



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-12-12 (1)

Date: December 12, 2018
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Fiscal Year 2019 Agency Budget

This resolution would adopt Tacoma Housing Authority's (THA) budget for 2019. The details are set forth in the attachments.

SOME BACKGROUND

By this resolution, the Board would adopt a THA budget for FY 2019. Each year THA budgets for the upcoming fiscal year. The annual budget reflects the estimated amount and purpose of revenues and expenditures for each of its departments and major programs. The budget denotes strategic choices. It shows individual department expenses. For management purposes each department director will manage and control their department budget in accordance with Federal, State and Local regulations.

The Board provided direction for writing this budget through discussions with the liaisons from the Finance Committee, the current chair, and other board members. I have provided additional direction to staff based on these discussions. The Finance Director facilitated multiple meetings with the other Directors to come up with a budget to present to both me, and now the Board. At its November 30th budget study session, the Board indicated approval of the budget that staff now submits. As was the case last year, one of the biggest topics of discussion has been the expenditure of THA's Housing Assistance Payment (HAP) funds and how to account for Tacoma's rising rental market. HAP funds is the largest allocation of federal funding THA receives, approximately \$40.1 million per year.

Here are some of the notable features of the proposed budget:

- The proposed budget assumes flat federal funding from 2018.
- It accounts for our strategic objectives.
- Recurring and non-projected oriented expenses fits inside within recurring income.

- The budget anticipates THA receiving approximately \$7.6 million from our Renew Tacoma Housing (RTH) Rental Assistance Demonstration (RAD) conversion in the form of final Developer Fees (\$4.985 million), and cash flow payments from the time of conversion (\$1.9 million non-recurring, \$700K recurring).
- It funds ongoing client support of our clients. It focuses on properties we manage; assisting families to succeed as tenants and as “parents, students, wage earners and builders of assets” who can live without our assistance. To do this, the budget charges each property that THA manages a minimum of \$250 per year for these services. Continued funding from the Gates foundation has provided us with the ability to continue and grow our education program, along with administering our youth asset activities.
- We have community partners that will provide funding for youth asset building activities for the foreseeable future.
- The budget invests in THA’s financial future, and promotes redevelopment of additional affordable housing in the community by providing due diligence funds for existing and future opportunities.
- It takes into account the RAD conversion, including transitioning the remaining Public Housing units in Salishan and Hillside to RAD in 2019. The conversion of our Renew Tacoma Housing properties anticipates a return of ongoing cash flow of approximately \$700K annually. Additional recurring cash flow from our other Tax Credit properties should occur starting 2020.
- Like past budgets, this one is based on conservative estimates. The Board’s past prudence in this way has allowed us to weather the continuing budget challenges.
- The 2019 Budget proposal leaves THA with adequate reserves of both Moving to work (MTW) funds and non-MTW funds. It contemplates other reserves from the sale of ACC property (Salishan lots and AMP 6 Single Family homes).

I am pleased to present this budget proposal to the Board. It reflects discussions throughout the year by both the Board and staff. The proposed budget leaves THA in relatively good shape considering continuing Congressional budget uncertainties. It allows THA to continue core programs. It funds THA’s special programs that have distinguished THA nationally for its innovation, such as the Education Project, Children’s match savings accounts, client support to help families prosper, rapid rehousing, and assistance to Tacoma Community College (TCC) students who are homeless.

PRINCIPLES GUIDING THE BUDGET CHOICES

For the past 15 years, the Board has directed staff to propose budgets that conform generally to the following principles. The proposed budget does that. These Board's principles have served us very well over the years.

- **THA's strategic directives**

The Board's statements of THA's vision, mission and values, and its strategic objectives, remain our primary principles that guide our work, including budget choices. Each department considered the priority of programs and projects serving each strategic objective when proposing its own budget. The budget proposal allows us to proceed with our most important initiatives.

As in the past, this budget seeks to retain what is distinctive about THA: we do not confine our mission to being a landlord and disbursing monthly rental assistance checks. We seek ways to spend our housing dollars not only to house people, but also to get two other things done. **First**, we want people to succeed, not just as tenants but also, as THA's mission statement contemplates, as "parents, students, wage earners and builders of assets". **Second** we want our communities to succeed, and when they do, to do so equitably with a shared prosperity. We want to help our communities to become places that all residents experience that are "safe, vibrant, prosperous, attractive, and just." Our efforts to do this have become signature attributes of THA.

- **Assumption about Congressional appropriations**

Congress is supposed to adopt a federal budget by October 1st. If it did that, the Board would know our federal allocation for the next year in time to adopt our own budget by January 1st. Unfortunately, Congress is usually late with its own budget. That is true this year. As a result, the Board must adopt a budget for 2019 without knowing our federal allocation. This means we will do this year what we usually have to do: we must place our bets on the federal budget. An important budget principle has us write a budget that presumes upon the most conservative of the plausible versions of the federal budget pending in Congress. This year that means we will presume upon flat funding.

- **Recurring income and expenses**

We seek a budget where our recurring income pays for our recurring, and non-project oriented, expenses. We try not to spend reserves on recurring expenses because it is not sustainable. The proposed budget conforms to this budget principle.

The effort to designate expenses and income as either recurring or nonrecurring can be a challenge of characterization. This requires judgment that our finance director makes. ED Mirra noted that the main characterization challenge arises with real estate development income. This income has been substantial over the

past years. We expect it will continue in substantial levels. But whether we get it or not is a deal-by-deal uncertainty. For budget purposes, we account for that uncertainty by discounting by discounting the anticipated amount and regard only 20% as recurring.

- **Reserves and reserve spending**

Reserves are important. We want to keep enough for important purposes: to operate safely, to make THA credit worthy to lenders, investors and partners, and to accumulate funding necessary for real estate development. Yet we do not wish to have too much in reserve. For these reasons purposes The Board identifies the minimum and optimum reserve levels for each of THA's type of reserves. Those levels show on the attached documents. This budget comes in somewhat above those levels.

This budget also spends reserves as the Board's principles direct: the best use of reserves is to fund activities that have a plausible prospect of: (i) saving us money; (ii) making us money; (iii) making us more effective. For all these purposes, most of the spending of non-MTW reserves is on development projects that we expect could earn us a developer fee, have an increasing investment value, increase the number of affordable housing units for the community, and provide ongoing cash flow for the agency. This budget spends reserves on our new IT platform and additional repairs and a modest improvement of our 902 remodel.

NOTABLE BUDGET ASSUMPTIONS

All budgets rely on assumptions. These are the notable ones for this budget:

- **Budgeting at 2018 Funding Levels**

As noted above, we are budgeting at the FY 2018 federal funding levels. It is important to note that even at those levels the appropriation would preserve the increase we received in 2018 for voucher funding (\$1.3 million). This was the first notable increase since 2013.

- **Public Housing Operating Subsidy**

Flat funding means we presume Congress will fund public housing operations at 88% of what HUD calculates to be necessary to run our portfolio. This continuing underfunding of public housing is one reason we undertake the RAD refinancing that will move THA to a Section 8 financing, which we judge to be more stable. That transition should be complete in 2019.

