

Tacoma Housing Authority Board of Commissioners

Dr. Arthur C. Banks, Chairman

Janis Flauding, Vice Chair

Ken Miller

Stanley Rumbaugh

Greg Mowat

Executive Director

Michael Mirra

Senior Management Team

Ken Shalik

Director of Finance

April Davis

Director of Real Estate Management and Housing Services

Walter Zisette

Director of Real Estate Development

Nancy Vignec

Director of Community and Supportive Services

Barbara Tanbara

Director of Human Resources

Christine Wilson

Executive Administrator / Civil Rights Compliance Coordinator

Todd Craven

Director of Administration

TABLE OF CONTENTS

SECTION I: INTRODUCTION AND SUMMARY	3
SECTION II: GENERAL HOUSING AUTHORITY OPERATING INFORMATION.....	3
A. Housing Stock Information FY2011	3
B. Leasing Information—Planned	6
SECTION III: NON-MTW RELATED HOUSING AUTHORITY INFORMATION.....	7
SECTION IV: LONG-TERM MTW PLAN.....	8
An effective digital dashboard should be applicable to nearly every other PHAs. They collect or should collect similar data. They should value similar performance measures. They share with all organizations a pressing need for a greater focus on outcomes and transparency in results.	14
PROPOSED MTW ACTIVITIES:	14
Activity 1: Local Policy for Port-Outs	14
Activity 2: Local Blended Subsidy	16
Activity 3: Special Purpose Housing	17
Activity 4: Develop a Regional Approach for Special Purpose dollars:	18
SECTION VI: ONGOING MTW ACTIVITIES.....	19
SECTION VII: SOURCES AND USES OF FUNDING	20
A. List of Planned Sources and uses of MTW Funds	20
B. List of Planned Sources and Uses of State or Local Funds	21
C. Planned Sources and Uses of Program Support Center	21
As discussed in the Local Asset Management Plan (Appendix-II), the agency is replacing the Central Office Cost Center with a Program Support Center (PSC), which supports each of its three activities - Conventional Affordable Housing (CAH), Tax Credit Management (TC), and Business Activities (BA). Both the CAH and TC support center will be reported on the FDS schedule as part of the MTW demonstration program, while the BA portion will be reported as part of Business Activities on the FDS. Any shortfalls in these centers will be covered by operational surpluses or reserves in the areas they support.....	21
D. Cost Allocation and Fee-for-Service Approach	22
E. Use of Single-fund Flexibility	22
SECTION VIII: ADMINISTRATIVE	25
THA is contracting with a third-party evaluator to complete an impact analysis and financial modeling tool for each of the rent reform activities proposed in this plan. The contractor is assisting THA in creating baselines and benchmarks for each activity, evaluating potential effects on different protected classes, developing hardship criteria, and assisting in evaluating the financial impacts on both THA and its participants.	25
APPENDIX I: PUBLIC HEARING COMMENTS	26
APPENDIX II: LOCAL ASSET MANAGEMENT PROGRAM	28
APPENDIX III: CAPITAL FUND DOCUMENTS	47

LIST OF TABLES

<u>Table 1: Listing of Public Housing Units by Site</u>	4
<u>Table 2: Baseline Number of People Served</u>	6
<u>Table 3: Leasing Planned</u>	6
<u>Table 4: Sources and Uses of Non-MTW Funds</u>	7
<u>Table 5: Proposed Activities</u>	Error! Bookmark not defined.
<u>Table 25: Sources and Uses of MTW Funds</u>	21
<u>Table 26: Sources and Uses of State/Local Funds</u>	21
<u>Table 27: Planned Sources and Uses of Program Support Centers</u>	22
<u>Table 28: MTW Annual Plan Public Comments</u>	27
<u>Table 29: Direct Costs</u>	35
<u>Table 30: Administrative Support Fee Components</u>	36
<u>Table 31: Administrative Support Fee by Project / Program</u>	36
<u>Table 32: Management Support Fee Summary</u>	37
<u>Table 33: Community Services Support Fee Components</u>	38
<u>Table 34: Community Services Support Fee by Project / Program</u>	38
<u>Table 35: Rental Assistance Unit Equivalencies</u>	40
<u>Table 36: Annual Rent Paid by Program for Main Office Space</u>	41
<u>Table 37: Rental Income and Building Expenses</u>	42
<u>Table 38: Allocation of Rental Income Deficit</u>	42
<u>Table 39: Unit Equivalency Charts</u>	45
<u>Table 40: Program Support Center Allocation Detail</u>	46

SECTION I: INTRODUCTION AND SUMMARY

THA is proposing four new activities this year. These activities include adopting local policies for portability in the Section 8 department, developing a locally blended subsidy, creating special purpose housing and developing a regional approach for special purpose dollars.

THA's vision, mission, and strategic objectives fall perfectly in line with the MTW demonstration project. The purposes of the MTW program are to give PHAs and HUD the flexibility to design and test various approaches for providing and administering housing assistance that accomplish the three primary MTW statutory objectives:

- *Objective 1:* Reduce cost and achieve greater cost effectiveness in federal expenditures;
- *Objective 2:* 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 programs, or programs that assist people to obtain employment and become economically self-sufficient; and
- *Objective 3:* Increase housing choices for low-income families.

THA will mirror these objectives as it sets its goals for the next year. Doing so will further the mission, shared by THA and the MTW statute, to create housing for people in need, to help them become self-sufficient and to get it done efficiently. This work will advance the day when, in the words of THA's vision statement, everyone will have an adequate home with the support they need to succeed as "parents, students, wage earners and neighbors."

THA's MTW Goals

The MTW objectives for this demonstration project fit THA's strategic direction very well. THA understands the following shared goals:

- Goal 1: Increase THA's administrative efficiency; and
- Goal 2: Encourage economic self-sufficiency among THA's participants;
- Goal 3: Increase housing options for low-income households residing in THA's jurisdiction

SECTION II: GENERAL HOUSING AUTHORITY OPERATING INFORMATION

A. Housing Stock Information FY2011

Number of Public Housing Units at the beginning of FY2011

There are a total of 921 public housing units in Tacoma Housing Authority’s portfolio. A breakdown of these units by AMP and property is provided below.

AMP Number	Property Information	Number of Public Housing Units
AMP 1	911 N K St	43
	1201 S M St	77
	401 N G St	40
AMP 2	3201 Fawcett St	30
	602 S Wright Ave	58
	2302 6 th Ave	64
AMP 3	5425 Lawrence St	41
	5303 S Orchard (Bergerson Terrace)	72
	5420 Stevens (Dixon Village)	31
AMP 4	Hillside Terrace 2500 and 1800 blocks	104
AMP 6	Scattered Site public housing	34
AMP 7-9	Hillside Terrace 2300 and 1500 blocks	37
AMP 10-15	Salishan	290
Total		921

Table 1: Listing of Public Housing Units by Site

Description of Planned Capital Expenditures

Revitalization capital improvements include:

- Tina

Description of New Public Housing Units to be Added

THA will apply for any and all grants that will benefit its properties and community.

THA may submit HOPE VI and/or Choice Neighborhoods applications to redevelop THA’s Hillside Terrace 2500 and 1800 block developments. This may build additional public housing units. However, there are no concrete plans that exist at this time to add Public Housing units.

Number of Public Housing Units to be Removed from Inventory

THA plans to remove 104 units from its inventory in the Hillside 2500 and 1800 block developments (AMP 4). The 104 units of Public Housing are planned to be removed from THA’s inventory during the plan year as the units (AMP 4) are severely distressed physically. They have a very poor apartment

and site design, do not meet current codes, walkways, stairs and ramps are crumbling and the plumbing and electrical systems are failing. The units are also expensive to maintain and are considered a liability risk. The units will be replaced, however, not in the current plan year. Currently THA plans to replace the units with 140 affordable mixed subsidized units, of high quality design and material.

THA will consider other opportunities to remove public housing units from inventory. Specifically, THA may participate in the Transition to Rental Assistance (TRA) program if (1) it allows properties to more effectively cash flow and (2) it does not adversely affect residents.

THA will follow Section 18 requirements with respect to any demolition or disposition action it undertakes.

Number of MTW Housing Choice Voucher (HCV) Units Authorized

THA has 3,543 authorized Housing Choice Voucher Units. THA will apply for any and all grants that will increase the number of MTW and non-MTW HCV units to benefit THA’s applicants, participants and the community.

Number of non-MTW HCV Units Authorized

There are 392 non-MTW HCV units authorized. These consist of 50 Family Unification Program (FUP) Vouchers and 85 Veterans Administration Supportive Housing (VASH) vouchers. THA received 100 Non-Elderly Disabled (NED) vouchers last year in addition to 157 tenant protection vouchers.

Number of HCV Units to be Project-Based during the Plan Year

THA will look to use a combination of Project based Section 8 and Public Housing subsidy to form a Locally blended subsidy under MTW authorization. THA will seek 104 Project Based Vouchers to replace the units of public housing being removed from the inventory

Number of non-MTW Moderate Rehab Vouchers

THA will continue administering 81 Moderate Rehab Vouchers under three separate increments in 2012.

Baseline Number of People Served Prior to Becoming MTW Housing Authority

THA is committed to meet the statutory objective to continue serving at least the same number of households. The baseline units to use in the measurement of this objective will be the number of households served as of July 1, 2010; which equals 4,347 households.

Program Type	Number of households
Housing Choice Voucher	3,443
Public Housing	904

Total	4347
--------------	------

Table 2: Baseline Number of People Served

B. Leasing Information—Planned

Below is a chart of THA’s leasing information. This information is estimated and may change during the Plan year.

Anticipated total number of MTW PH units leased in the Plan year	921
Anticipated total number of non-MTW PH units leased in the Plan year	N/A
Anticipated total number of MTW HCV units leased in the Plan year (this includes 676 Project Based units)	3,443
Anticipated total number of non-MTW HCV units leased in the Plan year (FUP, VASH, and Mod Rehab)	180
Number of project-based vouchers in use at the start of the Plan year	676

Table 3: Leasing Planned

THA does not anticipate any issues relating to potential difficulties in leasing units in either program.

