—	47,289	2,525,292	49,278
Lease payable to primary government from Lake City Court	16,358,505	—	—	16,358,505	—
Lease payable to primary government from Lake City Court	1,675,000	—	121,434	1,553,566	—
Loan payable to Office of Housing from Leschi House	2,499,999	—	—	2,499,999	—
Loan payable to Washington State Housing Trust fund from Leschi House	1,323,637	—	—	1,323,637	—
Loan payable to primary government from Leschi House	624,478	3,772	—	628,250	—
Loan payable to Chase Bank from Kebero Court	15,203,202	6,981,978	15,203,202	6,981,978	97,140
Loan payable to primary from Kebero Court	8,668,981	114,646	—	8,783,627	—

	Balance January 1, 2016	Additions/ transfers	Retirements	Balance December 31, 2016	Due within one year
Loan payable to City of Seattle from Kebero Court	1,814,325	450	—	1,814,775	—
Loan payable to primary government from Raven Terrace	6,997,709	3,193,052	—	10,190,761	—
Loan payable to City of Seattle from 820 Yesler Way LLLP	1,141,831	—	—	1,141,831	—
Loan payable to Chase Bank from 820 Yesler Way LLLP	14,535,875	3,990,000	14,535,875	3,990,000	57,382
Construction loan from Hoa Mai Gardens	50,001	11,104,336	—	11,154,337	—
Loan payable to primary government from Hoa Mai Gardens	212,288	11,246,003	—	11,458,291	404,337
Loan payable to WA State Housing Trust fund from NewHolly Phase I	—	1,700,000	—	1,700,000	—
Loan payable to City of Seattle from NewHolly Phase I	—	801,579	—	801,579	—
Loan payable to primary government from NewHolly Phase I	—	13,034,079	—	13,034,079	—
Total notes payable	269,484,342	52,409,311	29,961,133	291,932,520	699,574
Bonds payable – Desdemona	6,605,000	—	180,000	6,425,000	190,000
Bonds payable – Escallonia	4,300,000	—	125,000	4,175,000	130,000
Bonds payable – High Point North	$ 8,798,831	—	245,267	8,553,564	258,172
Bonds payable – High Point South	14,965,000	—	300,000	14,665,000	300,000
Bonds payable – Leschi House	8,400,000	—	5,024,558	3,375,442	51,729
Bonds payable - NewHolly Phase I	—	22,340,000	—	22,340,000	160,000
Total bonds payable	43,068,831	22,340,000	5,874,825	59,534,006	1,089,901
Total long-term obligations	$ 312,553,173	74,749,311	35,835,958	351,466,526	1,789,475

Debt service requirements of long-term obligations of the component units as of December 31, 2016 are as follows:

		Bonds	Notes	Total Principal	Total Interest
2017	$	2,941,884	7,210,424	1,789,475	8,362,833
2018		2,906,283	6,818,411	1,493,867	8,230,827
2019		18,287,357	7,030,465	16,925,968	8,391,854
2020		2,810,384	7,067,642	1,607,875	8,270,151
2021		2,873,638	7,117,783	1,783,459	8,207,962
2022–2026		14,534,130	35,880,955	10,417,069	39,998,016
2027–2031		15,072,653	37,677,220	15,345,978	37,403,895
2032–2036		14,924,950	35,561,316	15,817,906	34,668,360
2037–2041		8,034,829	37,761,362	13,982,569	31,813,622
2042–2046		2,733,337	84,955,711	58,843,940	28,845,108
2047–2051		—	49,243,476	32,075,680	17,167,796
2052–2056		—	44,062,659	28,832,523	15,230,136
2057–2061		—	74,140,494	61,484,815	12,655,679
2062–2066		—	99,835,494	91,065,402	8,770,092
Total requirements	$	85,119,445	534,363,412	351,466,526	268,016,331

The component units retroactively adopted new requirements to present debt issuance costs as a reduction in the carrying amount of the related debt rather than an asset. Amortization of the debt issuance costs is reported as interest expense rather than as amortization expense.

		Notes payable to primary government	Notes payable	Bonds payable	Total
Amount of debt	$	239,271,613	52,660,907	59,534,006	351,466,526
Unamortized discount		-	-	(97,235)	(97,235)
Unamortized debt issuance costs		(1,253,059)	(307,989)	(1,850,719)	(3,411,767)
Net debt amount	$	238,018,554	52,352,918	57,586,052	347,957,524

(8) Unearned Revenue – Operating Leases

The Authority leased the building and land of the Ritz Apartments to the Ritz Apartments partnership 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 Ritz Apartments 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, 2016 of $459,174.

The Authority leased the building and land of the Alder Crest Apartments to the Alder Crest partnership beginning in December 2005. The lease matures December 31, 2080. The lease includes a purchase option in which Alder Crest has the right to require the Authority to convey legal title to the property for a total purchase price of $1 any time after December 31, 2104. The Authority has received all payments required under the terms of the lease. Assets held for lease-included land of $595,017 and building and improvements with a cost of $1,405,230 and accumulated depreciation at December 31, 2016 of $439,182.

Phase I homeWorks has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $11,434,751 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, 2016 of $16,829,527.

Phase II homeWorks has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $11,062,522 and all payments have been received. The lease matures December 31, 2105. Assets held for lease included land of $804,323 and building and improvements with a cost of $16,997,451 and accumulated depreciation at December 31, 2016 of $16,937,800.

Phase III homeWorks has leased seven public housing buildings and the related land from the Authority for the purpose of rehabilitating and operating the properties. The initial lease amount was $10,510,573 and all payments have been received. The lease matures December 31, 2106. Assets held for lease included land of $1,088,828 and building and improvements with a cost of $18,442,567 and accumulated depreciation at December 31, 2016 of $17,698,108.

The Authority leased the building and land of the Douglas Apartments to South Shore Court beginning in December 2008. The lease matures December 31, 2083. The lease includes a purchase option in which South Shore Court has the right to require the Authority to convey legal title to the property for a total purchase price of $1 any time after December 31, 2058. The Authority has received all payments required under the terms of the lease. Assets held for lease included land of $813,062 and building and improvements with a cost of $2,856,708 and accumulated depreciation at December 31, 2016 of $707,965.

The Lake City Court has leased land and improvements from the Authority beginning May 2010 for the purpose of constructing an 86-unit affordable apartment building in northeast Seattle. The initial lease amount was $1,075,000, the remaining $1,553,566 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.

The Authority has leased land to Kebero Court for the purpose of constructing a 103-unit affordable apartment building as part of the overall Yesler Terrace development. The initial lease amount was $365,615 based on the appraised land value and is shown as a capital contribution from the Authority. The lease matures December 31, 2112. Assets held for lease include land with a value of $8,327 as of December 31, 2016.

The Authority has leased land to Leschi House for the purpose of constructing a 35-unit addition to Leschi House. The initial lease amount was $3,110,000 based on the appraised land value and is shown as a capital contribution from the Authority. The lease matures December 31, 2112. Assets held for lease include land of $427,500 and building and improvements with a cost of $1,700,469 and accumulated depreciation of $734,024 as of December 31, 2016.

