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June 3, 2011

TO: Seattle City Council

Housing, Human Services, Health, and Culture Committee

RE: TRANSFER OF FOUR SEATTLE SENIOR HOUSING PROPERTIES TO NON-PROFIT OWNERS
AND BRINGING PUBLIC HOUSING SUBSIDY INTO THE SSHP BUILDINGS

TRANSFER OF FOUR SEATTLE SENIOR HOUSING PROPERTIES TO NON-PROFIT OWNERS

Since the inception of the Seattle Senior Housing Program (SSHP) all of the SSHA buildings are owned by Seattle Housing Authority (SHA) and operated under a Cooperation Agreement between SHA and the City of Seattle. Most of the buildings are also managed by SHA.

There are three buildings in the portfolio owned by SHA, covered by the Cooperation Agreement but managed by non-profit entities. The three buildings are Keystone, Heritage House and Daybreak. This was necessary because the SSHP buildings were financed using bond proceeds that required that the buildings financed with the proceeds be owned by a public entity. These three buildings were funded after the original commitment for 1,000 units promised to the taxpayers had been met.

Since the bonds are now repaid, we approached the non-profit entities about their desire to take ownership of the buildings. We received proposals from Providence for Heritage House and Community Psychiatric Clinic for Keystone. We have not received a proposal from the non-profit that operates Daybreak. We proceeded to evaluate the proposals we received and our Board approved the transfer of Keystone CPC which we then submitted to the City for review and approval under the Cooperation Agreement. Heritage House has a right of first refusal by the Pike Place Public Development Authority that we are discussing with the PDA and Providence. Daybreak and Heritage House may come forward at a later time.

At the same time Sea Mar approached SHA about acquiring South Park Manor one of the SSHP buildings located near their offices. Since this building has been challenge to keep occupied and our most successful efforts have involved working with Sea Mar for referrals from their programs we thought this would result in more efficient management of the building. Sea Mar can also bring services to the residents of the buildings that SHA doesn't provide. In the 2003 Rent Policy Advisory Task Force convened to develop the current rent policy for the program one of the suggestions of that group was to sell South Park when the bonds were repaid. SHA believes this transfer to Sea Mar is a better solution for the residents and South Park neighborhood.

There is amore extensive write up of these actions prepared by the City of Seattle Office of Housing.

BRINGING LIPH SUBSIDY INTO THE SSHP BUILDINGS

Commissioners John Littel *Chair* Nora Gibson *Vice Chair*

Yusuf Cabdi Juan Martinez Kollin Min Doug Morrison Heyward
Watson

**Executive
Director**

Tom Tierney

For the past three years SHA has been looking a ways to fund some significant capital improvements needed by the SSHP buildings without increasing the tenant rents. We have applied to the City of Seattle Office of Housing and the State of Washington Housing Trust Fund and used Move to Work(MTW) Block Grant funds to the necessary envelope repairs at six SSHP Buildings. This is about \$10 million in total funding for six buildings with about \$33 million left to do in the next ten years. Since there units are not part of the public housing program, SHA doesn't receive MTW Block funds for these buildings so the continued use of these funds as a source of paying for the capital repairs is not sustainable without a change.. The City and State funds cannot support this kind of request over the next ten years either as other housing providers have similar needs.

We have developed a plan using our MTW authority to bring public housing operating and capital funding into these buildings making them a fund source for the MTW Block grant. This will allow us to continue to work on the buildings without deferring work in other public housing buildings. It will also allow the current SSHP rent policy and income distribution in the buildings to remain with no financial impact on existing or future SSHP residents. We will ask HUD to allow us to maintain the current 90 percent elderly and 10 percent non-elderly disabled populations in the buildings as required under the SSHP ordinance and Cooperation Agreement. The units will still be SSHP and we will continue to follow the Cooperation Agreement in their operation.