Waiting List Information

Per the MTW statute, at least 75% of new admissions must be very low-income (50% AMI). In 2011, THA removed its local preferences in order to give these very low income households an equal opportunity to receive housing assistance. Very low income households are typically households that are working but not making enough to pay for rent, food and utilities. They are often referred to as “working poor.” THA hopes to use its rent reform programs to help these households get the skills and training necessary to move to higher paying jobs, earning enough to cover their expenses and move off the program.

THA will continue to consider preferences for its project-based vouchers and special programs on an as-needed basis.

THA does not anticipate making any changes to the opening or closing of waiting lists in the next year. The Housing Choice Voucher waiting list is currently closed with a wait time of approximately five years. The Public Housing waiting list was re-opened on November 14, 2009 after being closed for eighteen months. THA plans to leave this list open.

THA implemented site-based waiting lists for its public housing AMPs and project-based voucher sites in late 2011.

THA also implemented the rental assistance program for households in the McCarver School District.

SECTION III: NON-MTW RELATED HOUSING AUTHORITY INFORMATION

Below is THA’s list of planned sources and uses of other HUD or other Federal Funds.

Sources of Federal Non-MTW Funds (FY 2011)	Amount
Housing Choice Vouchers	
FUP Vouchers	\$475,240
VASH Vouchers	\$417,390
FUP/VASH Admin Fees	74,130
Moderate Rehab HAP	\$291,460
Moderate Rehab Program Administrative Fees earned	\$61,090
HUD Grants – ROSS	\$251,610
HUD Grant – FSS	\$39,000
Comm Svcs - 2006 WA Families Fund	\$40,000
Comm Svcs - Gates Education Project - FY 2011	\$310,000
Comm Svcs - Paul G. Allen Foundation	\$75,000
ARRA Funding	Completed
<i>Total Sources</i>	<i>\$2,034,920</i>
Uses of Federal Non-MTW Funds	
Housing Choice Vouchers	
FUP Vouchers	\$475,240
VASH Vouchers	\$417,390
FUP/VASH Administrative Expenses	74,130
Moderate Rehab Program HAP	\$291,460
Moderate Rehab Administrative expenses	\$61,090
Resident Service Activities	\$715,610
ARRA expenditures	Completed
<i>Total Uses</i>	<i>\$2,034,920</i>

Table 4: Sources and Uses of Non-MTW Funds

Description of non-MTW activities proposed by the Agency

The following sources are not included in THA MTW Activities:

- Funding for VASH and Family Unification Vouchers in the Housing Voucher program, whether new allocations or renewal of existing vouchers. Funding for the Non-Elderly Disabled Vouchers and the Tenant Protection Vouchers.

- Vouchers under the Moderate Rehabilitation program.
- Family Self Sufficiency Coordinator positions and ROSS grant funding will be used for the intended purposes.

SECTION IV: LONG-TERM MTW PLAN

THA has established four long-term goals for its MTW program that reflect both the MTW statutory objectives established by HUD and THA’s priority for using its MTW flexibility in line with its own strategic objectives:

- Goal 1: Increase THA’s administrative efficiency;
- Goal 2: Encourage economic self-sufficiency among THA’s participants;
- Goal 3: Increase housing opportunities for low-income households residing in THA’s jurisdiction; and,
- Goal 4: Monitor program effectiveness and performance through a “digital dashboard.”

THA looks forward to determining effective uses of MTW authority for these purposes. Some notable examples of its plan appear below. Some of them seem replicable in other places or on a larger scale. When that is the case, we say so **in bold**.

Goal 1: Increase THA’s Administrative Efficiency;

THA is eager to explore the full limits of MTW flexibility to make itself into a more efficient property manager and manager of programs. THA will begin its MTW career, for example, focused on reducing unnecessary annual certifications for senior or disabled households whose incomes are stable, and de-linking annual inspections from annual recertifications so our inspectors can more efficiently cover the geographic spread of units. The fungibility of funds will also give THA more flexibility that will help assign resources in a more efficient alignment to need. Over the longer term, THA will study the full range of leading edge strategies and systems. We are eager for such an assessment unencumbered by those HUD rules and reporting systems that do not always relate to a well run property.

Goal 2: Encourage Self-Sufficiency among THA’s Participants

The MTW statutory objective of economic self-sufficiency for assisted households nicely complements THA’s view of supportive services for its residents and voucher families. THA provides supportive services that allow tenants to succeed as tenants. Yet, as its strategic directives contemplate for the non-disabled and non-elderly households with children, THA wants them also to succeed as “parents, students and wage earners.” THA wants them to come into its housing programs and prosper so they can live without assistance. In this way, it wants its housing programs

to be a transforming experience for them. Supportive services make this transformation much more likely. In this way, THA regards itself as much more than a landlord. THA's long term strategies to get this done include the following:

- *Regulatory reform for rent and definition of income*

THA's proposed initial MTW plan included rent reforms for all MTW families. Over the longer term, THA expects that this search will continue with increasing refinement and increasingly widespread application. **Although effective reforms of this sort must account for local factors, success in one place will be interesting in others. THA has certainly studied the experience of other MTW agencies. If THA is successful, other agencies will study our experience.**

- *Supportive Services to Spur Economic Self-Sufficiency*

THA seeks to provide supportive services to help families prosper. These efforts strive to keep people in school, get them back to school, get them into job training, teach them English, get job skills, find a job, keep a job, get their drivers' license, clean up their credit, save money, and buy a house. THA intends to explore how MTW status can get this done better and in a more sustained way.

THA, in particular, is interested in finding out if MTW is useful for two types of self-sufficiency initiatives. **First**, we hope that MTW will help THA finance the supportive services and staff these self-sufficiency efforts require. The fungibility of funds that it confers will help do this. **If this works, it will be very interesting to that portion of the affordable housing industry that seeks to provide supportive services.**

Second, THA seeks to better link its housing resources with the supportive services of other organizations. Such linkage makes both the housing and the services more effective. Such leveraging of effect makes these linkages a very good use of a housing dollar.

- *THA's Education Project*

THA's Education Project and THA's initial MTW plan to support that project are a very good example of how THA regards its mission and the MTW flexibility this mission requires. The goal of this project is to improve the educational outcomes of the children THA houses or whose families receive its rental assistance and to improve the outcomes of the public schools that serve THA communities. THA focuses on education for three main reasons. **First**, educational success is an important part of self-sufficiency and a meaningful life. **Second**, educational success is a good proxy for other important outcomes that are harder to measure. THA spends considerable time and effort assisting families address problems of drug or alcohol dependency, domestic abuse and other maladies. This work is important. But it is hard to tell if it is effective. Tracking educational outcomes can help. The family must be making some progress on those other problems if its child's reading levels are improving. **Third**, the success of Tacoma's public schools is essential to the health of THA's communities. For example, THA owns and is building mixed-income communities. Their financial and social success requires them to attract middle income households whose incomes allow them to live elsewhere. Yet, even if these properties are lovely and well managed, middle income families will not

move in or will not stay if the local public school is failing. For this reason, THA has a direct stake in the success of those schools.

THA's Education Project seeks to test three propositions that should be very interesting to HUD, other public housing authorities and other school districts:

- That THA, and other public housing authorities, in how it provides housing and supportive services to needy families, can improve educational outcomes for their children and the outcomes of the schools that serve its communities;
- That THA, and other public housing authorities, should find out the effective ways to do this;
- That THA should then embed these strategies into its normal program operations as part of the appropriate mission of an alert and engaged public housing authority.

THA believes that its Education Project will pioneer the effort to determine a PHA's role in spurring educational success of residents and of local schools. Any success will have obvious and crucial pertinence throughout the nation. PHAs may turn out to be singularly placed for such experiments. They have the physical communities that can be the staging ground for initiatives, especially those that are most successful if identified with a discrete community. They are already engaged in the lives of families in ways that give them an influence. They are stable and enduring organizations prepared for a long term effort.

By its Education Project, THA seeks to determine the influence it can have and to exercise it effectively. See Section V.

The Education Project has many elements to it. Some do not require MTW status and are already underway. Others require MTW flexibility and our initial MTW plan will launch them. Here are three examples:

Linking Housing Assistance with School Programs: THA will determine whether it should or could expect its families to cooperate with their children's schooling as a condition of receiving housing assistance. Coupled with supportive services to help the families comply, such a linkage will help raise educational expectations generally. This can be an important contribution to educational success because expectations are critical.

Matching Housing Assistance with Academic Support Services and Scholarships: Several notable public and private efforts provide very valuable support to students in Tacoma's public schools. For example, the private College Success Foundation (CSF) provides mentoring and support to selected promising low-income high schoolers in each of Tacoma's five mainline high schools. The students chosen for this assistance are fortunate. Yet, a notable minority of them have serious housing problems that imperil their ability to comply with the program and receive its benefit. Providing housing assistance in such cases is a good use of a housing dollar because it leverages valuable academic services. The normal rules of the public housing or voucher programs do not make it an easy match for programs like CSF. For

example, the wait list rules are difficult to adjust. The rules do not permit THA to limit the assistance to the duration of the student's participation in the program and then to reassign the assistance to the next cohort of students. THA is looking forward to collaborating with CSF and similar organizations in designing its housing contribution to the success of participating students.

McCarver Elementary School Initiative: As we mention above, THA has provided housing assistance to stabilize the student population of McCarver Elementary School. McCarver's student population is among the city's poorest. It has the most homeless students. In part because of these problem, more than 100% of its student population turns during each school year. This instability greatly detracts from the prospects for good school outcomes. THA will find out whether it can help in the recovery of McCarver.