The Authority has leased the land improvements and structures of phase one of the NewHolly redevelopment to the New Holly Phase I partnership for the purpose of performing rehabilitation of the building exteriors in phase one of the redevelopment. The initial lease amount was $19,250,000. Of this amount $3,558,848 was paid to the Authority at closing, $2,656,973 represents the value of loans assumed by the limited partnership, $13,034,079 is shown as a note receivable from the limited partnership and the remaining $100 is the Authority's contribution to the partnership. The lease matures December 31, 2115. Assets held for lease include land improvements of $1,341,315 and building and improvements with a cost of $24,446,539 and accumulated depreciation of $6,604,922 as of December 31, 2016.

Unearned lease payments are shown as unearned revenue on the statement of net position. The following schedule shows related unearned rental revenue as of December 31, 2016.

	Original lease amount	Unearned revenue
Ritz Apartments	$ 1,600,000	1,336,892
Alder Crest Apartments	1,935,000	1,651,200
homeWorks I	11,434,750	10,164,519
homeWorks II	12,171,533	10,938,451
homeWorks III	11,446,098	10,401,540
South Shore Court	3,650,000	3,260,663
Lake City Court	2,750,000	982,600
Leschi House	3,110,000	3,031,117
Kebero Court	365,615	347,987
New Holly Phase I	19,250,000	19,201,389
Total	$ 67,712,996	61,316,358

Unearned lease revenues as of December 31, 2016 are reflected in the Statement of Net Position in current and long-term liabilities in the amounts of $693,814 and $60,622,544, respectively.

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

(a) Aggregated Balances

The Authority's aggregated balances of net pension liability, net pension assets and deferred inflows and outflows of resources as of December 31, 2016 are presented in the table below.

	Net pension liability	Deferred outflows	Deferred inflows
PERS 1	$15,334,306	$1,244,991	$ -
PERS 2/3	18,148,776	4,684,425	607,321
Total	$33,483,082	$5,929,416	$ 607,321

(b) Plan Description

The State legislature established PERS in 1947 under RCW Chapter 41.40. Membership in the system includes: elected officials; State employees; employees of the Supreme, Appeals, and Superior courts (other than judges); employees of legislative committees; college and university employees not in national higher education retirement programs; judges of district and municipal courts; noncertificated employees of school districts; and employees of local government. Approximately 50% of PERS members are State employees. PERS contains separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

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

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

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

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

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

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

(c) Pension plan fiduciary net position

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

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

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

(d) Contributions

Each biennium, the legislature establishes Plan 1 and Plan 3 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by legislative statute and do not vary from year to year. Employer rates for Plan 1 are not necessarily adequate to fully fund the system. The employer and employee contribution rates for Plan 2 and for Plan 3 are developed by the Office of the State Actuary to fully fund the system. The methods used to determine the contribution requirements were established under State statute. All employers are required to contribute at the level established by the legislature and the Office of the State Actuary.

The actual contribution rates for the employers and employees were changed during the year. Effective July 1, 2015 employer rates were increased from 9.21% to 11.18% for all plans. Contributions rates for employees in plan 2 increased from 4.92% to 6.12% effective July 1, 2015.

The Authority's employer and employee rates and required contributions for employees covered by PERS as of December 31, 2016 were:

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	11.18%	11.18%	11.18%
Employee	6.00	6.12	varies
	17.18%	17.30%	11.18%

	PERS Plan 1 required	PERS Plan 2 required	PERS Plan 3 required
Employer	$ 22,957	3,086,654	831,594
Employee	12,320	1,689,653	513,994
	$ 35,277	4,776,307	1,345,588

(e) *Actuarial Assumptions*

The total pension liability for each of the plans was determined using the most recent actuarial valuation completed in 2016 with a valuation date of June 30, 2016. The following actuarial assumptions have been applied to all prior periods included in the measurement:

Inflation	3.0 percent total economic inflation, 3.75 percent salary inflation
Salary increases	In addition to the base 3.75 percent salary inflation assumptions, salaries are also expected to grow by promotions and longevity
Investment rate of return	7.5 percent

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

The actuarial assumptions used in the June 30, 2016 report were based on the results of OSA's 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2016 actuarial valuation report.

(f) *Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent for all the plans. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net assets was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency tests for PERS included an assumed 7.70 percent long term discount rate to determining funding liabilities for calculating future contribution rate requirements.

Consistent with the long term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at the contractually required rates which includes the component of PERS 2/3 pertaining to the unfunded actuarial accrued liability for PERS 1, as provided for in chapter 41.45 of the RCW.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

(Continued)

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

The table below presents the Authority's net pension liability calculated using the discount rate of 7.50 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent) or one percentage point higher (8.50 percent) than the current rate.

Plan		1% decrease	Current discount rate	1% increase
PERS 1	$	18,491,631	15,334,306	12,617,234
PERS 2/3		33,415,159	18,148,776	(9,447,485)
Total	$	51,906,790	33,483,082	3,169,749

(h) *Long-Term Expected Rate of Return*

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

Asset Class	Target Allocation	Long-term Expected real rate of return
Fixed income	20.00%	1.70%
Tangible assets	5.00%	4.40%
Real estate	15.00%	5.80%
Global equity	37.00%	6.60%
Private equity	23.00%	9.60%

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

(i) *Proportionate Share*

Collective pension amounts are determined as of a measurement date which can be no earlier than an employer's prior fiscal year. The measurement date for the pension liabilities recorded by the Authority as of December 31, 2016 was June 30, 2016. The Authority's contributions received and processed by DRS during the fiscal year ended June 30, 2015 have been used as the basis for determining the Authority's proportionate share of the collective pension amounts reported by DRS in their June 30, 2015 Schedules of Employer and Nonemployer Allocations for PERS Plans 1, 2 and 3. The proportionate share for the year ended December 31, 2016 was 0.286 percent for Plan 1 and 0.360 percent for Plan 2/3.

(j) ***Proportionate share of Pension Expense and Deferrals***

The Authority's proportionate share of pension expense for the year ended December 31, 2016 was $896,887 for PERS 1 and $2,475,863 for PERS 2/3 and is reported on the Statement of Revenues, Expenses and Changes in Net Position as a component of Housing Operations and Administration expenses.

The Authority's deferred outflows of resources and deferred inflows of resources pertaining to PERS as of December 31, 2016 are presented in the following table:

Plan	Description		Deferred outflows of resources	Deferred inflows of resources
PERS 1	Difference between projected and actual earnings on plan investments, net	$	386,094	-
PERS 1	Contributions subsequent to the measurement date of the collective net pension liability		858,897	-
PERS 2/3	Difference between projected and actual earnings on plan investments, net		2,220,886	-
PERS 2/3	Contributions subsequent to the measurement date of the collective net pension liability		1,108,082	-
PERS 2/3	Difference between expected and actual experience		966,410	(599,121)
PERS 2/3	Change in proportionate share		201,465	(8,200)
PERS 2/3	Change of assumptions		187,582	-
	Total	$	5,929,416	(607,321)

Deferred outflows of resources related to the Authority's contributions subsequent to the measurement date of $1,966,979 will be recognized as a reduction of the net pension liability as of December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year		PERS 1	PERS 2/3	All Plans
2017	$	(95,064)	72,079	(22,985)
2018		(95,064)	72,079	(22,985)
2019		354,585	1,759,708	2,114,293
2020		221,637	1,065,156	1,286,793
2021		-	-	-
Thereafter		-	-	-
Total	$	386,094	2,969,022	3,355,116

(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 Postemployment 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 underwriting purposes. The Authority employees are included with the City of Seattle for this plan. The Authority provides implicit subsidy of the postretirement 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 biannually. The most recent actuarial valuation was as of January 1, 2016. The net OPEB obligation is recorded on the statement of net position as of December 31, 2016, which is calculated based on the excess of Annual Required Contribution over the actual contribution.