- **HAP Savings**

Over the years, as a MTW agency, THA has saved money in its rental assistance programs by changing what we provide to clients. We do this so we can serve more people in better ways. We reduced our occupancy standards to 2 individuals per bedroom; we discontinued utility allowance payments and we increased the minimum rents to \$75 per unit. We also transitioned new households to the

Housing Opportunity Program (HOP) that in most cases provides a lower subsidy. All these changes saved THA approximately \$6.5 million over the past 5 years. This has allowed us to serve substantially the same number of families despite Tacoma's greatly increasing rental market with flat HUD funding. Despite these savings we had trouble serving 100% of the HUD baseline number of households. In 2018, the Board and HUD approved a target of 95% of that baseline. This proposed budget presumes upon that target.

The proposed budget also includes \$500K in additional HAP expenses above the calculated amount. This will pay for ways to reduce the rent burden of HOP families.

- **Section 8 Admin Fee**

At flat funding from Congress, HUD will pay us 80% of what HUD calculates to be necessary to administer our rental assistance programs. The proposed budget backfills that underfunding with MTW dollars. This allows us to so manage the program so it (i) provides good customer service to clients; (ii) provides good customer service to landlord to increase their interest in taking our vouchers; (iii) help clients finds landlords; (iv) meet audit expectations and comply with the many detailed rules that govern the program; and (v) attract and keep a talented staff that gets all that done.

- **Wages and Salaries**

For 2019, we are budgeting a 3% increase in salaries for staff, union and non-union, along with an extra 2.0% for Variable pay based on performance. Scheduled increases are budgeted for July 1.

- **Employee Benefits**

Benefits, on average, are 41.6% of salary dollars. We calculated the costs of employee benefits on the following assumptions:

Health Care

We plan for a 5% increase in the Laborers trust for our maintenance staff, effective July 1st. For our OPEIU and Non-represented staff, we presume on a 1.8% increase in rates from 2018 for PEBB.

Dental

We presume no increase in dental coverage over 2018's costs.

Retirement

We budget 12.83% for the Washington State employer portion of retirement plan. This is the same percentage we incurred in 2018. This rate has been increasing the last couple of years.

Short and Long Term Disability/Life Insurance

The costs for these benefits remain at 2018 levels.

Unemployment Insurance

THA pays out all unemployment claims and remains self-insured for 2018. We are maintaining the accrual at 1.5% in 2018. THA pays for all of the claims from this accrual. This has been adequate based upon our experience.

- **Property Reserves**

We will maintain a six month operating reserve based on expenses, as well as a replacement reserve for all properties that we own. This accounts for the \$2.1 million reserve level for this category.

SOME BUDGET DETAIL

- **HAP Utilization**

We intend is to serve as many families as possible under THA's rental assistance programs, while retaining a capacity to do that well. As I mentioned above, the budget assumes housing tenants at 95% of our HUD assigned baseline. The Board, and HUD, approved this target in 2018. We intend to maintain this level through 2019.

- **Special Program Initiatives**

The budget provides approximately \$1.3 million for special program initiatives that the Board will recognize from past discussions:

- DSHS-PHA child welfare collaboration
- Rapid rehousing for homeless families
- Housing for unaccompanied youth

This funding for special programs represents housing an equivalent of approximately 96 families per year.

- **HAP Expenditures**

Due to increasing upward pressure in the area's housing market, our HAP average has been increasing by approximately \$2 per month since 2016. We are budgeting for our 2019 HAP anticipating this trend will continue, but at a little bit slower rate, or approximately \$1.50 per year. Thus, we expect that to serve the same number of families in 2019 with rental assistance will cost THA an additional \$475K over 2018. In addition, as stated earlier, the budget proposes to provide an additional \$500K to alleviate rent burden for our HOP families.

- **Tax Property Cash Flows**

For 2019, there will be approximately \$700K in recurring cash flow from Renew Tacoma Housing, and \$300K projected from Salishan's 1-3. As we transition to RAD for Hillside 1 & 2, along with Salishan's 4-6 in 2019, the amount of recurring cash flow to THA should increase starting in 2020.

- **IT Improvements**

We transitioned to our new IT platform (OpenDoor and Intacct) in 2017. After some notable but probably normal pain and suffering with the launch of the new system, we are coming to appreciate it as a solid and well designed, and innovative, tool. Let us remember we designed this ourselves. We did that to make it flexible so it can change with our needs. This means we need to continue investing in its performance, so it can improve and change with our own growth and evaluation. The 2019 budget has us continuing to do that. Under this budget we will hire an Open Door Manager, continued Contract services from EightCloud and retain our existing Salesforce Architect on a contracted basis.

- **Education Project and Client Support and Empowerment**

The proposed budget continues THA's signature investment in its innovative Education Project. This investment supplements funding from a variety of grantees.

This budget also funds Client Support staffing. It does that in part by charging each apartment THA's owns and manages \$250 to support the residents of those properties. The budget also pays for staff to support our Voucher tenants and to purchase 3rd party services.

- **Security**

The Board is aware of the worrisome safety and security concerns THA staff and visitors have experienced this last year. The budget sets aside \$125K for enhanced security services. We thank the Board for understanding this request and supporting staff in this important way.

- **Hillside 1800**

We received 9% tax credits to build Hillside 1800 Block: 64 units; 12 of them are reserved for persons coming from homelessness; another 12 are reserved for persons with disabilities. This budget provides contributes approximately \$2M of THA's money to build this.

- **Arlington Drive Campus for Homeless Youth and Young Adults**

To build Arlington Drive, THA has received 9% tax credits, and funds from the State, City, County and other local resources. We presently hope the project will not need THA funds.

- **James Center North**

THA bought this mall in 2017, with commercial leases in place. THA and its partners are devising a master plan for the property. We hope development will begin in 2020.

- **Hilltop**

The redevelopment of the Hilltop area will remain a priority in 2019. THA re-syndicated the Alberta Canada Building with 4% tax credits. That paid for its

current substantial fix-up that should finish in February. THA also bought the Key Bank building and other parcels within a two block walk. This collection of parcels allows for master planning. That planning is underway with substantial community engagement. We are also shopping for still more Hilltop parcels along the route of the street car extension.

- **902 South L Additional Needs**

In the budget discussion, some additional needs surfaced for the Administration building. They center on roof repair, security, and still further improvements to the recently “improved” HVAC system. The proposed budget provides \$1M dollars for these purposes.

- **Reserve Appropriations/Operating Transfers**

In the budget, we specify certain areas where we will either make transfers from certain areas, or pull from reserves rather than operations. For the FY-2019 we made the following choices:

- \$79K from Salishan 7 Replacement Reserves to start exterior painting (phased over 4 years) in the property.
- \$2 million from the Restricted ACC lots sales proceeds for funding the gap for the Hillside 1800 development.
- \$250K in 2019 out of the \$1.44 million of restricted ACC lots sales proceeds for the Hilltop redevelopment.
- \$175K Operating Surplus from James Center North will be transferred to Real Estate Development to conduct predevelopment activities in anticipation of its future redevelopment.