Goal 3: Increase Housing Opportunities for Low-income Households Residing in THA's Jurisdiction

To meet this goal, THA plans to address the following issues and activities:

- *Serve More Households*

Over the longer term, but starting right away, THA will seek to determine if the flexibility and efficiencies of MTW status will allow it to serve more households. Several examples of how this may work bear mention. **First**, saving administration costs of running the Housing Choice Voucher program may allow THA to transfer administrative funds to HAP funds to pay for more vouchers. **Second**, MTW fungability will allow THA to redirect savings in HAP expenditures to assist more families or to sustain public housing operations. **These strategies should be available to other PHAs.**

- *Increase Housing Supply*

MTW status will allow THA to project base more vouchers. This is an important development strategy that allows THA and other nonprofit developers to finance the construction of new housing or the preservation of pre-existing housing, and ensure the long term affordability of both types. THA has used this to very good effect in Tacoma, e.g, Eliza McCabe Homes (Intercommunity Mercy Housing), Guadalupe Vista (Catholic Community Services), Harbor View Manor (ABHOW), New Look Apartments (MLK Housing Development Association). Banks have learned how to lend against the long term rental stream that a long term HAP contract denotes. This financing not only gets the housing built but makes it affordable to households down to zero income. It also locks in this deep affordability for a long time. Additionally, these arrangements usually leverage supportive services as well. Project basing is a very good use of a housing dollar and MTW will allow THA to do more of it. **This use of project basing vouchers should also be applicable in other jurisdictions.**

- *Increase housing throughout the continuum of need*

THA is very interested in using its MTW status to provide housing and services along more parts of the housing continuum. Generally, THA has been focused on providing permanent housing to households headed by adults capable of living independently, perhaps with light assistance. THA is interested in better providing or arranging more intensive supportive services to serve a wider variety of needs.

The effort to do this elicits an important feature of how THA views supportive services generally. In general, there are two views of supportive services in the affordable housing industry. By one view, supportive services are a side show. They are interesting but, by this view, the housing provider has no particular role in providing them. According to this view, housing providers are primarily landlords. In contrast, THA, and most MTW agencies, have a different view. It goes like this: supportive services are a necessary companion to the housing they provide. Their necessity derives from whom we house, and why. We house some of our community's neediest households – seniors aging in place, disabled persons trying to live independently, and families coming from trauma, such as homelessness and domestic violence. These households need help to succeed as tenants.

THA provides considerable services for these purposes. It seeks to do more. MTW flexibility will make this easier to do in the following possible ways:

Sustainable Source of Funding for Services: THA looks forward to finding out if the financial flexibility and efficiencies that MTW allows will make it easier to fund supportive services within a building from the operating funds assigned to that building. As HUD realizes, regarding supportive services as an “above the line” expense for a building is the elusive ambition of all housing providers interested in supportive services. Perhaps MTW flexibility will make this more attainable. **If MTW provides this ability to sustain supportive services then it would greatly interest many other PHAs.**

Homeless Youth: Tacoma has a serious and growing problem of homelessness among unaccompanied youth. These youth are not with adults. They are not in foster care. They are not in school. They constitute a first rate child welfare disaster for our community. Using state funds, and in collaboration with service partners, THA participates in an “Independent Youth Program” that serves these youth. THA provides the rental assistance and partners provide the wrap around services. It is a very good model. However, the state funds are ending. Unfortunately, except for a limited number of FUP vouchers, THA's mainline federal housing resources are not well designed to be helpful in such programs. THA will be very interested in finding out if MTW flexibility will better equip THA to participate in a collaborative community response to this growing emergency. **Most other cities see a significant population of homeless, unaccompanied youth. A successful model of intervention would interest many other PHAs.**

Disaster Relief: THA had an interesting and frustrating experience during the Hurricane Katrina disaster that makes it eager for MTW flexibility so it can be more helpful with the next

disaster. Hurricane Katrina caused the largest loss of housing from a single event in American history. Afterward, the South Puget Sound area received several hundred families from the Gulf Coast. THA helped to coordinate the effort to receive them. The FEMA assistance never proved very effective. THA, and other providers, filled in as best as their program rules permitted. THA wrote about the experience in a report: *THA Review of Its Katrina Relief Plan 2006 (THA 2006)*. It is available at <http://www.tacomahousing.org/about/reports.html>. As the report makes clear, although THA did help several dozen households, its federal rules were not flexible enough to respond effectively or quickly. THA means to find out how MTW will better equip its ability to respond to the next disaster. **Whether PHAs can or should become sources of emergency assistance in a mass disaster is a question that will surely recur with the next calamitous hurricane, earthquake or flood. Innovative answers should interest the entire PHA community.**

People Coming from Correctional or Psychiatric Institutions: The Tacoma area has more than its full share of people discharged from correctional institutions and psychiatric institutions. (It is home to large correctional institutions, including the state's only women's prison. It is also home to the state's largest psychiatric hospital.). As HUD knows well, people discharged from these places have serious housing needs. They are also among the hardest to house. It is clear that the normal programmatic templates are not suited to the challenge. THA intends to examine its role in fulfilling this need. MTW flexibility will no doubt be very useful, especially in partnerships with service providers, rules of occupancy, and terms of assistance. **Many successful models exist to effectively serve these difficult populations. It is a separate question on how mainline federal housing programs like public housing and the Housing Choice Voucher program could or should adapt to the purpose. Effective answers will be interesting and transferable to many other PHAs.**

Drug or Alcohol Dependent Adults: People afflicted with drug or alcohol dependency present a housing challenge that also requires flexibility that MTW may provide.

Goal 4: Monitor Program Effectiveness and Performance through a "Digital Dashboard."

THA intends to design a digital dashboard to track the various performance measures it will chose for its strategic objectives and operations. We mention this separately because it will be a critical tool in assessing MTW effectiveness, as well as overall agency success. Even at this time, however, THA has a detailed list of metrics to track. Baselines have already been established for most activities and methods put in place to extract the required data from THA's various systems. THA recently entered into a new contract with the consultant who performed the impact analysis for the agency and part of the scope of work includes defining the logic required for the THA dashboard in order for THA move forward into the development phase.

The purpose of the digital dashboard is to place various performance measures and the results front and center. Some performance measures most pertinent to MTW will include:

- Earned income among various populations
- Savings rates

- Educational outcomes
- Number of households of various subpopulations served
- Various metrics indicating housing stability
- Per unit costs of operations
- Per voucher cost of operations
- Metrics of individual properties and portfolio aggregates (vacancy rates, unit turns, work orders, rent collections, turnover rates, maintenance expenses, etc.)

A successful dashboard will allow staff to see the “needle” or gauge change as they succeed or fail at their work. It will place the important measures prominently in view. This system will change department meetings, cabinet meetings and board meetings. The focus of these meetings can then be where it belongs - on how we are doing and why or why not. This in turn will become a valuable source of data for program design – exactly what a creative MTW agency needs in order to make good use of MTW flexibility.

An effective digital dashboard should be applicable to nearly every other PHAs. They collect or should collect similar data. They should value similar performance measures. They share with all organizations a pressing need for a greater focus on outcomes and transparency in results.

SECTION V: PROPOSED MTW ACTIVITIES

This Plan will be effective January 1, 2012 through December 31, 2012. Once the Plan is approved, then we would move forward with implementing each activity. Staff training and revisions to the Administrative and ACOP plans would take place. Upon approval, THA would reach out to the neighboring housing authorities to explain the changes in our portability process.

Proposed activities table

Activity #	Activity Name
1	Local Policy on Port-Outs
2	Local Blended Subsidies
3	Special Purpose Housing
4	Regional Approach to Project Based Vouchers

*Table 5: Proposed Activities

Activity 1: Local Policy for Port-Outs

a. Description of MTW activity

- THA will limit outgoing portability except for households who need to move out of the jurisdiction due to a reasonable accommodation, employment, situations covered underneath the Violence Against Women Act (VAWA) and education. THA would allow a family to port-out if the receiving housing authority absorbed the voucher. Voucher participants porting out for employment will need to verify they would be working at least 20 hours minimum wage

applicable in the state. Participants porting out for education would need to show proof of enrollment. The purpose of restricted portability in our MTW program is to allow THA to accurately assess the impacts of the MTW policies in our local community.

b. MTW statutory objective

This activity relates to the statutory objective of reducing costs and achieving greater cost effectiveness in federal expenditures.

c. Anticipated impact

- THA anticipates that the impacts will be a decrease in the amount of families that port out of Tacoma and an increase in the percentage of HAP dollars spent in THA’s jurisdiction.
- THA anticipates that there would be a decrease in the amount of time processing portability paperwork.

Families that port out will be leaving because of reasonable accommodations, VAWA situations or a work/school opportunity that is out of THA’s jurisdiction.

d. Baseline and benchmarks

Baseline	Metric	Benchmark	Outcome
Annual Staff time spent to process outbound portability	Hours to process inbound portability	50% reduction	Reduction in staff time to process portability
Administrative dollars spent outside of the agency			
Percentage of HAP dollars spent in THA’s jurisdiction			

*Table 6: Port Out Metrics

e. Data collection metrics and products

- The Housing Choice Voucher Program would gather the statistics on existing and on-going portability activity. As an implementation activity, a THA employee would conduct an analysis of the time involved in administering a billed voucher for both the Housing Choice Voucher program and the Finance Department of THA. The change in portability activity will then be further quantified by multiplying the time saved by the number of transactions involved.

f. Authorization cited

- This proposal is authorized in Attachment C, Heading D. (1g.), allowing the Agency to establish

its own portability policies with other MTW and non-MTW housing authorities.

