



City of Seattle
Office of Housing

August 2, 2011

TO: Housing, Human Services, Health and Culture Committee

FM: Rick Hooper, Director

RE: Transfer of Seattle Senior Housing Program (SSHP) Property

The proposed Council Bill authorizes the transfer of property from the Seattle Housing Authority (SHA) to Community Psychiatric Clinic (CPC), a nonprofit organization. The proposed property transfer includes **Keystone House** and the **Keystone Campus** at N. 34th Street and Woodland Park Ave N. These SHA properties were developed with 1981 Seattle Senior Housing bonds. The proposed transfer will preserve the use of the property as low-income housing for people with disabilities and allow CPC to bring additional resources to the operations and maintenance of the buildings.

Council approval of this transfer is required under the terms of the Housing Cooperation Agreement between the City and SHA for the Seattle Senior Housing Program (SSHP). In addition, the Council Bill authorizes amendment of the Housing Cooperation Agreement to allow future property transfers, with Council approval, that facilitate continued use of SSHP projects as low-income housing.

The Council Bill includes terms and conditions for the property transfer. For Keystone House (land and building), CPC would enter a regulatory agreement with OH in the same form used for OH-funded housing. For the Keystone Campus, the land would be secured according to the terms of the regulatory agreements on the Coach House and Albion Place buildings. The populations served and rent levels at the properties would not change. Existing residents, who are already clients of CPC, would not be affected.

Background

Since 1982, SHA and CPC have partnered to develop the Keystone property to provide a continuum of housing and services for people with serious mental and behavioral health disabilities. The campus is within walking distance of CPC's Wallingford House outpatient and day treatment services and CPC's Bridgeway Recovery substance abuse treatment clinic.

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SHA used Seattle Senior Housing bonds to acquire the Keystone Campus and develop Keystone House, a 64-bed licensed boarding home leased and operated by CPC. SHA and CPC subsequently developed two additional housing projects on the Keystone Campus using other City funds: Coach House (eight units, owned by SHA) and Albion Place (12 units, owned by CPC). The financing for these buildings incorporated a range of public sources, including Housing Levy, King County and State funds, and the facilities are already subject to OH regulatory agreements. The properties also have Section 8 subsidies and receive County and State service funds.

Transferring Keystone House and Campus to CPC would provide a single point of operational accountability. CPC currently serves as the administrator of all activities on the campus – including operations, maintenance, services and licensing for programs and facilities – which would continue after the transfer. The ownership transfer would allow CPC to develop a long-term service and operations plan to assure the future viability of the campus.

Housing Cooperation Agreement

In March 1982 the City of Seattle and SHA executed a Housing Cooperation Agreement to govern the development and operation of housing funded with 1981 Seattle Senior Housing bond proceeds. Use of these bond proceeds produced 993 units of senior housing in 23 buildings that are owned and operated by SHA as the Seattle Senior Housing Program (SSHP). A list of SSHP buildings is attached. The SSHP buildings currently operate pursuant to a rent policy adopted in 2003, which is applied to the combined SSHP inventory.

In addition, Seattle Senior Housing bond proceeds were used for several specialized projects serving people with disabilities. These properties are owned by SHA, as was required by the bonds, but leased and operated by nonprofit agencies. These properties are covered by the Housing Cooperation Agreement. They are not covered by the SSHP rent policy, however. Instead these projects predominately serve extremely low-income disabled or elderly residents earning no more than 30% of area median income. The leased properties are:

- Keystone House, 64-bed licensed boarding home, leased and operated by Community Psychiatric Clinic
- Heritage House, 62-unit assisted living facility, leased and operated by Sisters of Providence
- Daybreak, 5-person group home for sight and hearing impaired residents, leased and operated by Puget Sound Regional Services

The Housing Cooperation Agreement has been amended twice:

- Ravenna School: 1999 amendment authorized ownership transfer to a limited partnership, with SHA as managing partner, in order to use low-income housing tax credits for building rehabilitation. Ravenna School still operates as senior housing under the Housing Cooperation Agreement and SSHP rent policy.

- Morrison Hotel: 2001 amendment authorized ownership transfer to Downtown Emergency Services Center (DESC). The property is no longer covered by the Housing Cooperation Agreement. DESC assumed existing loan obligations, OH provided funding for substantial rehabilitation, and DESC entered a typical regulatory agreement with OH.

Seattle Senior Housing bonds have now been fully paid and public ownership of the SSHP properties and specialized projects is no longer required. In addition, the 20+ year-old buildings need typical upgrades and repair. The restricted rents on the properties have not produced sufficient capital reserves for the needed repairs, and therefore SHA is considering a range of strategies to address capital needs now and in the future.

Appendix B: Seattle Senior Housing Program Building Inventory²

Community Name	Address	Zip code	Year Built	Total Units	1 BR	2 BR
Bitter Lake Manor	620 N 130th Street	98133	1983	72	65	7
Blakeley Manor	2401 NE Blakeley Street	98105	1984	70	61	9
Carroll Terrace	600 5th Avenue W	98119	1985	26	22	4
Columbia Place	4628 S Holly Street	98118	1983	65	57	8
Fort Lawton Place	3401 W Government Way	98199	1984	24	22	2
Fremont Place	4601 Phinney Avenue N	98103	1983	31	27	4
Gideon-Mathews Gardens	323 25th Avenue S	98144	1986	45	41	4
Island View	3033 California Avenue SW	98116	1984	48	43	5
Leschi House	1011 S Weller Street	98104	1988	34	31	3
Michaelson Manor	320 W Roy Street	98119	1985	57	52	5
Nelson Manor	2258 NW 58th Street	98107	1985	32	28	4
Olmsted Manor	501 Ravenna Blvd NE	98115	1986	35	31	4
Phinney Terrace	6561 Phinney Avenue N	98103	1984	51	47	4
Pinehurst Court	12702 15th Avenue NE	98125	1984	73	66	7
Pleasant Valley Plaza	3801 34th Avenue W	98199	1984	41	37	4
Primeau Place	308 14th Avenue E	98112	1984	53	48	5
Ravenna School Apartments	6545 Ravenna Avenue NE	98115	1979	39	34	5
Reunion House	530 10th Avenue E	98102	1984	28	26	2
Schwabacher House	1715 NW 59th Street	98107	1984	44	39	5
South Park Manor	520 S Cloverdale Street	98108	1983	27	25	2
Sunrise Manor	1530 NW 57th Street	98107	1985	32	28	4
Wildwood Glen	4502 Wildwood Place SW	98136	1983	24	22	2
Willis House	6341 5th Avenue NE	98115	1983	42	38	4
Total				993	890	103

² Excludes 99 SSHP units leased to and managed by other agencies and not subject to the SSHP rent policy. These include Heritage House, a 62-unit assisted living facility managed by Providence Health System; Keystone House, a 32-unit facility for mentally ill residents managed by Community Psychiatric Clinic; and Daybreak House, a 5-person group home run by Puget Sound Residential Services. For each of these properties, Seattle Housing is responsible for major capital replacements.