- **Use of MTW Flexibility**

Our MTW flexibilities combines our Public Housing Operating subsidies, Public Housing Capital Funds and Section 8 Housing Choice Voucher Program assistance into a single authority-wide funding source. We use this single funding source to fund Public Housing operations, the Public Housing Capital Fund and the Housing Choice Voucher programs 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.

- **Reserves**

The budget leaves us with the following reserves as indicated in Attachment A:

○ MTW Reserves	\$ 750,000
○ Business Activities (Non-MTW) reserves	\$ 6,733,600
○ PH Owned Property reserves	\$ 2,100,000
○ Reserves with Restrictions	\$ 7,125,000
○ Heritage Line of Credit – BFIM buyout	\$ 2,500,000

○ Section 8 Reserves held at HUD

\$ 150,000
\$ 19,358,600

Recommendation

I recommend that the Board adopt Resolution 2018-12-12 (1) to formally approve THA's Fiscal Year 2019 Annual Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2018-12-12 (1) (FISCAL YEAR 2018 ANNUAL BUDGET)

WHEREAS, The Housing Authority of the City of Tacoma ("Authority") intends to incur expenses and other cash outflows for Fiscal Year 2019; and

WHEREAS, Authority staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma as reviewed and provided input to the proposed Fiscal Year 2019 annual budget; now, therefore, be it

Resolved by the Board of Commissioners of the Housing Authority of the City of Tacoma, Washington that:

1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the attached FY 2019 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Executive	\$ 1,056,254
Administration	2,849,067
Finance	1,402,985
Human Resources	594,251
Policy, Innovation and Evaluation	1,081,794
Real Estate Development	2,697,487
Rental Assistance	41,791,392
Client Support & Empowerment	2,130,903
Property Management Overhead	863,572
Property Budgets	<u>3,930,585</u>
Subtotal	58,398,290

<u>Additional Cash Outflows</u>	
Debt Service	73,128
Capital Expenditures	15,310,000
Replacement Reserves	<u>172,650</u>
Subtotal	15,555,778

TOTAL APPROVED BUDGET \$73,954,068

Approved: December 12, 2018


Dr. Minh-Anh Hodge, Chair

PHA Board Resolution
Approving Operating Budget

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing -
Real Estate Assessment Center (PIH-REAC)

OMB No. 2577-0026
(exp. 07/31/2019)

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is required by Section 6(c)(4) of the U.S. Housing Act of 1937. The information is the operating budget for the low-income public housing program and provides a summary of the proposed/budgeted receipts and expenditures, approval of budgeted receipts and expenditures, and justification of certain specified amounts. HUD reviews the information to determine if the operating plan adopted by the public housing agency (PHA) and the amounts are reasonable, and that the PHA is in compliance with procedures prescribed by HUD. Responses are required to obtain benefits. This information does not lend itself to confidentiality.

PHA Name: Housing Authority City of Tacoma

PHA Code: WA005

PHA Fiscal Year Beginning: January 1, 2019

Board Resolution Number: 2018-12-12(1)

Acting on behalf of the Board of Commissioners of the above-named PHA as its Chairperson, I make the following certifications and agreement to the Department of Housing and Urban Development (HUD) regarding the Board's approval of (check one or more as applicable):

DATE

- ☒ Operating Budget approved by Board resolution on: 12/12/2018
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

I certify on behalf of the above-named PHA that:

1. All statutory and regulatory requirements have been met;
2. The PHA has sufficient operating reserves to meet the working capital needs of its developments;
3. Proposed budget expenditure are necessary in the efficient and economical operation of the housing for the purpose of serving low-income residents;
4. The budget indicates a source of funds adequate to cover all proposed expenditures;
5. The PHA will comply with the wage rate requirement under 24 CFR 968.110(c) and (f); and
6. The PHA will comply with the requirements for access to records and audits under 24 CFR 968.110(i).

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

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012.31, U.S.C. 3729 and 3802)

Print Board Chairperson's Name: <i>STANLEY RUMBLE</i> Dr. Minh Anh Hodge <i>Chair Pro-Tem</i>	Signature: <i>[Signature]</i>	Date: 12/12/2018
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TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra
Date: November 30, 2018
Re: Draft Proposed Budget FY 2019

At its meeting on December 12th, the Board is scheduled to adopt THA's budget for FY 2019, which begins on January 1st. The Board has a study session on November 30th at Noon to review the proposed budget. I have had discussions with various board members regarding the draft, and what is in store for 2019. I write to describe this proposal.

1. BUDGET PRINCIPLES

The draft budget resolution conforms to the following four budget principles that have served us well for the past 15 years.

- *presume upon the worst of the plausible budgets pending in Congress*
Congress is supposed to pass its budget for a year by the previous October 1st. That rarely happens. It is happening again this year. As I write, and perhaps as the Board votes on the 2019 budget, we will not know the level of Congressional appropriation to expect. As a result, THA's Board must place its bets. Amid such uncertainty, our budget principle directs that we budget to the worse of the plausible budget proposals pending in Congress. This year that means we will budget to flat funding for 2019, expecting the same as we received in 2018.

Flat funding is what will happen if Congress extends the present Continuing Resolution throughout 2019. The HUD budget proposals in both the House and the Senate would provide us with modest increases (\$250,000 –\$800,000). If Congress adopts some version of either of them, we will count that as a bonus.

- *recurring income covers recurring expenses.*
This budget proposes a recurring operating surplus of about \$56,000. In an operating budget of \$54 million, this is essentially a flat budget.

This budget principles requires us to characterize an income or an expenditure as either recurring or nonrecurring. The main characterization challenge is how to regard the substantial amounts of income THA receives from its real estate development activities. This income varies a lot from year to year, and its amount is always hard to anticipate. In that respect it is not recurring. Yet, it has been reliable enough within some ranges to invite us to rely on it. This budget finds a middle ground. It regards this income as recurring but, for purposes of budgeting, discounts its amount to account for the inherent uncertainty.

- *we use reserves for nonrecurring expenditures that make us money, save us money or make us more efficient or stronger.*
The main use of reserves continues to be real estate development. We propose to spend about \$15 million on real estate development. This activity makes us money and makes us stronger.
- *we have reserves that are within the designated ranges for each type of monies: not too much and not too little.*
THA needs adequate reserves for three main reasons. **First**, reserves help us operate safely with some measure of assurance and stability, especially considering the uncertainties of federal funding. For this purpose, we like to have at least 2 months of operating expenses, or about \$ 8 million. **Second**, we need a healthy balance sheet to make THA credit worthy when it seeks financing and partners. **Third**, we often must amass reserves in anticipation of a real estate purchase or development. Yet, THA does not want too much in reserve. We have too many needs to address in our community to be leaving money idle. Also, HUD has taught us that it is capable of sweeping our reserves. For this reason, for example, we like to keep our MTW reserves low.