Activity 2: Local Blended Subsidy

a. Description of MTW activity

THA seeks to create a local blended subsidy (LBS) at existing and, as available, at new or rehabilitated units. The LBS program will use a blend of MTW section 8 and public housing funds to subsidize units reserved for families earning 80 percent or below of area median income. The units may be new construction, rehabilitated, or existing housing. THA will look at several factors when deciding where to use the LBS:

- LBS will be used at developments that require a subsidy level other than that available through the traditional public housing program and/or experience operational and administrative inefficiencies due to the combination of different subsidized housing types.
- THA will work with investors if the agency decides a project currently funded by Project Based Vouchers (PBV) would be better served by using LBS.

b. MTW statutory objective

- Increase housing choice for low-income families
- Reduce cost and achieve greater cost effectiveness in federal expenditures

c. Anticipated impacts

- THA anticipates this policy change will allow THA to increase the amount of quality housing choices for low income families. The blended subsidy will allow THA to use public housing subsidies in combination with section 8 funds to form a subsidy that maximizes THA’s ability to assist families in the jurisdiction.
- THA will also be able to use public housing units that “on the shelf” from previous demolition projects to create more affordable housing.

d. Baseline and benchmarks

Baseline	Metric	Benchmark	Outcome
Number of affordable housing units	TBA	TBA	TBA
Number of public housing units in THA’ portfolio			
Average amount of HAP payments spent in project based units			

*Table 7: Local Blended Subsidy Metrics

e. Data collection metrics and products

THA would use its software system VISUALHOMES to track the number of LBS units and the amount of HAP money saved.

f. Authorization cited

Standard MTW Agreement: Attachment C Section C.2, C.10. D.3.a, and D.4.

Activity 3: Special Purpose Housing

a. Description of MTW activity

- Tacoma Housing Authority seeks to utilize public housing units to provide special purpose housing and to improve quality of services or features for targeted populations. In partnership with agencies that provide social services, THA would make affordable housing available to households that would not likely be admitted in traditional public housing units. With this program, THA would sign a lease with partner agencies to use public housing units both for service-enriched transitional/short-term housing and for office space for community activities and service delivery. The providers would be responsible for choosing families for the program. Service providers would have to meet basic criteria when selecting families for the units. The ability to designate public housing units for specific purposes and populations facilitates this work, by allowing units to target populations with specific service and housing needs, and specific purposes such as homeless teens and young adults.
 - Partners would maintain their own waiting lists, and use their own eligibility and suitability criteria.
 - The public housing lease would be signed between THA and the service provider
 - THA would oversee contracts for compliance with MTW statutory rules

b. MTW statutory objective

- Increase housing choice for low-income families

c. Anticipated impacts

- THA anticipates being able to leverage its housing units in order to offer increased supportive services to populations in Tacoma that are at risk.

d. Baseline and benchmarks

Baseline	Metric	Benchmark	Outcome
TBA	TBA	TBA	TBA

--	--	--	--

**Table 8: Special Purpose Housing Metrics

e. Data collection metrics and products

THA will track the number of special purpose units that offer support that come on line after approval.

f. Authorization cited

MTW Agreement - Attachment C (B)(1)(b)(vi), (C)(1), (C)(2), (c)(10)(C)(15),

Activity 4: Develop a Regional Approach for Special Purpose dollars:

a. Description of MTW activity

- Under this activity THA would be allowed to use the competitive funding process established by the local government jurisdiction to award THA funds/resources. THA would commit MTW dollars or housing units to be awarded through the locally established funding cycle. This would allow THA to “pool” resources with the local jurisdiction to meet the local needs as prioritized through city and or county planning process. THA would ensure that grantees serve households below 80% AMI and would establish mandatory reporting and audit guidelines to monitor the success of the program. THA would have an audit system in place to ensure compliance with MTW rules and regulations.

b. MTW statutory objective

- Increase housing choice for low-income families
- Reduce cost and achieve greater cost effectiveness in Federal expenditures

c. Anticipated impacts

- Increase the number of households served

d. Baseline and benchmarks

Baseline	Metric	Benchmark	Outcome
TBA	TBA	TBA	TBA

*Table 9: Metrics for Special Purpose Dollars

e. Data collection metrics and products

f. Authorization cited

MTW Agreement - Attachment C (B)(1)(b)(vi), (C)(1), (C)(2), (c)(10)(C)(15),

SECTION VI: ONGOING MTW ACTIVITIES

Initiative Description	Statutory Update	Plan Year	Status Update
Extend allowable tenant absences from unit for active duty soldiers	Encourage self sufficiency	2011	Implemented July 2011
McCarver Elementary School Project: Housing and Education	Increase housing choices for low income families, encourage self-sufficiency	2011	Implemented July 2011
Local Project Based Voucher Program	Reduce costs and achieve greater cost effectiveness	2011	THA continues to look at ways to utilize PBV's and is seeking approval to have a regional approach to providing voucher dollars in the community
Allow Transfers Between Public Housing and Voucher lists	Increase housing choices	2011	Implemented July 2011
Local Policies for Fixed-Income Households	Reduce costs and achieve greater cost effectiveness	2011	Because of 2011 Plan amendment, activity will be implemented January 2012
Local Policies for Work-Able Households	Encourage self Sufficiency, Reduce costs and achieve greater cost effectiveness	2011	Because of 2011 Plan amendment, activity will be implemented January 2012
Local Income and Asset Policies	Reduce costs and achieve greater cost effectiveness	2011	Implemented July 2011
Local Interim Processing and Verification policies	Reduce costs and achieve greater costs effectiveness	2011	Because of plan amendment, activity will be implemented January 2012
Modified Housing Choice Voucher Inspection Process	Reduce costs and achieve greater cost effectiveness	2011	Because of changes to the City of Tacoma's code inspections, THA is holding off on implementing this activity. THA still has interest in implementing in the near future.
Special Program Vouchers	Increase housing choices for low income households	2011	THA has not used the approval as of this writing, but is actively looking for opportunities partner with our service

			partners. THA may use activity 5 from the 2012 plan to identify a partner
--	--	--	---------------------------------------------------------------------------

*Table 10: Ongoing MTW Activities Table

SECTION VII: SOURCES AND USES OF FUNDING

A. List of Planned Sources and uses of MTW Funds

THA's Moving to Work plan covers the period January 1 through December 31, 2011. While this plan was under review by HUD, THA received approval to change its Fiscal Year from a June 30 year-end to a December 31 year-end. Since this approval came after the Board approved the current budget, the Planned Sources and Uses for this plan is based on information contained in the budget that runs through June 30, 2011, along with a projection of what is anticipated for the period July 1 – December 31, 2011. As this is the first full year of the plan, and the HAP funding and administrative fee income are not locked in, THA based its income projections on the information received from HUD describing how the amounts will be calculated.

Sources of MTW funds (FY2011)	Amount
HCV Housing Assistance Payments	\$31,293,000
HCV Administrative fee income	\$2,502,000
Public Housing operating subsidy	\$2,280,000
Public Housing rental income	\$2,813,000
Public Housing non-rental income	\$45,000
Public Housing Capital Fund (including RHF funds)	\$2,600,000
Interest income	\$30,000
Management fee income	\$2,569,000
Other revenue sources*	\$130,000
MTW reserves	\$455,000
<i>Total Sources</i>	<i>\$44,717,000</i>
Uses of MTW Funds (FY2011 budget)	
HCV Housing Assistance Payments	\$30,707,000
Program administration	\$8,290,000
Utilities	\$630,000
Maintenance	\$1,564,000
Resident service activities	\$380,000
Public housing rehabilitation (Capital expenditures)	\$1,611,000
RHF Bond payments	\$200,000
Subsidy payments to Tax Credit properties	\$790,000
Insurance	\$209,000
Other miscellaneous operations	\$336,000

<i>Total Uses</i>	\$44,717,000
-------------------	---------------------

Table 11: Sources and Uses of MTW Funds

*** Note:** Other Revenue Sources includes the following sources:

Other Revenue Source	Amount
Section 8 Port In Admin Fees earned	\$ 30,000.00
Section 8 Fraud Recovery	\$ 25,000.00
Other Revenue – PH Projects	\$ 35,000.00
Interest Income	\$ 40,000.00

B. List of Planned Sources and Uses of State or Local Funds

Sources of State/Local Funds	Amount
Washington State/City community service funds	\$64,000
Tenant Based Rental Assistance (TBRA)	\$74,250
<i>Total Sources</i>	\$138,250
Uses of State/Local funds	
Washington State/City funded community services	\$64,000
TBRA HAP	\$67,500
TRBA administrative fees	\$6,750
<i>Total Uses</i>	\$138,250

Table 12: Sources and Uses of State/Local Funds

C. Planned Sources and Uses of Program Support Center

As discussed in the Local Asset Management Plan (Appendix-II), the agency is replacing the Central Office Cost Center with a Program Support Center (PSC), which supports each of its three activities - Conventional Affordable Housing (CAH), Tax Credit Management (TC), and Business Activities (BA). Both the CAH and TC support center will be reported on the FDS schedule as part of the MTW demonstration program, while the BA portion will be reported as part of Business Activities on the FDS. Any shortfalls in these centers will be covered by operational surpluses or reserves in the areas they support.