(c) Funded Status and Funding Progress

As of December 31, 2016, 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 for the plans as of December 31, 2016:

Actuarial valuation date		January 1, 2016	January 1, 2015	January 1, 2014
Actuarial value of assets (a)	$	—	—	—
Entry age normal AAL (b)		1,754,000	1,125,000	1,039,000
UAAL (b-a)	$	1,754,000	1,125,000	1,039,000
Funded ratio (a/b)				
Covered payroll	$	35,249,552	32,805,691	31,007,128
UAAL as a percentage of covered payroll ((b-a)/c)		5%	3%	3%

There were no required contributions for the Authority for the year ended December 31, 2016 or for either of the two prior years.

(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, 2016 actuarial valuation, the entry age normal method was used and the actuarial assumptions included a discount rate of 3.09%. The adjusted health care trend rates (for medical and prescriptions combined) were 7.0% for the 2016 to 2017 plan year. The trend shows reductions through 2025 when the rate is 4.5%. The excise tax threshold is estimated to be reached in 2019 for the Aetna plans, 2022 for the Group Health Deductible plan, and 2023 for the Group Health Standard plan. The values of benefits were assumed to increase 2.5% per year. Unfunded actuarial accrued liability is being amortized as a level amount over past and future service. The remaining amortization period at January 1, 2016 was 30 years.

(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 $25,000 per occurrence. The Authority also maintains a number of other insurance policies necessary and appropriate in the normal course of business, including employee fidelity, Public Official liability and cyber liability insurance. The amount of settlements has not exceeded insurance coverage for each year of the past three fiscal years.

The Authority's economic risk as a participant in HARRG is limited to the Authority's initial surplus contribution of $90,000 and the payment of annual premiums for its general liability insurance coverage. Although the underwriting experience of HARRG may result in increased annual premium charges and/or assessments against each participant's surplus contribution account, the Authority's exposure to any net loss allocation is restricted to its surplus contribution account balance.

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

(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, 2016, the Authority and its component units have outstanding construction contracts and other commitments totaling approximately $26.9 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.

(14) General Revenue Pledge

The Authority issues certain bonds and short-term borrowings that are backed by the general revenues of the Authority. The Authority also backs certain bonds issued by its discretely presented component units. For some borrowings, revenues from the properties are intended to be the primary source of repayment and the revenues of the Authority would be used only if those revenues are not sufficient to cover the required payments. As of December 31, 2016 the amount of available general revenue was $154.7 million and the total pledged revenues are as follows:

Description of debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2016 general revenue	Term of commitment	Annual debt service
Obligations of the Authority						
Project revenues are primary repayment source:						
Fixed Rate bonds	Purchase of Longfellow Creek Apartments	2003	$ 4,191,915	0.16%	2033	$ 248,985
Fixed Rate taxable	Refunding of bonds for Gamelin/Genesee mixed use buildings	2015	4,721,182	0.16	2036	248,183
Fixed Rate bonds	Construction of housing units at NewHolly redevelopment, Phase I (paid off January,2	1998	3,682,505	0.25	2017	385,056
Fixed Rate bonds	2013 Refunding for Montridge Arms, Main Street Apartments, 2002 Replacement Housing projects and Yesler Court properti	2013	23,675,857	0.55	2043	844,206
Fixed Rate bonds	2014 Refunding for Market Terrace, Mary Avenue Townhomes, Bayview Tower, Lake City Commons, Villa Park, Telemark Apartments, Main Place II, Delridge Triplexes, 5983 Rainier Ave, 924 MLK Way and Baldwin Apartments	2014	24,067,332	0.56	2044	859,582
Fixed Rate bonds	Construction of housing units at New Holly redevelopment, Phase II	2000	3,078,425	0.12	2032	192,575
General revenues are primary repayment source:						
Variable Rate bonds	Purchase Wedgewood Estates Apartment complex (paid off in 2017)	2001	132,500	0.09	2036	132,500
Variable Rate bonds	Rehabilitation of Douglas Apartments	2009	2,885,810	0.06	2040	93,100
Taxable short term line of credit, $7 million	Purchase commercial properties	2004	1,129,297	0.02	2016	32,185

Description of debt	Purpose of Debt	Year Issued	Total future revenues pledged	Proportion of annual debt service pledged to 2016 general revenue	Term of commitment	Annual debt service
Obligations of the Authority for component units:						
Project revenues are primary repayment source:						
Fixed Rate bonds for component unit	Construction of housing units at Rainier Vista redevelopment, Phase I	2003	6,250,819	0.19	2036	296,165
Fixed Rate bonds for component unit	Construction of housing units at NewHolly redevelopment, Phase III	2003	11,111,638	0.38	2035	586,125
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase I	2004	13,707,938	0.46	2036	704,814
Fixed Rate bonds for component unit	Construction of housing units at High Point redevelopment, Phase II	2007	20,895,000	0.37	2039	580,000
Fixed Rate bonds for component unit	Rehabilitation of housing units at NewHolly Phase I	2016	10,883,180	0.23	2046	358,620
Fixed Rate loan for for component unit	Construction of housing units at Leschi House	2013	6,506,370	0.14	2045	223,910
Fixed Rate bonds for construction loan	Construction of housing units at Kebero Court	2013	14,239,558	0.31	2016	486,822
Fixed Rate bonds for construction loan	Construction of housing units at Raven Terrace	2013	7,846,186	0.17	2016	261,539
Equity investment is are primary repayment source:						
Variable rate construction loan	Construction of housing units at Hoa Mai Gardens	2015	21,484,362	0.53	2050	821,787
Variable rate construction loan	Rehabilitation of housing units at NewHolly Phase I	2016	15,764,500	0.12	2046	192,250
Total General Revenue Pledge and annual debt service			$ 196,254,374			$ 7,548,404

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Notes to Basic Financial Statements

December 31, 2016

(15) Discretely Presented Component Units Condensed Financial Information

The following tables reflect the condensed statements of net position and statements of revenues, expenses, and changes in net position for the discretely presented component units as of and for the year ended December 31, 2016:

	Condensed statements of net position				
	Desdemona	Escallonia	Tamarack Place	Rainier Vista NE	High Point North
Cash and cash equivalents	$ 1,102,977	1,188,108	580,093	1,359,614	3,416,226
Current receivables from primary government	37,059	50,201	62,877	38,214	167,880
Capital assets, net	28,253,572	25,778,265	11,918,637	19,700,604	42,408,818
Other assets	672,290	193,510	25,204	94,672	390,244
Total assets	30,065,898	27,210,084	12,586,811	21,193,104	46,383,168
Current payables due to primary government	48,379	325,114	12,380	7,395	452,895
Other current payables	896,672	407,354	97,393	167,073	986,682
Long-term payables to primary government	17,336,654	25,851,510	11,167,212	16,878,773	28,901,251
Bonds and other long-term liabilities	10,071,139	4,163,703	904,675	2,433,413	9,778,392
Total liabilities	28,352,844	30,747,681	12,181,660	19,486,654	40,119,220
Net investment in capital assets	5,109,826	(1,543,136)	614,746	637,284	7,271,441
Restricted net position	1,394,842	1,024,349	474,203	1,040,933	2,849,921
Unrestricted net position	(4,791,614)	(3,018,810)	(683,798)	28,233	(3,857,414)
Total net position	1,713,054	(3,537,597)	405,151	1,706,450	6,263,948
	Condensed statements of revenues, expenses and changes in net position				
Operating revenues	2,316,425	2,313,297	794,779	1,515,667	4,741,817
Depreciation/amortization	(1,147,781)	(1,111,434)	(405,201)	(837,728)	(1,766,400)
Other operating expenses	(1,567,019)	(1,411,082)	(598,573)	(825,312)	(2,727,340)
Operating income (loss)	(398,375)	(209,219)	(208,995)	(147,373)	248,077
Nonoperating expense	(765,935)	(323,022)	(166,222)	(376,027)	(790,158)
Change in net position before partners' contributions	(1,164,310)	(532,241)	(375,217)	(523,400)	(542,081)
Partners' contributions	392,486	—	—	—	—
Beginning net position	2,484,878	(3,005,356)	780,368	2,229,850	6,806,029
Ending net position	$ 1,713,054	(3,537,597)	405,151	1,706,450	6,263,948

		High Point South	Ritz Apartments	Alder Crest	South Shore Court	homeWorks I
		Condensed statements of net position				
Cash and cash equivalents	$	2,153,753	96,340	328,800	481,592	3,130,151
Current receivables from primary government		47,038	85,262	54,771	23,908	—
Capital assets, net		46,852,571	1,831,823	5,037,444	8,755,543	24,576,084
Other assets		303,878	11,283	31,118	40,320	264,474
Total assets		49,357,240	2,024,708	5,452,133	9,301,363	27,970,709
Current payables due to primary government		261,344	13,487	—	47,080	457,516
Other current payables		3,550,110	154,585	196,225	635,413	349,424
Long-term payables to primary government		15,910,853	556,968	874,653	1,939,098	27,746,490
Bonds and other long-term liabilities		16,049,372	1,417,334	2,043,109	6,160,649	39,043
Total liabilities		35,771,679	2,142,374	3,113,987	8,782,240	28,592,473
Net investment in capital assets		17,329,700	124,299	2,401,878	909,591	973,844
Restricted net position		1,244,590	87,290	317,300	361,063	2,968,414
Unrestricted net position		(4,988,729)	(329,255)	(381,032)	(751,531)	(4,564,022)
Total net position		13,585,561	(117,666)	2,338,146	519,123	(621,764)
		Condensed statements of revenues, expenses and changes in net position				
Operating revenues		3,773,688	225,255	305,562	390,198	5,180,710
Depreciation/amortization		(1,625,631)	(104,805)	(247,402)	(245,343)	(840,994)
Other operating expenses		(2,012,462)	(127,188)	(289,446)	(230,687)	(4,404,397)
Operating income (loss)		135,595	(6,738)	(231,286)	(85,832)	(64,681)
Nonoperating expense		(473,216)	(62,232)	(25,318)	(167,784)	(667,228)
Change in net position before partners' contributions		(337,621)	(68,970)	(256,604)	(253,616)	(731,909)
Partners' contributions		—	—	—	—	—
Beginning net position		13,923,182	(48,696)	2,594,750	772,739	110,145
Ending net position	$	13,585,561	(117,666)	2,338,146	519,123	(621,764)

	homeWorks II	homeWorks III	Lake City Court	Leschi House	Kebero Court
Condensed statements of net position					
Cash and cash equivalents	$ 2,635,477	1,878,093	849,168	870,050	2,601,873
Current receivables from primary government	—	—	4,224	—	—
Capital assets, net	29,202,037	22,735,666	24,035,460	12,730,386	28,120,172
Other assets	266,477	261,682	129,131	3,219,279	1,089,437
Total assets	32,103,991	24,875,441	25,017,983	16,819,715	31,811,482
Current payables due to primary government	82,186	103,512	27,835	308,412	221,570
Other current payables	331,360	273,635	131,845	520,529	1,465,768
Long-term payables to primary government	33,509,531	24,803,639	18,709,396	1,446,568	10,385,091
Bonds and other long-term liabilities	41,619	45,860	3,982	6,872,715	8,638,579
Total liabilities	33,964,696	25,226,646	18,873,058	9,148,224	20,711,008
Net investment in capital assets	1,508,960	2,130,316	6,145,181	5,183,378	10,615,625
Restricted net position	2,474,165	1,742,243	613,495	559,569	1,736,078
Unrestricted net position	(5,843,830)	(4,223,764)	(613,751)	1,928,544	(1,251,229)
Total net position	(1,860,705)	(351,205)	6,144,925	7,671,491	11,100,474
Condensed statements of revenues, expenses and changes in net position					
Operating revenues	5,542,379	4,708,199	768,492	696,550	1,289,095
Depreciation/amortization	(990,658)	(740,156)	(866,524)	(390,801)	(801,756)
Other operating expenses	(4,452,074)	(3,851,017)	(611,339)	(441,270)	(559,941)
Operating income (loss)	99,647	117,026	(709,371)	(135,521)	(72,602)
Nonoperating (expense) revenue	(988,612)	(897,391)	(222,753)	(472,351)	(718,873)
Change in net position before partners' contributions	(888,965)	(780,365)	(932,124)	(607,872)	(791,475)
Partners' contributions	—	—	—	4,125,371	9,132,576
Beginning net position	(971,740)	429,160	7,077,049	4,153,992	2,759,373
Ending net position	$ (1,860,705)	(351,205)	6,144,925	7,671,491	11,100,474

	Condensed statements of net position			
	Raven Terrace	Hoa Mai Gardens	New Holly Phase I	Total
Cash and cash equivalents	$ 1,766,655	3,429,004	19,340,392	47,208,366
Current receivables from primary government	—	—	17,377	588,811
Capital assets, net	25,787,372	27,512,708	20,411,002	405,648,165
Other assets	143,554	—	166,804	7,303,357
Total assets	27,697,581	30,941,712	39,935,575	460,748,699
Current payables due to primary government	21,227	5,964	107,646	2,503,942
Other current payables	1,285,631	5,281,156	717,016	17,447,871
Long-term payables to primary government	11,713,380	11,579,089	13,101,296	272,411,452
Bonds and other long-term liabilities	5,036,829	10,750,000	24,353,985	108,804,398
Total liabilities	18,057,067	27,616,209	38,279,943	401,167,663
Net investment in capital assets	10,514,690	4,900,080	(17,137,062)	57,690,641
Restricted net position	498,536	1,043,106	18,865,444	38,252,435
Unrestricted net position	(1,372,712)	(2,617,683)	(72,749)	(36,362,040)
Total net position	9,640,514	3,325,503	1,655,633	59,581,036

	Condensed statements of revenues, expenses and changes in net position			
Operating revenues	757,013	—	722,161	36,041,287
Depreciation/amortization	(825,798)	—	(175,677)	(13,124,089)
Other operating expenses	(611,366)	—	(555,094)	(25,275,607)
Operating income(loss)	(680,151)	—	(8,610)	(2,358,409)
Nonoperating revenue (expense)	(622,920)	578	(148,619)	(7,888,083)
Change in net position before partners' contributions	(1,303,071)	578	(157,229)	(10,246,492)
Partners' contributions	9,761,815	—	1,812,862	25,225,110
Beginning net position	1,181,770	3,324,925	—	44,602,418
Ending net position	$ 9,640,514	3,325,503	1,655,633	59,581,036

(Continued)

(16) Lease Commitment

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

Year ending December 31:		
2017	$	1,356,993
2018		1,634,834
2019		1,634,834
2020		1,634,834
2021		1,634,834
Thereafter		2,043,542
Total	$	9,939,871

(17) Subsequent Events

The Authority has evaluated the subsequent events from the balance sheet date through May 19, 2017, the date which the financial statements were issued, and determined there are no other items to disclose.

REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE
WASHINGTON

Schedules of Required Supplemental Information

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years (Unaudited) (1)

		2014	2015	2016
PERS 1				
Proportion of the net pension liability		0.283227%	0.279123%	0.285530%
Proportionate share of the net pension liability	$	14,267,693	14,600,729	15,334,306
Covered - employee payroll	$	309,470	223,273	205,337
Proportionate share of the net pension liability as a percentage of covered-employee payroll		4610.36%	6539.41%	7467.87%
Plan fiduciary net position as a percentage of the total pension liability		61.19%	59.10%	57.03%
PERS 2/3				
Proportion of the net pension liability		0.354434%	0.354073%	0.360458%
Proportionate share of the net pension liability	$	7,164,391	12,651,234	18,148,776
Covered - employee payroll	$	30,697,958	32,579,187	35,044,215
Proportionate share of the net pension liability as a percentage of covered-employee payroll		23.34%	38.83%	51.79%
Plan fiduciary net position as a percentage of the total pension liability		93.29%	89.20%	85.82%

Schedule of Pension Plan Contributions

Last Ten Fiscal Years (Unaudited) (1)

		2014	2015	2016
PERS 1				
Contractually required contribution	$	28,502	22,792	22,957
Contributions in relation to the contractually required contribution	$	(28,502)	(22,792)	(22,957)
Contribution deficiency (excess)	$	—	—	—
Covered-employee payroll	$	309,470	223,273	205,337
Contributions as a percentage of covered-employee payroll		9.21%	10.21%	11.18%
PERS 2/3				
Contractually required contribution	$	2,827,178	3,329,025	3,918,248
Contributions in relation to the contractually required contribution	$	(2,827,178)	(3,329,025)	(3,918,248)
Contribution deficiency (excess)	$	—	—	—
Covered-employee payroll	$	30,697,958	32,579,187	35,044,215
Contributions as a percentage of covered-employee payroll		9.21%	10.22%	11.18%

Notes to the Required Supplementary Information for the year ended December 31, 2016.

Changes in benefit terms

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

Changes of assumptions

There were no changes in the assumptions for pension plans.

(1) GASB 68 was adopted in 2015, prior years data not available

SUPPLEMENTARY INFORMATION
COST CERTIFICATES (SEE INDEPENDENT AUDITORS' REPORT)

Actual Modernization Cost Certificate

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

OMB Approval No. 2577-0157 (exp. 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:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19P001501-13

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	$	9,044,067.00
B. Funds Disbursed	$	9,044,067.00
C. Funds Expended (Actual Modernization Cost)	$	9,044,067.00
D. Amount to be Recaptured (A–C)	$	
E. Excess of Funds Disbursed (B-C)	$	

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the 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 [signature] 8/5/2016

For HUD Use Only

The Cost Certificate is approved for audit:
Approved for Audit (Director, Office of Public Housing / ONAP Administrator)
X A. Beck for Harlan Stewart — Date: 8/8/16

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

form HUD-53001 (10/96)
ref Handbooks 7485.1 &.3

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)

HA Name:	Modernization Project Number:
SEATTLE HOUSING AUTHORITY	WA19R001501-13

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	$	1,065,799.00
B. Funds Disbursed	$	1,065,799.00
C. Funds Expended (Actual Modernization Cost)	$	1,065,799.00
D. Amount to be Recaptured (A–C)	$	
E. Excess of Funds Disbursed (B-C)	$	

2. That all modernization work in connection with the Modernization Grant has been completed;
3. That the entire Actual Modernization Cost or liabilities therefor incurred by the 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 [signature] 7/26/2016

For HUD Use Only

The Cost Certificate is approved for audit:

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

X A. Beel for Harlan Stewart | 8/8/16

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

form **HUD-53001** (10/96)
ref Handbooks 7485.1 &.3

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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Financial Trends

Net Position by Component – Primary Government

Last Ten Fiscal Years (Unaudited)

Fiscal year ended September 30 (a)		Net investment in capital assets	Restricted for debt service	Unrestricted	Total
2007 (a)	$	211,875,842	9,725,557	132,651,693	354,253,092
2008 (a)		222,001,336	5,326,536	142,674,746	370,002,618
2009 (a)		227,083,324	5,550,146	151,794,210	384,427,680
2010 (a)		229,826,301	6,486,917	170,526,030	406,839,248
2011 (a, b)		224,771,337	8,543,577	185,863,188	419,178,102
2012 (a, b)		199,273,982	9,406,113	212,444,630	421,124,725
2013 (a, c)		210,293,958	10,069,831	228,421,457	448,785,246
2014 (a, d)		218,243,381	11,669,052	217,985,386	447,897,819
2015 (a)		223;534,799	13,578,114	243,740,195	480,853,108
2016 (a)		242,874,725	14,808,756	259,687,843	517,371,324

Notes:
(a) Beginning in fiscal year 2007, the Authority's fiscal year-end date changed to December 31 from September 30.
(b) Net position for 2011 and 2012 were restated as a result of the adoption of GASB 65.
(c) Net position for 2013 was restated as a result of the merger with Ravenna School Limited Partnership, a component unit of the Authority.
(d) Net position for 2014 was restated as a result of the merger with Othello Street Limited Partnership, a component unit of the Authority and as a result of GASB 68.