For all these purposes we like to have between \$9.2 million and \$15.7 million. This budget proposal would leave THA with \$19.358 million in reserves for all purposes.

2. SUMMARY

I attach the draft budget documents, with a draft of the accompanying resolution that would have the board approve the draft. As always, the budget comes in Attachments A, B, C and D. The broad budget outlines are in the first three pages of Attachment A, sections 1 through 5. The other parts of Attachment A and the other attachments provide details. In summary:

- It is an operational budget of about \$58.4 million. In its operational aspect, there is a surplus of approximately \$4.4 million. The surplus is due to approximately \$6.7 million in Renew Tacoma RAD proceeds consisting of the final Developer Fee payment and deferred cash flow. As the Board directed in 2018, the budget presumes a voucher utilization rate at 95% level of the HUD assigned baseline.
- The capital budget has the agency expending a little more than \$15 million in 2019. The primary focus is the development of Arlington Drive Campus for Homeless Youth and Young Adults, and Hillside 1800, with \$3 million set aside for Property Purchases and \$1 million for additional rehab needs at the Administrative Office Building at 902 South L. Of this amount, \$2.25 million comes from reserves associated with our restricted ACC sales proceeds. The remainder comes from outside sources or other agency funds. The budget anticipates \$450K of income from the sale of 3 remaining Single Family homes. Factoring this in, along with funds we will use from Reserves for capital purposes, we are projecting to end the year with an approximate \$1.6 million surplus.

- The budget anticipates that we will start FY 2019 with reserves of approximately \$20.1 million and end with \$19.36 million. \$2.1M are property reserves, \$2.5 million are restricted until mid-2012 as requested by BFIM upon its buyout in 2018. This amount covers potential Tax Credit losses. The budget restricts \$8.35 million of funds coming from proceeds sale of property that formerly was Public Housing. The 2019 budget anticipates that we will have utilized all but \$150k of our HAP funding, which will carry over to 2019. For 2019, we should fully utilize our MTW funds, along with transferring unrestricted property funds to cover a deficit budget in that area. After a balancing transfer, it is projected we will end 2019 with approximately \$750K in MTW funds, \$6.7 million in unrestricted funds; \$2.1 million in property reserves; and \$7.125 million in funds with restrictions, which will be primarily used for building and rehab of affordable housing.
- Over the last few years, the entire Tacoma area has felt the effects of a tightened housing market, and upward pressure in rents. Since 2015, we have seen an increase in our HAP payments of an average of \$2 per month per tenant. As the housing market is loosening up a bit, we are budgeting an average increase of \$1.50 per month for 2019. Additionally, we have seen our clients having difficulty renting in this housing market, and are concerned about the portion of income they are having to pay. We are evaluating alternatives for 2019. The budget sets aside an additional \$500K in HAP for 2019 above what we project for rent to allow us to make any needed adjustments in rent for 2019.
- 2018 will be the first full year of RAD post rehab at Renew Tacoma Housing. Upon conversion to RAD, THA supplemented the HUD RAD rents by approximately \$1.5 million using MTW funds. Starting in 2018, THA should start receiving approximately \$900K in cash flow on a recurring basis. Additionally, in 2018, THA is looking at converting the PH units in Salishan and Hillside to RAD. The budget contemplates the need to transfer \$750K to these properties for Capital needs identified under HUD's required Physical Condition Assessment. It does not take into account any MTW supplement to rents, which will be calculated, as we progress further towards conversion.
- The proposed budget funds THA's mainline programs and allows THA to continue the following notable initiatives:

Rapid rehousing for homeless families/youth	Savings Account for the Children of Salishan –
Transition Salishan/Hillside PH to RAD	
Hilltop redevelopment	Continued IT support-new system
Hillside 1800 development	902 South L improvements
James Center North predevelopment	Education Program Expansion
Arlington development	Section 8 lease up support
Property purchases	Enhanced client support

3. A LOOK AHEAD TO FY 2019

We can look ahead to 2019 to see some challenges as well as opportunities. Here are some notable examples of each.

3.1 Tacoma's Rental Market and Federal Funding

If HAP payments continue to increase to keep up with Tacoma's rising rental market, and if HAP funding from Congress continues to lag behind that market, it will be difficult to maintain our 95% utilization rate without cuts in other recurring expenses.

3.2 Moving to Work (MTW) Changes

With the current MTW contract ending in 2028, we do not have to worry about any contract changes unless they come through federal appropriations. In 2019, we will receive over \$900K in public housing capital dollars. That should be the last of the public housing money once we finish the RAD conversion of our portfolio to Section 8 in 2019. With the conversion, our Federal funding will consist solely of Section 8 HAP and Administrative expense starting in 2020. Our HAP funding is tied to HUD's inflation factor and pro-ration. Depending on the year, even though there have been minor inflation factor increases, there have been corresponding pro-ration factor, leaving funding at a flatline level. In 2018, HUD actually provided a 3.6% inflation increase, with no real pro-ration, which led to the additional HAP funding. With our HAP increases, and HOP exits, we will continue to review our programs in 2019, and determine what, if any additional changes may be needed over time.

3.3 Property Purchases

We will continue to hunt for properties to buy. Let us remember that there are three reasons why we would consider such a purchase:

- the property will make us money either in its rental stream or its investment value
- the purchase will make or keep a property affordable to low-income households
- the property is poorly managed or maintained and THA's purchase can help a neighborhood and the tenants by improving the property's management or maintenance.



Attachment A

BOARD OF COMMISSIONER DECISION POINTS: 2019 Budget
December, 2019

The green boxes below denote the main decisions for the THA Board. The contents of the green boxes are staff proposals.
The yellow boxes below and other text contain information and staff proposals that will help the Board decide.

1. AVAILABLE RESERVES

Type/Purpose of Reserves	Projected Reserves 01/01/19
a. MTW Reserves	\$750,000
b. Business Activities (Non-MTW) reserves	\$6,250,000
c. THA Owned Property Reserves	\$2,100,000
d. Reserves with Restrictions (ACC sale proceeds)	\$8,350,000
e. Heritage Line Of Credit - BFIM investor buyout Reserve	\$2,500,000
f. Section 8 Reserves held at HUD.	\$150,000
Totals	\$20,100,000

Minimum necessary and Optimal Reserves

Minimum	Optimal or Maximum	Amount to Reserve
\$ 600,000	\$ 4,600,000	\$750,000
\$4,000,000	\$6,500,000	\$6,500,000
\$400,000	\$750,000	\$2,100,000
\$0	\$0	\$0
\$2,500,000	\$2,500,000	\$2,500,000
\$0	\$0	\$0
\$7,500,000	\$14,350,000	\$11,850,000

=

Amount of reserves available to use in FY019
\$0
(\$250,000)
\$0
\$8,350,000
\$0
\$150,000
\$8,250,000