Planned Sources and Uses of Program Support Centers (Previously COCC)	CAH	TC	BA	Amount
Sources of Program Support Funds	Amount			
Public Housing management fee (includes Mixed				\$1,841,500

Planned Sources and Uses of Program Support Centers (Previously COCC)	CAH	TC	BA	Amount
Finance & THA properties)	\$1,418,000	\$370,000	\$53,500	
Management support fees	\$509,000			\$509,000
CFP management fee	\$362,000			\$362,000
TBRA admin fee			\$6,750	\$6,750
Investment income - operating			\$35,000	\$35,000
Other income	\$14,000		\$325,000	\$339,000
<i>Total Sources</i>	\$2,303,000	\$370,000	\$420,250	\$3,093,250
Uses of Program Support funds				
Administrative salaries & benefits	\$2,179,000	\$265,000	\$165,000	\$2,609,000
Management fees		\$147,000		\$147,000
Other administrative expenses	\$545,000	\$106,000	\$57,000	\$708,000
Resident services	\$124,000	\$1,000	\$1,000	\$126,000
Utilities			\$34,000	\$34,000
Maintenance/facility expenses	\$36,000		\$106,000	\$142,000
Insurance	\$40,000	\$5,000	\$14,000	\$59,000
<i>Total Uses</i>	\$2,924,000	\$524,000	\$377,000	\$3,825,000

Table 5: Planned Sources and Uses of Program Support Centers

D. Cost Allocation and Fee-for-Service Approach

Effective with this plan, THA will no longer allocate indirect expenses. Any expense that is not associated with a specific fund will be charged to the Program Support Center, or the central Community Services fund. Fees will then be charged out to projects in accordance to the Local Asset Management Plan as outlined in Appendix II. THA decided on this method as it provides the most transparency in financial reporting for operational managers. It will make it easier for managers to track costs they have direct control over, and encourage them to gain an understanding of the fees associated with operating their project or program. The belief is that this will provide the manager with the information needed to make more effective operational decisions.

E. Use of Single-fund Flexibility

THA will combine its Public Housing Operating subsidies, Public Housing Capital Funds and its Section 8 Housing Choice Voucher Program assistance into a single authority-wide funding source (MTW Funds). Public Housing Capital Funds will still be subject to the obligation and expenditure deadlines and requirements provided in section 9(j) of the 1937 Act despite the fact that they are combined into a single fund.

THA will use this single funding source to fund Public Housing operations, the Public Housing Capital Fund and the Housing Choice Voucher programs in order to carry out the mission of the MTW

Demonstration Program through activities that would otherwise be eligible under sections 8 and 9 of the 1937 Act.

Below are listed some of the specific ways in which THA plans to exercise the Single-Fund Flexibility:

- THA will make changes to relieve the administrative burden on both the agency and the tenants by creating a more streamlined approach to both the certification process and inspections. THA intends its processes to be less intrusive on people with fixed incomes such as the elderly and disabled, and to relieve families from some of the more burdensome requirements of annual certification.
- THA will focus on housing, employment-related services, and other case management activities that will move families towards self sufficiency.
- THA will consider funding and developing a resident training program, through which residents would engage in training activities and take an assessment at the end of each activity. If the resident completes the training and passes each phase, they would then be assigned appropriate functions within the agency based on skills they obtained utilizing MTW funds.
- THA will continue the planning efforts for its Education program. THA will provide Housing Choice Vouchers to households with children who attend a school with an exceptionally high level of turnover to help stabilize the student population. THA believes this approach will help to improve educational out-comes, add stability to the neighborhood, and create a better learning environment for the community as a whole.
- THA will adjust administrative staff as necessary to ensure that activities are in line with the agreement. THA may also make necessary technological enhancements that will benefit the organization and the residents.
- THA will analyze its administrative overhead and charge expenses directly to the programs whenever possible. The agency will charge administrative or allocated costs to a newly created Program Support Center for each of its three activity areas as identified in the Local Asset Management Plan, along with a Community Services Central fund to track expenses associated with those functions.
- Even though not specifically identified in the plan, THA will investigate MTW's flexibility in the acquisition, new construction, reconstruction or moderate to substantial rehabilitation of housing. THA will do this in strict accordance with its mission, and the objectives of the MTW demonstration.

As THA will be in the first full year of our Moving to Work plan, the costs associated with changes in rent reform activities will not take effect until July, 2011. THA will monitor the cost effectiveness of changes that the agency implements based on the flexibility achieved in the Moving to Work

demonstration. As staff identify cost savings, the agency will be able to more adequately determine funding availability.

SECTION VIII: ADMINISTRATIVE

A. Resolution Signed by Board of Commissioners

[Josh to get Board Resolution from Christine]

B. Description of Planned or Ongoing Agency-Directed Evaluations of the Demonstration

THA is contracting with a third-party evaluator to complete an impact analysis and financial modeling tool for each of the rent reform activities proposed in this plan. The contractor is assisting THA in creating baselines and benchmarks for each activity, evaluating potential effects on different protected classes, developing hardship criteria, and assisting in evaluating the financial impacts on both THA and its participants.

APPENDIX I: PUBLIC HEARING COMMENTS

The Plan was posted for public review beginning July 29th 2011. Two public meetings were held September 12th 2011. THA also met independently with the local Legal Services program, Northwest Justice Project on August 10, 2011.

Additional review included:

- A THA Board of Commissioners information session on September 9th 2011.
- Review by the THA Executive Team on August 15, 2011.
- Final board approval on October_____.
- As the MTW PIH Notice 2009-29 required, THA also made copies of the draft plan publicly available for 30 days on its website and at its main office.

Public comments received are included on the following pages.

MTW ANNUAL PLAN: PUBLIC COMMENTS	
Comment	THA Response

Table14: MTW Annual Plan Public Comments

APPENDIX II: LOCAL ASSET MANAGEMENT PROGRAM

Background and Introduction

The First Amendment to the Amended and Restated Moving to Work Agreement authorizes Tacoma Housing Authority (THA) to design and implement a Local Asset Management Program (LAMP) for its Public Housing Program and describe this program in its Annual MTW Implementation Plan. The term “Public Housing Program” means the operation of properties owned or units in mixed-income communities subsidized under Section 9 of the U.S. Housing Act of 1937, as amended (“1937 Act”) by the Agency that are required by the 1937 Act to be subject to a public housing declaration of trust in favor of HUD. The Agency’s LAMP shall include a description of how it is implementing project-based property management, budgeting, accounting, and financial management and any deviations from HUD’s asset management requirements. Further, the plan describes its cost accounting plan as part of its LAMP, and in doing so it covers the method for accounting for direct and indirect costs for the Section 8 Program as well.

The plan described herein is consistent with how the agency currently operates. Since 2007, THA has operated using project-based budgeting with on-site administrative and maintenance personnel responsible for the majority of the tasks associated with managing the properties. Where the plan deviates from THA’s current methods is in the introduction of a new cost approach. This cost approach eliminates all current allocations and books all indirect revenues and expenses to a Program Support Center and then charges fees to the programs and properties.

Guiding Principles

The City of Tacoma established the Tacoma Housing Authority under State of Washington enabling legislation in 1940 through resolution. The resolution states that the City formed the Housing Authority to address a “shortage of safe and sanitary dwelling accommodations in the City of Tacoma, Washington available to persons of low-income at rentals they can afford.”

Since then, THA has strived to meet the ever-increasing demands for low-income housing in the Tacoma area. With acceptance into the Moving to Work (MTW) program in 2010, THA took on three additional statutory objectives that further define the Agency’s role on both a local and a national scale. THA is required to keep these objectives in mind through the development of each activity related to MTW, including the development of the LAMP. The three statutory objectives are: 1) reduce cost and achieve greater cost effectiveness in Federal expenditures; 2) give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining

employment and becoming economically self sufficient; and 3) increase housing choices for low-income families [Section 204(a) of the 1996 Appropriations Act].

Description of Asset-Based Operations

Overview of Organizational Structure

THA’s Real Estate Management and Housing Services (REMHS) Department is responsible for the day-to-day operations of THA’s portfolio and the Finance and Administration Department is responsible for strategic planning and compliance. The chart below shows this relationship and the positions responsible for these management functions.

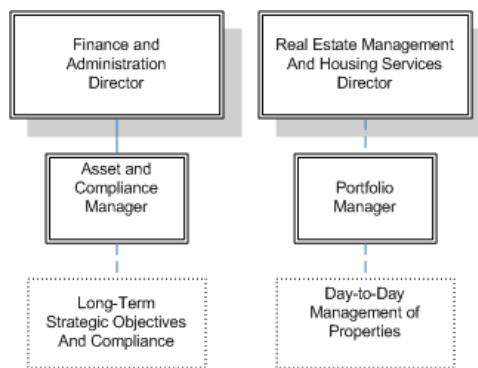


Figure 1: Organizational Structure

Conventional AMP Management at THA

Each AMP consists of one to three properties, which add up to an average of 100 units per AMP. A Portfolio Manager oversees all of THA’s managed properties, including Public Housing, Local Fund, and Tax Credit Properties. At each of THA’s properties other than the six properties included in the Salishan Tax Credit Portfolio, a Site Manager oversees the management of each AMP. Reporting to the Site Manager are one or two Site Assistants and various maintenance personnel. This structure enables THA to operate each of its AMPs in compliance with HUD’s Asset Management model. The chart below shows this structure.

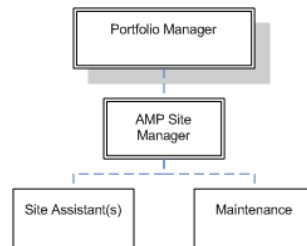


Figure 2: Conventional AMP Management

Salishan Portfolio

STRUCTURE

Salishan is a conglomerate of seven different Tax Credit developments, each consisting of ninety units and all located in a single 188-acre property. When phase seven is complete in early 2011, there will be 630 units in Salishan. One Property Manager oversees the entire Salishan portfolio. Three Site Managers, three assistants and several maintenance personnel report to the Property Manager. Each position has distinct roles that they are responsible for, from purchasing and work orders to compliance and site walks. The accounting specialist position, which traditionally resides at the main office, is located at Salishan to reduce issues in communication and interpretation of Finance policy and procedure. The chart below shows this structure.