$ 23,958,442	18,548,105	18,963,514	19,853,164	21,338,005	20,690,177	21,550,029	22,785,736
107,528,715	84,099,962	87,253,047	96,202,546	95,645,677	105,422,182	103,981,489	109,438,967
19,109,472	17,523,075	18,006,286	21,258,217	22,814,568	19,522,792	28,020,480	28,898,006
35,381,503	22,594,560	19,212,557	19,480,446	21,762,895	18,081,083	18,619,880	21,002,883
185,978,132	142,765,702	143,435,404	156,794,373	161,561,145	163,716,234	172,171,878	182,125,592
46,408,207	41,515,711	38,998,671	42,453,709	44,662,095	41,680,059	39,786,646	48,731,040
3,171,644	1,307,592	1,644,363	3,729,452	3,937,994	3,602,554	3,542,648	4,096,481
5,252,632	4,092,002	4,540,982	4,718,662	4,998,955	5,393,684	5,990,952	6,334,799
21,461,247	17,053,995	18,159,325	20,082,664	18,824,304	15,081,988	17,409,835	18,696,116
80,300,757	64,270,568	71,064,302	73,550,131	76,942,437	79,478,249	78,552,745	79,543,161
2,585,630	2,767,976	2,115,315	4,209,600	1,318,772	2,021,796	30,221,452	1,398,022
15,155,490	10,299,572	9,281,594	10,059,962	10,676,293	10,258,105	10,232,876	10,077,223
174,335,607	141,307,416	145,804,552	158,804,180	161,360,850	157,516,435	185,737,154	168,876,842
11,642,525	1,458,286	(2,369,148)	(2,009,807)	200,295	6,199,799	(13,565,276)	13,248,750
(10,755,826)	(8,532,367)	(7,956,814)	(7,479,432)	(6,887,452)	(5,721,825)	(5,500,338)	(5,082,076)
7,637,844	6,547,470	5,337,931	5,257,848	1,536,648	1,397,221	461,197	3,698,302
140,142	(332,725)	430,908	44,842	68,742	(74,996)	(94,819)	(40,763)
—	—	—	—	—	—	—	—
—	—	—	—	(479,017)	—	—	—
—	(1,505,687)	(1,480)	(67,624)	(1,321)	(621,387)	(70,809)	(2,320,774)
(6,673,827)	(1,735,402)	(4,472,397)	(19,878,330)	(16,774,091)	(12,343,242)	(11,826)	(2,540,988)
(9,651,667)	(5,558,711)	(6,661,852)	(22,122,696)	(22,536,491)	(17,364,229)	(5,216,595)	(6,286,299)
1,990,858	(4,100,425)	(9,031,000)	(24,132,503)	(22,336,196)	(11,164,430)	(18,781,871)	6,962,451
27,595,138	19,849,951	23,456,062	46,544,071	34,675,050	13,249,971	17,146,108	21,307,488
29,585,996	15,749,526	14,425,062	22,411,568	12,338,854	2,085,541	(1,635,763)	28,269,939
324,667,096	354,253,092	370,002,618	384,427,680	406,839,248	419,178,102	421,263,643	419,627,880
$ 354,253,092	370,002,618	384,427,680	406,839,248	419,178,102	421,263,643	419,627,880	447,897,819

s changed from September 30 to December 31, and in 2007
s and changes in net position reflects a fifteen-month period.

the Authority has classified Operating subsidies and grants as
e been restated on this schedule to reflect comparative results.

restated as a result of the adoption of GASB 65.

restated as a result of the merger of Ravenna School LLC, a

s a result of the adoption of GASB 68 and as a result of
nited Partnership, a component unit of the Authority.

Revenue Capacity

Operating Revenues by Source – Primary Government

Last Ten Fiscal Years (Unaudited)

Tenant rentals		Housing assistance payment subsidies		Operating subsidies and grants		Other		
Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount
3,958,442	12.9	107,528,715	57.8	19,109,472	10.3	35,381,503	19.0	185,978,13
8,548,105	13.0	84,099,962	58.9	17,523,075	12.3	22,594,560	15.8	142,765,70
8,963,514	13.2	87,253,047	60.9	18,006,286	12.6	19,212,557	13.3	143,435,40
9,853,164	12.7	96,202,546	61.3	21,258,217	13.6	19,480,446	12.4	156,794,37
1,338,005	13.2	95,645,677	59.2	22,814,568	14.1	21,762,895	13.5	161,561,14
0,690,177	12.6	105,422,182	64.4	19,522,792	11.9	18,081,083	11.1	163,716,23
1,287,096	12.4	103,981,489	60.5	28,020,480	16.3	18,618,710	10.8	171,907,77
2,785,736	12.5	109,438,967	60.1	28,898,006	15.9	21,002,883	11.5	182,125,59
2,837,426	11.7	115,101,121	58.8	29,245,755	14.9	28,511,890	14.6	195,696,19
3,540,026	11.6	126,672,548	62.3	31,641,807	15.6	21,451,962	10.5	203,306,34

, the fiscal year end date was changed from September 30 to December 31, and in 2007
ement of revenues, expenses and changes in net position reflects a fifteen-month period.

)15 was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority

Amount	Percent of total		Amount	Percent of total		Amount	Percent of total	Amoun
7,637,844	98.2	$	140,142	1.8	$	—	—	7,777,
6,547,470	105.3		(332,725)	(5.3)		—	—	6,214,
5,337,931	92.5		430,908	7.5		—	—	5,768,
5,257,848	99.2		44,842	0.8		—	—	5,302,
1,536,648	95.7		68,742	4.3		—	—	1,605,
1,397,221	105.7		(74,996)	(5.7)		—	—	1,322,
444,930	127.1		(94,819)	(27.1)		—	—	350,
3,698,302	101.1		(40,763)	(1.1)		—	—	3,657,
3,520,102	100.0		(1,704)	—		—	—	3,518,
3,947,513	77.8		(32,797)	(0.6)		1,157,909	22.8	5,072,

e fiscal year end date was changed from September 30 to December 31, and in 2007
ent of revenues, expenses and changes in net position reflects a fifteen-month period.

was restated due to the merger with Othello Street Limited Partnership, a component unit of the Authority

Schedule of General Revenue Bond Coverage

Last Ten Fiscal Years (Unaudited)

Fiscal year	Debt service		Total debt service	General expense (b)	Ra debt to g exp
	Principal	Interest			
Refunding					
	205,000	627,845	832,845	1,080,325	
	205,000	642,406	847,406	1,135,804	
	205,000	640,356	845,356	1,185,802	
Refunding					
	185,000	400,569	585,569	1,781,030	
	270,000	588,129	858,129	1,822,150	
	275,000	586,644	861,644	1,888,396	
›d 2001 Variable Rate Bonds:					
	150,000	105,939	255,939	943,339	
ı	187,500	151,700	339,200	922,274	
	160,000	69,529	229,529	808,109	
	165,000	40,280	205,280	812,350	
	170,000	12,862	182,862	821,552	
	—	13,320	13,320	860,218	
	—	7,755	7,755	897,637	
	765,000	4,511	769,511	935,755	
	475,000	2,672	477,672	943,186	
	450,000	1,456	451,456	966,690	
	595,000	1,714	596,714	1,038,953	
Phase I					
	120,000	268,700	388,700	673,784	
	125,000	261,806	386,806	1,972,525	
	135,000	254,331	389,331	1,531,083	
	140,000	246,425	386,425	1,956,647	
	150,000	238,088	388,088	2,166,103	
	160,000	229,175	389,175	2,022,355	
	165,000	225,859	390,859	1,515,600	
›nds					
	3,750,000	21,565	3,771,565	24,010	
	20,000	6,752	26,752	52,454	
	30,000	5,760	35,760	44,543	
	30,000	5,601	35,601	46,971	
	30,000	3,827	33,827	42,993	
	30,000	3,384	33,384	45,342	
	40,000	9,950	49,950	42,085	

Schedule of General Revenue Bond Coverage

Last Ten Fiscal Years (Unaudited)

Fiscal year	Debt service Principal	Debt service Interest	Total debt service	General expense (b)	Ra debt to (exp
Creek 2003 Bonds:					
	65,000	179,215	244,215	255,770	
)	87,500	221,437	308,937	428,712	
	70,000	175,085	245,085	282,268	
	75,000	172,891	247,891	343,526	
	75,000	170,379	245,379	335,457	
	80,000	167,670	247,670	420,657	
	80,000	165,450	245,450	445,630	
	85,000	161,419	246,419	540,047	
	90,000	158,805	248,805	432,176	
	95,000	154,125	249,125	540,538	
	100,000	149,185	249,185	529,294	
enesee 2015 bond refunding					
	—	—	—	45,322	
	125,000	120,446	245,446	182,271	
Phase II					
	60,000	136,150	196,150	686,053	
	60,000	131,950	191,950	770,435	

) In 2007, the fiscal year end date was changed from September 30 to December 31, and in 2007 the statement of revenues, expenses and changes in net position reflects a fifteen-month period.