MTW Reserves
MTW Expenses Non-HAP

Annual Amount	Minimum	Maximum
	Period	Period
\$13,680,700	1/2 month	4 months
	Amount	Amount
	\$ 600,000	\$ 4,600,000
	Total \$	Total \$
	600,000	4,600,000

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2019

	Recurring Income	=	Cost of Recurring operations (with proposed savings)	Surplus or (Shortfall) in recurring operations ¹
MTW	\$43,798,500		\$45,225,400	(\$1,426,900)
Non-MTW	\$4,408,900		\$5,581,000	(\$1,172,100)
Properties	\$6,658,700		\$4,003,700	\$2,655,000
Total	\$54,866,100		\$54,810,100	\$56,000

3. BUDGET IMPACT - RESERVES - FY-2019

	MTW	Business Activities	THA Owned Property Reserves	Reserves with Restrictions (ACC sale proceeds)	Heritage Line Of Credit - BFIM investor buyout Reserve	Section 8 Reserves held at HUD.	Total
a. Estimated Reserves - 01/01/19	\$750,000	\$6,250,000	\$2,100,000	\$8,350,000	\$2,500,000	\$150,000	\$20,100,000
a. Recurring Surplus/(Shortfall) ¹	(\$1,426,900)	(\$1,172,100)	\$2,655,000				\$56,000
Non-Recurring Income/(Expense)							
b. Non Recurring Income - Operational ²	\$0	\$1,072,000	\$6,885,000				\$7,957,000
c. Non Recurring Income - Capital ³	\$0	\$9,365,000		\$1,025,000			\$10,390,000
d. Operations & Support Department Expenses - Operational ⁴	(\$1,667,800)	(\$311,500)					(\$1,979,300)
e. Operations & Support Departments Expenses- Capital ⁵	(\$1,150,000)	\$0	(\$218,000)				(\$1,368,000)
f. Development Department - Operational ⁶	(\$148,000)	(\$1,534,100)					(\$1,682,100)
g. Development Department - Capital ⁷	\$0	(\$11,865,000)		(\$2,250,000)			(\$14,115,000)
h. Operating Transfers		\$175,000	(\$175,000)				\$0
i. Balancing Transfer	\$4,392,700	\$4,754,300	(\$9,147,000)				\$0
j. Projected Reserves - 12/31/19	\$750,000	\$6,733,600	\$2,100,000	\$7,125,000	\$2,500,000	\$150,000	\$19,358,600

4. FY-2019 PROJECTED END OF YEAR RESERVE LEVELS

Type/Purpose of Reserves *	Projected Reserves 12/31/19	Minimum	Optimal	Excess/(Deficit) Reserves Over Optimal
a. MTW Reserves	\$750,000	\$600,000	\$4,600,000	(\$3,850,000)
b. Business Activities (Non-MTW) reserves	\$6,733,600	\$4,000,000	\$6,500,000	\$233,600
c. THA Owned Property Reserves	\$2,100,000	\$2,100,000	\$2,100,000	\$0
d. Reserves with Restrictions (ACC sale proceeds)	\$7,125,000	\$0	\$0	\$7,125,000
e. Heritage Line Of Credit - BFIM investor buyout Reserve	\$2,500,000	\$2,500,000	\$2,500,000	\$0
f. Section 8 Reserves held at HUD.	\$150,000	\$0	\$0	\$150,000
g. Totals	\$19,358,600	\$9,200,000	\$15,700,000	\$3,658,600

Amount to Reserve	Excess/(Deficit) Reserves Over Amount to Reserve
\$750,000	\$0
\$6,250,000	\$483,600
\$2,100,000	\$0
\$0	\$7,125,000
\$2,500,000	\$0
\$0	\$150,000
\$11,600,000	\$7,758,600

5. A LOOK AHEAD TO FY-2019 and beyond (ADDITIONAL INCOME, SAVINGS OR EXPENSES TO EXPECT)

5.1	Recurring FY019 Income	Recurring FY019 Expense	Amount
a.	Cash Flow - RTH Tax Credit Properties		\$700,000
b.	Cash Flow -Salishan 1 - 3		\$300,000
c.	Bay Terrace 1 - Deferred Developer Fee		\$56,000
d.	Bay Terrace 2 - Deferred Developer Fee (\$650K Based upon property cash flow)		\$150,000
e.	Alberta Canada - Deferred Developer Fee (\$450K based on Cash Flow		\$75,000
f.		HAP expenditures due to increasing rents	(\$475,000)
g.		HAP changes to HOP % for increased occupancy	(\$500,000)
5.2	Recurring FY020 Income	Recurring FY019 Expense	Amount
a.	Cash Flow - Tax Credit Properties (Salishan & Hillside RAD)		TBD
b.	Section 8 Admin Fee- Salishan & Hillside RAD units		\$200,000
c.		HAP MTW Supplement - Salishan/Hillside RAD conversion	(\$200,000)
d.		HAP expenditures due to increasing rents	(\$600,000)
5.3	Non-Recurring FY020 Income	Non-Recurring FY020 Expense	Amount
a.	Developer Fee - Bay Terrace - Phase 3		TBD
b.	Developer Fee - Alberta Canada		\$500,000
c.			
5.4	Non-Recurring FY021 Income	Non-Recurring FY020 Expense	Amount
a.	Developer Fee - ?		
b.			

6. MTW Commitments passed by Board - 2018	Current Commitment	Projected Balance at end of 2018	Included in 2019 Budget	Revised Commitment Amount - 2019
a. Renovation/Remodel of Family Investment Center Building	\$1,241,650	\$0	\$0	\$0
b. Software Conversion of Yardi/VisualHOME Platform (Open Door/Intacct)	\$300,000	\$0	\$0	\$0
c. Open Door Future Enhancements	\$0		\$100,000	\$500,000
c. Education Projects - McCarver and Others	\$310,000	\$310,000	\$0	\$310,000
d. Childrens Savings Account Cohort payments	\$270,000		\$0	\$270,000
e. Development Projects (Hilltop)	\$2,500,000	\$2,500,000	\$250,000	\$2,500,000
f. Bay Terrace 3 Funding Gap	\$2,500,000	\$2,500,000	\$2,000,000	\$500,000
g. Arlington Heights	\$0		\$0	\$500,000
h.	\$7,121,650	\$5,310,000	\$2,350,000	\$4,580,000