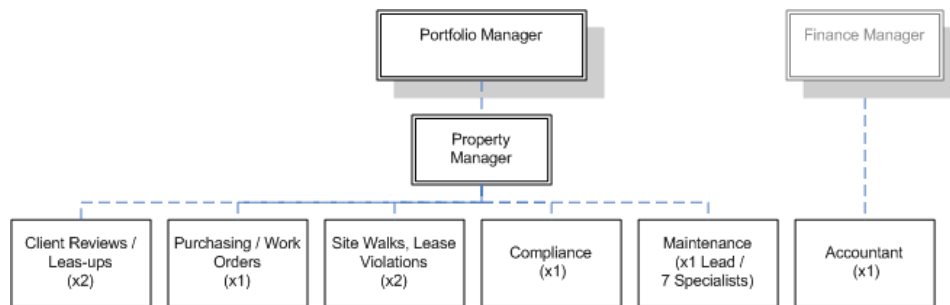


Figure 3: Salishan Portfolio Management Structure

COSTS

Whenever possible, charges will be booked directly to the Tax Credit entities, and will not be recorded in THA's general ledger. As THA manages properties for its Tax Credit partnerships, THA pays for staff and certain expenses directly related to the day to day operations of the Tax credit partnerships. These expenses are entered into THA's general ledger and reimbursed by the partnerships. The end result is that these charges will not show up in THA's financial information. In order to track costs incurred by THA in the management of units owned by the Tax Credit partnerships, these costs are all placed in the Tax Credit Program Support Center, which is described in the Cost Approach section of this plan.

Asset and Compliance Management

While the Property Management Division oversees the day-to-day operations of the properties, THA's Asset Management and Compliance Division oversees the long-term strategic objectives of the properties. Having an Asset Management and Compliance Division enables THA to effectively plan for the future, ensure compliance with Local and HUD regulations, and keep the

agency's strategic objectives at the forefront when making both operational and strategic decisions. Included within the scope of this division are the following responsibilities:

- Risk Management
- Compliance (file audits, PIC, finding resolution)
- Budget Oversight
- Financial Reporting and Modeling
- Capital Needs Assessment
- AMP Performance Review
- Strategic Planning
- Policy Development and Implementation
- AMP Procurement Regulation

Project-Level Reporting

THA instituted project-based budgeting and accounting practices in 2007. In 2008, THA Finance staff developed systems and reports to facilitate the onsite management of budgets, expenses, rent collection and receivables, and purchasing; in 2009 the Asset Management division developed reports and financial models to analyze all properties at the project level.

Centralized versus Decentralized Maintenance

In accordance with HUD Asset Management guidance, THA instituted a decentralized maintenance program in 2008. Each AMP has two to three maintenance personnel, depending on the size and maintenance requirements of the properties in the AMP.

THA also has two Lead Maintenance Specialists, which are centralized functions. The salaries and benefits for both of these positions are charged to the AMPs as a portion of the Management Support Fee discussed in the Cost Approach section of this plan. The leads are responsible for training the other Maintenance Specialists, assisting the AMPs with unit turns and other high-demand maintenance tasks, and performing maintenance duties that fall outside the scope of the generalists.

In the Salishan portfolio, THA contracted various vendors to turn units. The Lead Maintenance Specialist identifies the work required for each unit turn and contacts the appropriate contractors to perform the work. All other maintenance work is performed by the maintenance crew assigned to the Salishan portfolio.

THA adopted these maintenance practices in order to achieve a cost-effective balance of centralized, decentralized, and contracted maintenance. This hybrid approach shows THA's flexibility in finding the most effective balance of duties based on the needs of a specific AMP.

Acquisition of Goods

THA has a decentralized purchasing model for the acquisition of goods. Sites staff use a simple purchasing system that enables them to be able to purchase goods directly from their pool of vendors while still enabling management staff to track spending habits.

Acquisition of Services

While the acquisition of goods is decentralized, the agency has adopted a hybrid approach to the acquisition of its services. Centralized duties include the oversight of the contract needs of the sites, management of the bid process, vendor communication, and contract compliance. The sites are responsible for scheduling work, approving invoices, working with the centralized staff to define scopes of work, and ensuring the work is done properly.

Strategic Asset Planning

THA's Asset Management Committee

In 2010, THA formed an Asset Management Committee consisting of key members from the following functional areas in the agency: Finance, Asset Management and Compliance, Property Management, and Real Estate Development. The committee meets monthly. The standing agenda includes reviewing operational costs at each site, investigating large cost variances between the AMPs, analyzing property performance metrics, and comparing cost data and operational data to industry standards. THA also uses financial models to compare our metrics to properties managed by private firms. The committee also considers any policy changes having a potential impact on the operation of its properties and decisions regarding property acquisition and disposition. Some examples of policy changes discussed here include adoption of a smoke-free policy and changes to THA's current rent policy and occupancy standards.

The overall purpose of the committee is to ensure that THA makes decisions in a way that fosters appropriate communication between the major functional areas concerned with Asset Management and address related issues and concerns from a holistic perspective.

The cost approach developed by THA as described in the next section of this LAMP will allow this committee and others in the agency to make informed decisions concerning the agency's portfolio. The cost approach will clearly show which areas of the agency cost the most to run and which provide the most value to the mission of the agency.

Cost Approach

THA's proposed cost approach is to charge all direct costs related to day to day operations to the specific project or program fund and to charge all indirect costs to a central fund (see "Program Support Center" below). Community Service expenses that benefit THA's Affordable Housing properties will be charged to a Community Services Fund. The PSC and Community Service Fund would then earn fees that it charges to the programs they support. . For purposes of this Cost Approach, the term project refers to any property or AMP that THA manages and the term program refers to the Rental Assistance programs administered by THA.

THA developed this approach for the following reasons:

1. It allows the agency to easily see the costs directly related to the day to day operations of a project or program and determine whether the management of that cost center can support itself. Staff managing the programs and properties will be able to easily discern all related administrative, shared, and Community Services costs. Managers will hold negotiations if costs are determined unreasonable or if the AMP or program cannot support the proposed fees.
2. One of the goals of the MTW program is to increase administrative efficiency. By charging these costs out as a fee, it will be easier in the future to identify the administrative efficiencies at the program/project level and the indirect costs that support them. In the area of Community Services, it is the intent of the agency to increase the services offered in order to promote Self Sufficiency during the period of the demonstration program. This process easily allows the agency to see the effect of the demonstration program on the Community Services area by running comparative financial statements.

Activity Areas

THA will create three separate activity areas in order to track what it costs the agency to support different types of activities in which the agency engages. The three activity areas are:

- Conventional Affordable Housing (MTW)
- Tax Credit Management (MTW)
- Business Activities (Non-MTW)

THA decided to separate MTW activities into Conventional Affordable Housing and Tax Credit Management in order to tell how much it costs to manage its Tax Credit Portfolio versus its other affordable housing programs, including Public Housing and Local Fund Properties. THA will consider any other activities as Non-MTW and the revenues and expenses fall under the Business Activity area.

Program Support Center

Each of the three activity areas (Business Activities, CAH Activities and Tax Credit Activities) will have a Program Support Center (PSC). This is the equivalent of the Central Office Cost Center (COCC) under the HUD Asset Management model and it contains all of the programmatic support costs related to each of the three activity areas. The expenses will be split out to one of the three support centers based on unit equivalency and where the project or program resides to more clearly identify where administrative expenses fall and measure either the profitability or cost to each of the identified areas.

Table 40 at the end of this plan indicates the breakdown of how the administrative cost portion of the PSC will be charged out.

Direct Costs

Any costs that directly and wholly support a particular project or program will be charged as Direct Costs to the respective project or program. The following chart outlines which costs are considered Direct Costs.

Program Area	Cost Type	Comments
Property Management	Personnel Costs	
	Office Rent	
	Insurance	Includes property and liability insurance directly related to the AMP
	Program Support Fees	Administrative Support Fee, Management Support Fee, Community Services Support Fee
	Administrative Costs	Includes postage, legal, office supplies, training and travel, mileage, professional services, and eviction costs
	Maintenance Costs	Includes materials, maintenance personnel costs, and contracts
	Utilities	
	Security	
	Relocation due to Reasonable Accommodation	
	Collection Loss	
	PILOT	
	Debt Service Payments	
	Audit Costs	
	Rental Assistance	Personnel Costs
Office Rent		
Insurance		
Program Support Fees		Administrative Support Fee, Management Support Fee, Community Services Support Fee
HAP Expenses		
Audit Costs		

Program Area	Cost Type	Comments
	Administrative Costs	Includes postage, legal, office supplies, training and travel, mileage, professional services, and eviction costs

Table15: Direct Costs

Indirect Costs (Program Support Fees)

Any indirect costs incurred by THA in support of its projects and programs will be incurred by the Program Support Center or the Community Services Fund and charged out to the projects and programs in the form of a fee. The three fees are:

- Administrative Support Fee
- Management Support Fee
- Community Services Support Fee

Administrative Support Fee

The Administrative Support Fee will cover the costs of the services provided by the following:

- Executive Department
- Finance and Accounting
- Information Technology
- Purchasing
- Asset Management (not including Compliance)
- Human Resources Department
- Real Estate Management and Housing Services Director
- Real Estate Development Director

There will be two separate rates, one for Rental Assistance programs and one for managed housing units. The fee charged to Rental Assistance will be charged to all Rental Assistance Baseline units (Section 8, FUP, VASH, etc), except for TBRA, and the fee charged to Property Management will be charged to all managed housing units, regardless of occupancy status.

The following chart shows how these fees are derived. Note that THA uses the rates as determined by HUD (Management Fee, Bookkeeping Fee, and Asset Management Fee) to compare the performance of the cost centers to the HUD model.

Administrative Support Fee Components		
Fee	Rental Assistance	Property Management
HUD-Prescribed Management Fee	\$12.00	\$44.24
HUD-Prescribed Bookkeeping Fee	\$7.50	\$7.50
HUD-Prescribed Asset Management Fee	\$0.00	\$10.00
IT Fee (IT portion of Operating Subsidy)	\$0.50	\$2.00
Total Fee:	\$20.00	\$63.74

Table16: Administrative Support Fee Components

For THA’s tax credit properties, the agency receives management fees per the entity’s operating agreement. THA will use any available excess operating subsidy remaining in the Tax Credit AMP (AMPs 7-15) to cover deficits in the Tax Credit PSC.