) General expense includes operating expenses except for depreciation and amortization.

General expense for 2010 represents a partial year beginning August 27, 2010.

) General expense for 2016 represents a partial year ending September 30, 2016.

Debt Capacity

Ratio of Debt to Capital Assets – Primary Government

Last Ten Fiscal Years (Unaudited)

Fiscal year ended ptember 30 (a)	Bonds payable	Notes payable	Total debt	Capital assets, net	Ratio of total debt to capital assets	Rati debt housin to total
2007	$ 130,867,182	33,016,355	163,883,537	329,120,245	49.79	4
2008	123,459,433	32,485,160	155,944,593	337,110,417	46.26	4
2009	108,984,688	60,573,959	169,558,647	337,089,410	50.30	4
2010	98,950,816	62,277,978	161,228,794	343,138,706	46.99	5
2011	79,675,557	55,221,591	134,897,148	322,532,095	41.82	5
2012	77,128,664	49,564,954	126,693,618	291,056,484	43.53	5
2013	71,408,875	40,188,127	111,597,002	288,455,844	38.69	5
2014 (c)	73,169,909	40,493,796	113,663,705	299,240,816	37.98	5
2015	65,436,551	39,990,204	105,426,755	306,245,985	34.43	4
2016	50,175,000	36,948,841	87,123,841	317,607,863	27.43	3

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

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

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

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

		Public housing program			
Calendar year	Adults	Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
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
2011	5,029	1,909	3,180	10,118	1,807
2012	5,140	1,970	3,317	10,427	1,774
2013	4,953	2,008	3,148	10,109	1,691
2014	4,795	2,049	3,079	9,923	1,716
2015	4,582	2,073	3,003	9,658	1,655
2016	4,603	2,883	3,133	10,619	1,738

		Section 8 program (a)			
Calendar year	Adults	Elderly	Minors	Total number of tenants	Nonelderly handicapped/ disabled
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
2011	8,694	2,307	5,949	16,950	3,520
2012	8,654	2,477	5,938	17,069	3,510
2013	8,528	2,547	5,717	16,792	3,503
2014	8,295	2,638	5,733	16,666	3,419
2015	8,252	2,695	5,639	16,586	3,387
2016	8,185	2,621	5,880	16,686	3,480

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Demographics and Economic Statistics

Tenant Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Calendar year	Adults	Senior and local housing programs [b]		Total number of tenants	Nonelderly handicapped/ disabled
		Elderly	Minors		
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
2011	994	1,039	426	2,459	86
2012	1,023	1,042	434	2,499	110
2013 [c]	1,040	1,058	499	2,597	93
2014 [d]	994	1,074	474	2,542	102
2015	929	1,136	442	2,507	91
2016	1,138	1,117	549	2,804	83

Calendar year	Adults	Agency wide totals		Total number of tenants	Nonelderly handicapped/ disabled
		Elderly	Minors		
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
2011	14,717	5,255	9,555	29,527	5,413
2012	14,817	5,489	9,689	29,995	5,394
2013	14,521	5,613	9,364	29,498	5,287
2014	14,084	5,761	9,286	29,131	5,237
2015	13,763	5,904	9,084	28,751	5,133
2016	13,864	5,723	9,562	29,149	5,256

Notes: [a] Includes port-ins and excludes port-outs and participants living in the Authority's Senior Housing program.

[b] Effective 2009, Senior and Local Housing Programs includes tenants from privately managed properties.

[c] Excludes 36 households whose age is unknown

[d] Excludes 37 households whose age is unknown

[e] Excludes approximately 5,000 residents living in properties that we own, but do not manage, future reports will be adjusted to reflect these counts.

Regional Demographics – Population Statistics

Last Ten Fiscal Years (Unaudited)

Year	King County population (a)	Seattle population (a)	Per capital income King County (b)	Per capita income King Metro region (b)	Public school enrollment	King avera unem ra
2007	1,861,300	586,200	57,710	53,061	45,276	
2008	1,884,200	592,800	58,141	53,999	45,572	
2009	1,909,300	602,000	56,904	50,644	45,944	
2010	1,931,249	608,660	54,927	51,370	47,008	
2011	1,942,600	612,100	57,281	53,931	48,496	
2012	1,957,000	616,500	61,911	52,267	49,525	
2013	1,981,900	626,600	65,990	55,190	51,094	
2014	2,017,250	640,500	68,877	62,481	52,819	
2015	2,052,800	662,400	N/A	N/A	53,844	
2016	2,105,100	686,800	N/A	N/A	54,489	

(a) As of April 1, source: Washington State Office of Financial Management, 2015 Population Trends for Washington State estimates only.

(b) Source: U.S. Bureau of Economic Analysis, 2014 is most current available.

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

60,200	4.49	9	59,000	4.49	9	57
57,100	4.23	10	55,500	4.23	10	54
50,600	3.70	11	48,600	3.70	11	46
44,800	3.19	13	41,900	3.19	12	45
979,400	72.06%		946,500	72.06%		920

2013			2012			
Number of employees	**Percentage of Employment**	**Rank**	**Number of employees**	**Percentage of Employment**	**Rank**	**Numb emplo**
120,200	9.75%	1	113,600	9.62%	1	109
107,100	8.68	2	102,200	8.66	2	97
90,400	7.33	3	89,100	7.55	3	88
84,100	6.82	4	79,600	6.74	6	76
82,300	6.67	5	80,900	6.85	4	80
82,100	6.66	6	80,000	6.78	5	77
66,100	5.36	7	64,000	5.42	7	63
60,600	4.91	8	59,400	5.03	8	58
56,800	4.61	9	55,500	4.70	9	55
50,400	4.09	10	49,200	4.17	10	48
43,500	3.53	12	42,700	3.62	12	43
45,500	3.69	11	43,600	3.69	11	44
889,100	72.10%		859,800	72.83%		842

2010			2009			
Number of employees	**Percentage of Employment**	**Rank**	**Number of employees**	**Percentage of Employment**	**Rank**	**Numb emplo**
105,900	9.33%	1	106,000	9.19%	1	116
93,400	8.23	2	92,900	8.05	2	100
89,300	7.87	3	89,300	7.74	3	89
74,400	6.56	6	74,000	6.42	6	77
79,400	7.00	4	80,200	6.95	4	79
75,200	6.63	5	79,000	6.85	5	83
61,000	5.37	7	61,100	5.30	7	72
58,000	5.11	8	59,700	5.18	8	63
55,800	4.92	9	55,800	4.84	9	57
47,400	4.18	10	46,400	4.02	11	44
42,400	3.74	12	43,500	3.77	12	46
44,500	3.92	11	46,900	4.07	10	49
826,700	72.86%		834,800	72.38%		881

2007		
Number of employees	**Percentage of Employment**	**Rank**
119,800	9.86%	1
94,700	7.80	2
87,300	7.19	3
77,100	6.35	5
75,600	6.23	6
86,900	7.16	4
73,900	6.09	7
64,200	5.29	8
55,300	4.55	9
42,800	3.52	12
48,700	4.01	11
50,600	4.17	10
876,900	72.22%	

epartment Labor Market and Economic Analysis.