Back-up Detail

7. Non-Recurring Income: FY-2019

Sources of Non-Recurring Income	Original		Properties	Mid-Year Revision		Change	
	MTW-CFP	Non-MTW		MTW-CFP	Non-MTW	MTW-CFP	Non-MTW
Operational ²							
a. 2018 HAP income carryover to 2019							
b. Developer Fee Income							
1. RAD - Properties (PM)			\$4,985,000				
2. Alberta J Canada Renovation (RD)		\$272,000					
3. Hillside 1800 - Initial (RD)		\$200,000					
4. Arlington Drive - Initial (RD)		\$200,000					
c. Other Revenue							
1. KWA Development Consulting Fee		\$150,000					
2. CRC Development Project Admin Fee		\$125,000					
3. Chase Grant - Hilltop Redevelopment		\$125,000					
d. Renew Tacoma RAD Waterfall Payout (PM)			\$1,900,000				
e. Bay Terrace 2 Lease Up Reserve Refund Payment (PM)			\$0				
f. Operations Subtotal ²	\$0	\$1,072,000	\$6,885,000	\$0	\$0	\$0	\$0
Capital ³							
g. Hillside 1800							
1. State - HTF		\$1,800,000					
2. City - TCRA loan		\$300,000					
h. Arlington - CRC							
1. COT CBDG 2163 Funds		\$1,000,000					
2. City of Tacoma		\$800,000					
3. Pierce County CBDG 2163 Funds		\$675,000					
i. Arlington - Rental Unit Development							
1. State Set Aside		\$4,290,000					
j. Salishan- Market Rate Lots sale (ACC sales proceeds)		\$575,000					
k. Scattered Sites ACC property Sales			\$450,000				
l. KWA purchase - Hillisdale Heights		\$500,000					
m. Capital Subtotal ³	\$0	\$9,940,000	\$450,000	\$0	\$0	\$0	\$0

8. Non-recurring Operational/Support Department Costs Reserve Requests/Budget Changes (Non-grant funded)

Operations & Support Departments

8.1 Operations & Support Department Non-Recurring - Operational⁴

	Original		Properties		Mid-Year Revision		Change	
	MTW-CFP	Non-MTW	MTW-CFP	Non-MTW	MTW-CFP	Non-MTW	MTW-CFP	Non-MTW
a. Salaries								
1. Sunset positions	\$0	\$0						
2. New project oriented positions	\$0	\$0						
3. Existing project oriented Positions	\$0	\$0						
4. Overtime/Interns	\$221,000	\$45,000						
b. Information Technology Expenses (Line 20)								
1. Intact Operational Review (AD)	\$14,000	\$3,500						
2. Eight Cloud Support (AD)	\$48,000							
3. Open Door Consulting Support (AD)	\$50,000							
c. Office Equipment Expensed (Line 26)								
1. Open Door Training Laptops (AD)	\$22,200							
2. Computer Replacements for 802 Overhead staff (AD)	\$20,000							
3. New Failover cluster server (AD)	\$10,000							
4. Phones for Icloud migration (AD)	\$35,000							
5. Stand up Desks (FD)	\$16,500							
6. 902 Interview phones (RA)	\$10,000							
d. Legal (Line 27)								
1. RAD Conversion - Salishan & Hillside (AD)	\$100,000							
2. Miscellaneous Legal (HR)	\$20,000							
e. Administrative Contracts (Line 30)								
1. RAD Conversion - Salishan & Hillside (AD)	\$100,000							
2. Leadership Team Development (HR)	\$20,000							
3. New Performance Evaluation System (HR)	\$20,000							
5. HOP Analysis (PIE)	\$50,000							
6. Comm Health Advocate Focus Groups (PIE)	\$15,000							
7. Wait List Algorithm (PIE)	\$5,000							
8. PIE Miscellaneous	\$25,000							
9. Rental Assistance Miscellaneous	\$17,500							
10. RFP Consultants - Fire Alarms (PM)	\$15,000							
11. Elevator Support Consulting (PM)	\$2,000							
f. Tenant Services - Other (Line 37)								
1. Security Deposit Assistance (RA)	\$50,000							
2. Security Deposit Assistance (PM)	\$20,000							
g. Protective Services (Line 46)								
1. Placeholder for Agency Security Needs (PM)	\$62,500							
h. General Expenses (Line 48)								
1. Buyout Incentives/ separation agreements (HR)		\$25,000						
i. Extraordinary Maintenance (line 53)								
1. Salishan 7 Exterior Painting (Prop)	\$79,000							
2. Salishan 7 Parking Lot sealing (Prop)	\$14,000							
j. Section 8 HAP Payments (line 54)								
1. Rapid Rehousing/Homeless Youth (Amount above Average HAP) (RA)	\$589,100							

8.2 Operations & Support Departments - Capital⁵

8.2 Operations & Support Departments - Capital ⁵							
	Original			Mid-Year Revision		Change	
	MTW-CFP	Non-MTW	Properties	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. IT - Additional Program Needs - Open Door/Intacct	\$50,000						
b. Additional 902 Remodel/Repair Needs	\$1,000,000						
c. Maintenance Vehicle Replacement	\$50,000						
d. Security Servers for Sites	\$50,000						
e. Highland Crest Roof Replacements			\$45,000				
f. Reserve for Replacement Deposits			\$173,000				
g. Capital Subtotal ⁵	\$1,150,000	\$0	\$218,000	\$0	\$0	\$0	\$0

Real Estate Development Department Activity

8.3 Development Department Nonrecurring - Operational⁶

8.3 Development Department Nonrecurring - Operational ⁶	Original			Mid-Year Revision		Change	
	MTW-CFP	Non-MTW	Properties	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Salaries							
1. Sunset positions identified in 10.2 a.	\$0	\$78,500					
2. Existing project oriented Positions - 10.3 a. - f.	\$148,000	\$835,600					
b. Legal (Line 27)							
1. Other Acquisitions		\$20,000					
2. Miscellaneous		\$20,000					
c. Administrative Contracts (Line 30)							
1. Moving and Storage during FIC renovation		\$9,000					
2. Miscellaneous		\$20,000					
d. Due Diligence - Development Opportunities (Line 32)							
1. Hilltop Master Plan		\$50,000					
2. Potential land/building acquisition		\$100,000					
3. New Tax Credit Project		\$50,000					
4. James Center North		\$75,000					
5. Other Opportunities		\$25,000					
6. Hillside Resyndications		\$250,000					
e. Contingency (Line 33)		\$0					
f. Development Activity - Operational - Subtotal ⁶	\$148,000	\$1,534,100	\$0	\$0	\$0	\$0	\$0

8.4 Development Department - Capital ⁷	Original			Mid-Year Revision		Change	
	MTW-CFP	Non-MTW	Properties	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Hillside 1800							
1. State - HTF		\$1,800,000					
2. City - TCRA loan		\$300,000					
3. THA ACC Sale Proceeds		\$2,000,000					
b. Arlington - CRC							
1. COT CBDG 2163 Funds		\$1,000,000					
2. City of Tacoma		\$800,000					
3. Pierce County CBDG 2163 Funds		\$675,000					
c. Arlington - Rental Unit Development							
1. State Set Aside		\$4,290,000					
d. New Acquisitions		\$3,000,000					
e. MLK - Hilltop Lofts							
1. THA ACC Sales Proceeds		\$250,000					
f. Development Activity - Capital - Subtotal ⁷	\$0	\$14,115,000	\$0	\$0	\$0	\$0	\$0

9. Operating Transfers/Reserve Appropriations Requested

9.1 Operations	Original			Mid-Year Revision		Change	
	MTW-CFP	Non-MTW	Properties	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. Salishan 7 Painting - Replacement Reserve		\$79,000					
b. Operations Subtotal	\$0	\$79,000	\$0	\$0	\$0	\$0	\$0