The chart below shows the fees distributed across the three activity areas.

Administrative Support Fee Support Fee by Project / Program			
Activity Area (Program Type)	Units Supported	Per Unit Fee	Total Fee (Monthly)
CAH (MTW)			
Rental Assistance	3,543	\$20.00	\$70,860
Property Management	800	\$63.74	\$50,991
Tax Credit (MTW)			
Tax Credit Portion: Hillside Terrace (by agreement)	62	\$30.00	\$1,860
Tax Credit Portion: Salishan (by agreement)	540	\$42.00	\$22,680
AMP Portion (Salishan)	290	\$21.74	\$6,304
Business Activities (Non-MTW)			
Rental Assistance	191	\$20.00	\$3,820
Property Management	10	\$63.74	\$637
Totals:			\$157,152

Table17: Administrative Support Fee by Project / Program

Management Support Fee

The Management Support Fee will cover the costs of the services provided by the following centralized functions:

- Portfolio Manager
- Operations Coordinator
- Compliance Staff
- Leasing Staff

The fee is determined by taking the total amount budgeted for the staff in each category and charging it out on a per-unit-month (PUM) basis. The chart below shows how the fee is distributed across the three activity areas:

Management Support Fee Summary					
Activity Area	Portfolio Management	Operations Coordinator	Compliance	Leasing	Total Fee (Monthly)
CAH (MTW)	\$6,166	\$4,443	\$5,390	\$14,565	\$30,563
Tax Credit (MTW)	\$2,663	\$1,643	\$1,994	\$5,019	\$11,318
Business Activities (Non-MTW)	\$88	\$164	\$200	\$0	\$452
Totals (PUM):	\$8,917	\$6,250	\$7,583	\$19,583,326	\$42,333

Table18: Management Support Fee Summary

Community Services Support Fee

Costs for Community Service activities will be charged against a grant whenever possible. Additionally, it is the intention to provide services to the Affordable Housing clients we serve in both THA’s managed units and the HCV Program. THA chose to set up a Community Services Fund to track expenses and to charge the properties a fee rather than insert the costs directly into the activity or project it supports. By doing this, it will force the agency to determine the level of Community Services it will provide to its clients, and help the projects to understand their costs based on the amount of their fee. If the fee charged is not sufficient to cover the anticipated Community services level, then Community Services must either negotiate with the program areas to increase its fees or reduce its level of service.

The Community Services Support Fee has three components: the Elderly/Disabled Program Fee, the Family Investment Center (FIC) Fee, and the Community Service Fee. The Elderly/Disabled Program Fee is a fee charged to all AMPs with elderly and disabled properties based on the number of elderly and disabled units with the AMP. This fee is used to cover the costs of the Elderly/Disabled program that is paid to the AMPs through Operating Subsidy. The FIC Fee is used to support the building costs for all of the Community Services support staff located at the Family Investment Center. The Community Service Fee component covers costs incurred by the Community Services Department that are not paid for by any other grants or funding sources and benefits THA’s Affordable Housing clients.

Community Services supports Rental Assistance through FSS and other support functions; however, the support of the Property Management units is more intensive. Thus there will be separate rates for Rental Assistance programs and managed housing units. The fee charged to Rental Assistance will be charged to all Housing Choice Voucher Baseline units, and the fee charged to Property Management will be charged to all managed MTW housing units, regardless of occupancy status

The chart below shows the components of this fee and the amount associated with each and the following chart shows how the fee is distributed across the three activity areas.

Community Services Support Fee Components (Per Unit Month)			
Fee	Rental Assistance	Property Management	Comments
Elderly Disabled Program Fee	\$0.00	\$15.11	Only applies to Senior/Disabled Properties
Family Investment Center Fee	\$6.85	\$27.42	Office space for staff located in the Family Investment Center (FIC)
Community Service Fee	\$1.25	\$5.00	
Total Fee for Eld/Dis Props:	\$8.10	\$47.53	
Total Fee for All Other Props/Programs	\$8.10	\$32.42	

Table 19: Community Services Support Fee Components

Community Service Support Fee Monthly Fee by Activity Area				
Activity Area	FIC	Elderly Svcs	CS Fee	Total Fee
CAH (MTW)	\$3,586	\$5,333	\$7,849	\$16,768
Tax Credit (MTW)	\$747	\$0	\$1,635	\$2,382
Business Activities (Non-MTW)	\$0	\$0	\$0	\$0
Totals (Monthly):	\$4,333	\$5,333	\$9,596	\$19,150

Table 20: Community Services Support Fee by Project / Program

Summary

The diagram below summarizes how THA's costs will be distributed and tracked by activity area and how the Program Support Centers will earn fees charged to the programs.

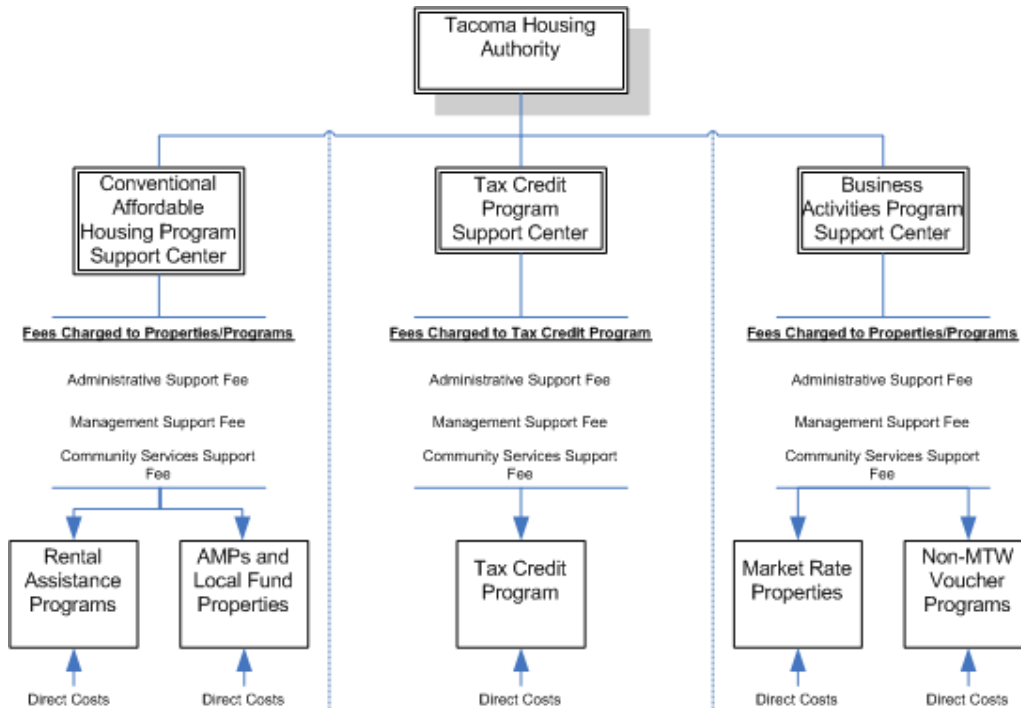


Figure 4: Program Summary Chart

Cost Centers

Property Management

Property Management uses of funds includes the Direct Costs and Program Support Fees for all of the properties managed by THA. The Property Management sources of funds includes Capital Fund, Tenant Revenue, Operating Subsidy, and Other Revenue.

Rental Assistance

Rental Assistance uses of funds includes the Direct Costs and Program Support Fees for all of the voucher programs managed by THA's Rental Assistance Division. These programs include Housing Choice Voucher (HCV), TBRA, SRO/SCO, Project-Based Vouchers, FUP, VASH, and HUD FSS. The sources for Rental Assistance primarily include HAP Revenue and the Administrative Fees paid to the agency by HUD.

In addition to the fees Rental Assistance pays to the Program Support Center, there are other fees paid and earned in this area. All direct costs for all of the Rental Assistance programs will

be recorded in our main Section 8 HCV fund in the MTW program. A fee will then be charged to our SRO and non MTW Section 8 programs based on unit equivalencies. This fee will be income earned by the MTW Section 8 HCV program for reimbursement of the expenses incurred by them. The chart below shows the equivalencies used.

Rental Assistance Unit Equivalencies		
CAH (MTW)	Units Supported	Percentage
Section 8	3543	94.63%
Non-MTW	Units Supported	Percentage
TBRA	10	0.27%
SRO	81	2.16%
FUP	50	1.34%
VASH	60	1.60%

Table 21: Rental Assistance Unit Equivalencies

Community Services

The revenue earned from all Community Service grants will be recorded in the activity area where it is allowed: any revenue from Federal, State, or Local grants will be recorded in Business Activities (Non-MTW) and all other revenue will be recorded in Conventional Affordable Housing (MTW). Staff positions and direct expenses funded in whole or in part by Federal, State or Local funds will be charged against the specific grant in Business Activities (Non-MTW). Any expenses for the Community Service department that support THA’s Affordable Housing mission and are not reimbursed by a funding source will be charged to the Conventional Affordable Housing (MTW) Program Support Center.

Development

THA defines development activities to include modernization of the current portfolio, investigation and design of new affordable and market-rate development opportunities, and administration of the Capital Fund Grant. THA also acts as its own developer in building of affordable housing, and plans on expanding this role in the near future. THA’s approach to these activities is to charge any activities related to the current stock of affordable housing or activities funded by the Capital Fund to one of the two MTW activity areas. Any time that THA earns a developer fee as a developer, or performs tasks as either a Public Development Entity (PDE) or a Community Development Authority (CDA), all revenues and expenses will be considered Business Activities (Non-MTW). Based on historic and projected activities, the agency estimates that Development activities make up 10% of the agency support. This figure will be reevaluated annually based on the projects in the pipeline, the funding available to support the activities, and current staffing levels. No sources or uses are projected for new development activities in this year’s plan, but if opportunities arise, THA intends to use its MTW flexibility for development and rehab of affordable housing units.