ıs the Seattle Metropolitan Area and other surrounding communities.

Operating Information

Number of Units by Program (d)

Last Ten Fiscal Years (Unaudited)

Fiscal year	Public housing	Section 8	Senior housing	Other housing programs	Hope IV nonpublic units	Tc
2007	5,250	9,202	993	1,008	423	
2008	5,263	9,260	993	971	539	
2009	5,261	9,425	993	910	629	
2010 (a)	5,316	9,612	994	915	661	
2011 (a,d)	5,408	10,164	994	915	385	
2012 (d)	5,441	10,558	994	876	739	
2013 (d, e)	5,401	10,775	994	876	739	
2014 (f)	5,259	11,036	1,029	826	596	
2015 (g)	5,146	11,248	1,029	929	596	
2016 (h)	5,146	11,262	1,030	961	596	

Households Served and Waiting List Data

Last Ten Fiscal Years (Unaudited)

Fiscal year	Total households served (b)	Total households on waiting lists (c)
2007	12,077	3,850
2008	12,359	6,879
2009	12,912	7,751
2010	13,220	8,179
2011	13,765	7,523
2012	13,769	7,586
2013	13,601	9,435
2014	13,532	8,569
2015	13,516	8,481
2016	13,526	7,380

(a) 2010 and 2011 public Housing unit counts are corrected; project-based units owned by SHA was erroneously included.
(b) Excludes Mod rehab, outgoing portable vouchers, nonpublic housing tax credits, and local programs, but includes incoming portable vouchers.
(c) Reflects unique households. Excludes HOPE VI communities.
For year 2013 – Housing Choice Voucher waiting list opened and reflects unique households. Includes HOPE VI communitie
(d) 894 Senior housing units were added to public housing but are represented with senior and other local housing programs.
(e) 40 units at Yesler Terrace was demolished in 2013.
(f) 142 public housing units demolished or sold in 2014. 35 senior housing units added at Leschi House.
(g) 113 public housing units demolished or sold in 2015. 103 other affordable units added at Kebero Court.
(h) Completion of Raven Terrace added 50 project based units and 33 afordable units.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2016 (Unaudited)

Public housing

Name of development	Address	Number of units	Year built or acquired
Ballard House	2445 NW 57th Street	79	1969
Barton Place	9201 Rainier Avenue S.	91	1971
Beacon Tower	1311 S. Massachusetts	108	1971
Bell Tower	2215 1st Avenue	120	1970
Cal-Mor Circle	6420 California Avenue SW	75	1968
Capitol Park	525 14th Avenue E.	125	1970
Cedarvale House	11050 8th Avenue NE	118	1970
Cedarvale Village	11050 8th Avenue NE	24	1971
Center Park	2121 26th Avenue S.	137	1969
Center West	533 3rd Avenue W.	91	1969
Denny Terrace	100 Melrose Avenue E.	220	1968
Green Lake Plaza	505 NE 70th Street	130	1969
Harvard Court	610 Harvard Avenue E.	81	1968
High Point	3000 SW Graham Street	250	Various
Holly Court	3804 S. Myrtle	97	1980
International Terrace	202 6th Avenue S.	100	1972
Jackson Park House	14396 30th Avenue NE	71	1970
Jackson Park Village	14396 30th Avenue NE	41	1970
Jefferson Terrace	800 Jefferson Street	299	1967
Lake City Court	12536 33rd Avenue NE	51	2011
Lake City House	12546 33rd Avenue NE	115	1971
Lictonwood	9009 Greenwood Avenue N.	81	1970
Longfellow Creek*	5915 Delridge Way SW	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	251	Various
Ross Manor	1420 Western Avenue	100	1984
Roxhill Court Apartments*	9940 27th Ave SW	13	1980
Scattered Sites	Various	711	Various
Stewart Manor	6339 34th Avenue	74	1968
Tri-Court	720 N. 143rd	87	1971
University House	4700 12th Avenue NE	101	1971
University West	4544 7th Avenue NE	113	1971
West Town View	1407 2nd Avenue W	59	1977
Westwood Heights	9455 27th Avenue SW	130	1978
Wisteria Court*	7544 24th Ave SW	20	1987
Yesler Terrace	903 E. Yesler Way	270	1941
	Total units – public housing	5,146	

*Nonpublic housing units are listed under "Other housing program" section.

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2016 (Unaudited)

Section 8

Name of development	Address	Number of units	Year built or acquired
Housing Choice Vouchers [a]	Various	10,448	—
Moderate Rehabilitation	Various	684	—
Bay View Tower	2614 4th Ave	100	1979
Market Terrace	1115 NW Market St.	30	1980
	Total number of Section 8 units	11,262	

Senior housing

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

Table 11

THE HOUSING AUTHORITY OF THE CITY OF SEATTLE, WASHINGTON

Operating Information

Property Characteristics and Dwelling Unit Composition

December 31, 2016 (Unaudited)

Other housing programs

Name of development	Address	Number of units	Year built or acquired
104th St Townhomes	528 N 104th	3	2001
127th & Greenwood	12701 Greenwood Ave N	6	1983
5983 Rainier Ave S	5983 Rainier Ave S	12	2002
924 MLK Jr Way S	924 MLK Jr Way S	5	1998
Alder Crest Apartments	6520 35th Ave SW	36	1977
Baldwin Apartments	1305 E Fir Street	15	2014 rehab
Beacon House	1545 12th Ave S	6	1993
Delridge Triplexes	8136 and 8144 Delridge Way SW	6	1993
Fir Street Townhomes	Various	7	Various
Kebero Court	1105 E Fir St	103	2015
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	12	1993
Mary Avenue Townhomes	8550-84 Mary Ave NW	8	2001
MLK Townhomes	Various	6	1996
Montridge Arms Apartments	9000 27th Ave SW	33	1968
Norman Street Townhomes	Various	15	Various
Raven Terrace	820 Yesler Way	83	2016
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	1,012	
HOPE VI nonpublic housing units:			
High Point		350	
Lake City Village		35	
NewHolly		220	
Rainier Vista		134	
	Total HOPE VI Nonpublic housing	739	
	Total units – All programs	19,189	

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.

	Executive	Development and asset management	Housing operations	Admissions and Section 8	Finance and administrative services	Information systems	Human resources
	15	36	352	51	43	17	8
	16	31	362	60	42	18	10
	14	33	362	59	41	19	10
	15	33	350	63	43	22	10
	12	32	367	54	43	19	10
	12	33	343	54	45	18	10
	13	29	308	57	40	16	9
	18	26	309	55	39	15	9
	26	50	332	61	47	18	11
	27	53	340	64	47	18	11