9.2 Capital	Original			Mid-Year Revision		Change	
	MTW-CFP	Non-MTW	Properties	MTW -CFP	Non-MTW	MTW -CFP	Non-MTW
a. IT - Additional Program Needs - Open Door/Intacct	\$0	\$0					
b. Additional 902 Remodel/Repair Needs	\$0	\$0					
c. Maintenance Vehicle Replacement	\$0	\$0					
d. Hillside 1800 - ACC Sales Proceeds	\$0	\$2,000,000					
f. New Acquisitions	\$0	\$0					
g. MLK - Hilltop Lofts - THA ACC Sales Proceeds		\$250,000					
h. Capital Subtotal	\$0	\$2,250,000	\$0	\$0	\$0	\$0	\$0

10. Notable Operational/Support Department Information

		Staff Positions			Change	Comments
		Increase/ Decrease fm previous year budget	Original	Mid-Year Revision		
10.1	Position Changes - FY-2019 -Recurring					
	<i>Currently Occupied Position Upgrades</i>					
a.	Operations Coordinator Upgrade (RA)					
b.	Project Manager 1 to Project Manager 2 (PIE)					
c.	Program Supervisor (CS) - Position Upgrade					
d.	Construction Mgr (RED) Sunset to Regular - 2018					
	<i>New Positions - Recurring</i>					
e.	Open Door Manager (AD)	1.0	\$138,600			
f.	Community Builder (CS)	1.0	\$88,700			
g.	Subtotal	2.00	\$227,300			
10.2	Sunset Positions - Non-recurring					
	<i>Sunset Positions</i>					
a.	Community Builder (Bay Terrace) (RD) - Ongoing		\$79,500			Hilltop Redevelopment
b.	Subtotal	0.00	\$79,500			
10.3	Project Oriented Positions (Non Grant funded) classified as non-recurring					
	<i>New Positions - Project Oriented (Regular Employee)</i>					
a.	Development Analyst (RD)	1.0	\$113,000			
	<i>Existing Positions - Project Oriented (Regular Employee)</i>					
c.	Sr. Project/Construction Manager (RD)		\$459,000			BA
d.	Project Manager 1 (RD)		\$215,000			BA
e.	Construction Site Manager (RD)		\$119,100			
f.	Office Assistant Senior (RD)		\$77,500			
g.	Subtotal	1.00	\$983,600			
10.4	Total Position Changes	3.00				

11. Positions hired after MTW conversion to strengthen operations or support new initiatives resulting from MTW conversion (rounded salaries & benefits) - Included in recurring

1

INCOME											Agency Total
	Executive	Administration	Finance	Human Resources	PTE	Real Estate Development	Rental Assistance	Client Support & Empowerment	PM Overhead	Property Budgets	
1	Revenue - Dwelling rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,670,100	\$2,670,100
2	Tenant Revenue - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$134,980	\$134,980
3	HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$0	\$40,106,403	\$0	\$0	\$0	\$40,106,403
4	HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$0	\$0	\$3,472,454	\$0	\$0	\$0	\$3,472,454
5	HUD grant - Public Housing subsidy	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,170,697	\$1,170,697
6	HUD grant - Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$273,794	\$0	\$0	\$273,794
7	HUD grant - Capital Fund Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$866,669	\$866,669
8	Management Fee Income	\$329,521	\$929,136	\$833,378	\$216,330	\$0	\$174,112	\$501,889	\$288,060	\$0	\$3,272,426
9	Other Government grants	\$0	\$0	\$0	\$0	\$0	\$10,000	\$161,118	\$0	\$0	\$171,118
10	Investment income	\$0	\$0	\$40,000	\$0	\$0	\$0	\$0	\$0	\$7,180	\$47,180
11	Flood Recovery Income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$7,500	\$0	\$0	\$0	\$7,500
12	Other Revenue- Developer Fee Income	\$0	\$0	\$0	\$0	\$0	\$952,730	\$0	\$0	\$4,985,000	\$5,937,730
13	Other Revenue	\$0	\$0	\$12,000	\$0	\$178,000	\$447,600	\$10,000	\$335,325	\$3,709,132	\$4,692,057
TOTAL OPERATING RECEIPTS		\$328,521	\$928,136	\$886,378	\$216,330	\$178,000	\$1,410,330	\$43,770,468	\$1,272,125	\$288,060	\$13,543,738

OPERATING EXPENDITURES

Administrative

Administrative Expenses	14	Administrative Salaries	\$475,265	\$1,196,085	\$835,163	\$296,103	\$531,336	\$1,065,097	\$1,868,545	\$0	\$195,618	\$103,660	\$6,566,873	
	15	Administrative Personnel - Benefits	\$154,647	\$484,464	\$374,475	\$110,390	\$207,185	\$425,912	\$826,867	\$0	\$83,856	\$40,420	\$2,708,216	
	16	Audit Fees	\$0	\$0	\$17,500	\$0	\$0	\$12,500	\$35,000	\$0	\$0	\$13,830	\$78,830	
	17	Management Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$501,773	\$1,258,144	\$370,310	\$177,238	\$2,307,465	
	18	Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,400	\$0	\$14,400	
	19	Advertising	\$0	\$0	\$0	\$0	\$0	\$7,500	\$2,000	\$2,500	\$800	\$2,300	\$17,900	
	20	Information Technology Expenses	\$0	\$649,563	\$0	\$0	\$0	\$5,862	\$0	\$0	\$12,500	\$5,600	\$675,725	
	21	Office Supplies	\$8,000	\$7,500	\$3,250	\$1,500	\$3,000	\$1,500	\$5,500	\$23,000	\$15,500	\$4,000	\$3,950	
	22	Publications & Memberships	\$34,883	\$400	\$1,335	\$1,408	\$4,910	\$2,200	\$2,200	\$5,500	\$2,000	\$985	\$0	
	23	Telephone	\$3,500	\$31,490	\$0	\$1,500	\$660	\$1,500	\$6,000	\$7,000	\$15,000	\$11,000	\$85,820	
	24	Postage	\$1,500	\$1,000	\$4,250	\$100	\$1,300	\$1,300	\$500	\$15,000	\$4,720	\$250	\$29,540	
	25	Leased Equipment & Repairs	\$0	\$80,900	\$0	\$0	\$0	\$0	\$0	\$39,000	\$18,440	\$500	\$2,480	
	26	Office Equipment Expensed	\$6,000	\$117,200	\$16,500	\$500	\$2,000	\$2,000	\$1,100	\$15,000	\$5,000	\$2,000	\$1,520	
	27	Legal	\$45,000	\$100,000	\$0	\$35,000	\$2,500	\$3,000	\$40,000	\$3,000	\$0	\$7,500	\$10,930	
	28	Local Mileage	\$1,000	\$500	\$250	\$50	\$1,500	\$2,500	\$2,500	\$1,500	\$2,000	\$250	\$9,680	
	29	Staff Training/ Out of Town Travel	\$48,000	\$38,060	\$32,200	\$31,700	\$52,400	\$14,800	\$14,800	\$35,950	\$39,300	\$28,575	\$1,550	
	30	Administrative Contracts	\$25,000	\$102,500	\$73,025	\$71,016	\$245,000	\$3,000	\$3,000	\$55,000	\$5,000	\$27,000	\$30,890	
	31	Other Administrative Expenses	\$15,030	\$13,541	\$38,750	\$15,350	\$10,000	\$10,000	\$8,000	\$32,000	\$10,800	\$8,850	\$4,833	
	32	Due Diligence - Perspective Development	\$0	\$0	\$0	\$0	\$0	\$0	\$550,000	\$0	\$0	\$0	\$0	
	33	Contingency	\$235,000	\$0	\$0	\$3,000	\$2,500	\$0	\$0	\$5,000	\$0	\$10,000	\$0	
		Total Administrative Expenses		\$1,052,825	\$2,823,203	\$1,396,698	\$667,617	\$1,077,653	\$2,640,882	\$4,228,006	\$515,770	\$388,484	\$408,521	\$15,097,660