Other Considerations

Personnel

Personnel costs are broken out a number of different ways, depending on which program(s) the staff support, where the funding for the positions comes from, and what the function of each position is.

Rent

THA's main office houses the agency's administrative support staff, the Rental Assistance Division and the Real Estate Development Department. All areas not considered administrative support pay rent for the space used in the main office. The amount of rent charged to each area is determined by the number of square feet occupied in the main office. The per square foot charged to each area is determined by adding up all of the costs to operate the main office and dividing by the total occupied square feet. For FY2011, each area will be charged \$20.87 per square foot per year to occupy the main office. The following chart gives the breakdown of these charges.

Annual Rent Paid by Program for Main Office Space (\$20.87 / Sq Ft)					
Area	Sq. Ft at Main Office	CAH Activity (MTW)	Tax Credit Activity (MTW)	Business Activity (Non-MTW)	TOTALS
Rental Assistance	4,307	\$85,033	\$0	\$4,854	\$89,887
Real Estate Development	2,483	\$6,737	\$7,255	\$37,829	\$51,820
Total	6,790	\$91,770	\$7,255	\$42,683	\$141,707

Table 22: Annual Rent Paid by Program for Main Office Space

All rental revenue and the expense to operate the main office reside in the Business Activity (Non-MTW) Program Support Center (PSC). The chart on the next page gives the cost details used to determine rent amounts for FY2011.

Rent Business Activities (Non-MTW) Program Support Center	
Income	FY2011 Budget
Rental Income	\$141,707.30
Total Income	\$141,707.30
Expenses	
Depreciation	\$113,295.27
Maintenance Salaries	\$25,000.00
Maintenance Benefits	\$7,500.00
Maintenance Contracts	\$65,000.00
Maintenance Materials	\$9,200.00
Other Maint Costs	\$10,000.00
Utilities	\$33,700.00
Security	\$10,000.00
Property Insurance	\$2,800.00
Total Expenses	\$276,495.27
Net Income (Loss)	(\$134,787.97)

Table 23: Rental Income and Building Expenses

Since the expenses relate to both the administrative staff that reside within the main office building and the areas identified above that pay rent to the PSC, there will always be a loss in the Business Activities PSC. This loss will be covered by charging it out against the Program Support Centers based on unit allocation. Based on the figures in the Rental Income and Building Expenses chart above, the charge will be figured as follows:

Allocation of Rental Income Deficit	
Total Units (All Rental Assistance and Property Management Programs):	2,280
Total Loss:	\$134,788
Rent Charged per Unit Month(Loss/Units):	\$4.93

Table 24: Allocation of Rental Income Deficit

Differences – HUD Asset Management vs. THA Local Asset Management

THA is required to describe any differences between the Local Asset Management Program and HUD's asset management requirements in its Annual MTW Plan in order to facilitate the recording of actual property costs and submission of such cost information to HUD:

1. THA decided not to use the standard Fee for Service as prescribed by HUD. THA's LAMP is much broader and includes local housing and other activities not found in traditional HUD programs. In addition, the fee structure deviation will allow THA to recognize its deficit areas and devise new methods for covering the overhead. Under this new structure, the Program Support Center will earn three separate fees from the programs and properties, a blended Administrative Support Fee, a Management Support Fee, and a Community Services Support Fee. The intention of expanding these fees is to allow the managers of our AMP's , Rental Assistance, and other direct program areas to determine how these areas are doing by looking at the direct costs under their control and easily identify the fees that are inserted into their area for administration or indirect costs. It also allows the agency to determine the profitability of the different support areas and see what changes may be needed in the administration of each of those areas.
2. Under this plan, THA renamed its Central Office Cost Center (COCC) to the Program Support Center (PSC) and split it into the three different activity areas. In addition, the PSC will track the program management salaries that cannot be directly attributed to a specific project or program, and therefore would be allocated, The fees will be received in the PSC where the costs that would have been allocated out reside.
3. HUD's rules limit the transfer of cash flow between projects, programs, and business activities. THA intends to use its MTW resources and regulatory flexibility to move its funds and project cash flow among projects that support affordable housing without limitation and to ensure that agency operations best meet THA's mission and serve the agency's low-income clientele.
4. In determining the units to use for the basis of the fee, THA chose to use total units, regardless of occupancy status. This differs from the HUD Asset Management model where Housing Authorities are only allowed to charge management and bookkeeping fees for occupied units in each AMP. THA chose to deviate from the rule for two reasons: 1) THA believes that charging a fee to an AMP for an unoccupied unit will serve as an incentive to the staff to get the unit leased because the AMP is paying a fee on a unit that is not receiving any revenue; and 2) doing so will allow both the AMPs and the administrative staff to budget on a known fee amount, along with covering overhead incurred by the agency whether a unit is leased or not.
5. Under the HUD Asset Management Model the COCC financial information is reported as Business Activities. In THA's LAMP, each activity area has its own Program Support Center (PSC), which is the equivalent of the COCC, and the PSC's that support MTW will follow the MTW Demonstration Program and the Business Activities PSC will be reported in the Business Activities column on the FDS.

6. In THA's LAMP, the Local Fund properties that support Affordable Housing fall under the MTW Demonstration Program. However, the financial information related to these properties will continue to be reported under Business Activities on the FDS.

Charts

Unit Equivalencies

All Properties		
CAH (MTW)	Units Supported	Percentage
AMP1	160	11.82%
AMP2	152	11.23%
AMP3	144	10.64%
AMP4	104	7.68%
AMP6	34	2.51%
Wedgewood	0	0.00%
Stewart Court	58	4.28%
Salishan 7	90	6.65%
		54.80%
Tax Credit (MTW)	Units Supported	Percentage
Tax Credit Properties	602	44.46%
		44.46%
Non-MTW	Units Supported	Percentage
9 Homes	9	0.66%
North Shirley	1	0.07%
		0.74%
	1,354	100.00%

All REMHS Units				
CAH (MTW)	Units Supported	Unit Factor	Factored Units	Percentage
Section 8	3543	0.25	885.75	38.68%
AMP1	160	1	160	6.99%
AMP2	152	1	152	6.64%
AMP3	144	1	144	6.29%
AMP4	104	1	104	4.54%
AMP6	34	1	34	1.48%
Wedgewood	0	1	0	0.00%
Stewart Court	58	1	58	2.53%
Salishan 7	90	1	90	3.93%
				71.08%
Tax Credit (MTW)	Units Supported	Unit Factor	Factored Units	Percentage
Tax Credit Properties	602	1	602	26.29%
				26.29%
Non-MTW	Units Supported	Unit Factor	Factored Units	Percentage
TBRA	10	0.25	2.5	0.11%
SRO	81	0.25	20.25	0.88%
FUP	50	0.25	12.5	0.55%
VASH	60	0.25	15	0.66%
9 Homes	9	1	9	0.39%
North Shirley	1	1	1	0.04%
				2.63%

All REMHS Units (w/o Counting S8 Tax Credit Units Twice)				
CAH (MTW)	Units Supported	Unit Factor	Factored Units	Percentage
Section 8	3543	0.15	531	36.57%
AMP1	160	1	160	11.02%
AMP2	152	1	152	10.47%
AMP3	144	1	144	9.92%
AMP4	104	1	104	7.16%
AMP6	34	1	34	2.34%
Wedgewood	0	1	0	0.00%
Stewart Court	0	1	0	0.00%
Salishan 7	0	1	0	0.00%
				77.48%
Tax Credit (MTW)	Units Supported	Unit Factor	Factored Units	Percentage
Tax Credit Properties	327	1	327	22.52%
				22.52%
			1,452	100.00%

2,290 100.00%

Table 25: Unit Equivalency Charts

Program Support Center Allocation Detail

Program Support Center Unit Equivalencies					
Cost Center	Funding Source	CAH (MTW) Unit Equiv.	Tax Credit (MTW) Unit Equiv.	Business Activities (Non-MTW) Unit Equiv.	Total Units
Rental Assistance	Mod Rehab SR0003			30	30
	Mod Rehab SC0002			10	10
	Mod Rehab SR0002			41	41
	Section 8 Vouchers	3,543			3,543
	HUD FSS Grant	N/A			0
	TBRA			10	10
	FUP Vouchers			50	50
	VASH Vouchers			60	60
Property Management: Local Fund Units	N Shirley			1	1
	Alaska 9 Homes			9	9
	Local Fund - Stewart Court	58			58
	Wedgewood - 50 Units managed UMS*			X	0
	Salishan 7	90			90
Property Management: Public Housing AMPs	AMP 1 - K.G & M	160			160
	AMP 2 - 6th Wright, Fawcett	152			152
	AMP 3, Dixon, BT, Lawrence	144			144
	AMP 4, Old HT	104			104
	AMP 6 - Scattered Sites	34			34
Property Management: Tax Credit Partnerships	Hillside Terrace		21		21
	Hillside Terrace 2		25		25
	Hillside Terrace 1500 Blk		16		16
	Salishan 1		90		90
	Salishan 2		90		90
	Salishan 3		90		90
	Salishan 4		90		90
	Salishan 5		90		90
Salishan 6		90		90	
Total Units		4,285	602	211	5,098
Development	THA as Developer - 30%			170	170
	Salishan Area 3 For Sale Lots - 5%			28	28
	Development Opportunities - Affordable Housing - 12.5%	71			71
	Development Opportunities - Market/Community - 12.5%			71	71
	CFP Grants -40%	226			226
	Unit Equivalents	297	0	269	566
	Total Units/Unit Equivalents - 10% of Units	4,582	602	480	5,664
Program Support Center Equivalencies (% of All Units)		80.90%	10.63%	8.47%	100%
* Note that Wedgewood is managed by a third party, therefore the units are not factored into any of the accounting in THA's cost approach.					

Table 26: Program Support Center Allocation Detail

APPENDIX III: CAPITAL FUND DOCUMENTS