Tenant Services

[illegible]

Utilities

FY19 Budget - Supporting Schedule for Housing Development Capital Expenditures
January 1, 2019 through December 31, 2019

Project	Funding Source	Total	THA MTWICFP	THA BADemo-dispo funds	THA Reserves & Program Income	State \$ Local Grants
Hillside 1800 redevelopment						
State - HTF		1,800,000				1,800,000
City - TCRA		300,000				300,000
THA ACC Sales Proceeds		2,000,000			2,000,000	
SUBTOTAL		4,100,000	-	-	2,000,000	2,100,000
MLK - Hilltop Lofts						
THA ACC Sales Proceeds		250,000			250,000	
SUBTOTAL		250,000	-	-	250,000	-
Renovations - THA						
Additional 902 Remodel/Repair needs		1,000,000	1,000,000			
Highland Crest Roof Replacement					45,000	
SUBTOTAL		1,045,000	1,000,000	-	45,000	-
Arlington Drive-Crisis Residential Center						
COT CBDG 2163 Funds		1,000,000				1,000,000
City of Tacoma		800,000				800,000
Pierce County CBDG 2163 Funds		675,000				675,000
SUBTOTAL		2,475,000	-	-	-	2,475,000
Arlington Drive-Rental Units						
State Set Aside		4,290,000				4,290,000
SUBTOTAL		4,290,000	-	-	-	4,290,000
Property Purchases						
New Acquisitions		3,000,000		3,000,000		
SUBTOTAL		3,000,000	-	3,000,000	-	-
Total Capital Expenditures:		15,160,000	1,000,000	3,000,000	2,295,000	8,865,000

12/11/18

**2019 Tacoma Housing Authority Budget
THA Properties**

Single Family Homes														Totals	
Units															
AMP 6															
Tax Credit AMP's															
Highland Crest															
James Center North															
Key Bank															
Outigger															
Prairie Oaks															
Sallishan 7															
AMP's 7-15															
601															
73															
49															
15															
91															
INCOME															
1	Revenue - Dwelling rent	\$0	\$0	\$873,546	\$0	\$0	\$489,594	\$152,500	\$1,154,480	\$2,670,100					
2	Tenant Revenue - Other	\$0	\$0	\$70,000	\$0	\$0	\$45,980	\$1,500	\$17,500	\$134,980					
3	HUD grant - Section 8 HAP reimbursement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
4	HUD grant - Section 8 Admin fee earned	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
5	HUD grant - Public Housing subsidy	\$0	\$1,170,697	\$0	\$0	\$0	\$0	\$0	\$0	\$1,170,697					
6	HUD grant - Community Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
7	HUD grant - Capital Fund Operating Revenue	\$0	\$866,669	\$0	\$0	\$0	\$0	\$0	\$0	\$866,669					
8	Management Fee Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
9	Other Government grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
10	Investment Income	\$0	\$0	\$1,200	\$0	\$0	\$1,080	\$400	\$4,500	\$7,180					
11	Fraud Recovery Income - Sec 8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
12	Other Revenue- Developer Fee Income	\$0	\$4,985,000	\$0	\$0	\$0	\$0	\$0	\$0	\$4,985,000					
13	Other Revenue	\$0	\$2,945,000	\$0	\$711,848	\$35,500	\$12,284	\$2,000	\$2,500	\$3,709,132					
TOTAL OPERATING RECEIPTS		\$0	\$9,987,366	\$944,748	\$711,848	\$35,500	\$548,818	\$166,400	\$1,178,960	\$13,543,738					

OPERATING EXPENDITURES**Administrative**

14	Administrative Salaries	\$0	\$0	\$20,400	\$0	\$0	\$22,800	\$0	\$30,460				\$103,660
15	Administrative Personnel - Benefits	\$0	\$0	\$7,140	\$0	\$0	\$7,120	\$0	\$26,180				\$40,420
16	Audit Fees	\$0	\$4,280	\$1,000	\$0	\$0	\$0	\$0	\$8,550				\$13,830
17	Management/Service Fees	\$0	\$0	\$56,987	\$28,500	\$0	\$27,446	\$13,000	\$51,325				\$177,238
18	Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
19	Advertising	\$0	\$0	\$900	\$500	\$0	\$900	\$0	\$0				\$2,300
20	Information Technology Expenses	\$0	\$0	\$500	\$0	\$0	\$1,200	\$600	\$100				\$2,200
21	Office Supplies	\$0	\$0	\$1,500	\$0	\$0	\$900	\$0	\$1,550				\$3,950
22	Publications & Memberships	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
23	Telephone	\$0	\$0	\$2,680	\$0	\$0	\$1,750	\$2,750	\$2,480				\$9,670
24	Postage	\$0	\$0	\$900	\$0	\$0	\$0	\$0	\$620				\$20
25	Leased Equipment & Repairs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,480				\$2,480
26	Office Equipment Expensed	\$0	\$0	\$0	\$0	\$0	\$1,000	\$0	\$520				\$1,520
27	Loyal	\$0	\$0	\$900	\$2,500	\$0	\$900	\$2,500	\$4,130				\$10,930
28	Local Mileage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$130				\$130
29	Staff Training/ Out of Town Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,550				\$1,550
30	Administrative Contracts	\$0	\$0	\$0	\$25,000	\$500	\$1,000	\$0	\$4,390				\$30,990
31	Other Administrative Expenses	\$0	\$0	\$2,500	\$300	\$0	\$1,000	\$0	\$1,033				\$4,833
32	Due Diligence - Perspective Development	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
33	Contingency	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
	Total Administrative Expenses	\$0	\$4,266	\$34,937	\$56,600	\$500	\$86,016	\$18,800	\$165,478				\$406,621

Tenant Services

34	Tenant Services - Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
35	Tenant Services Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				\$0
36	Relocation Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,583				\$2,583
37	Tenant Services - other	\$0	\$0	\$19,750	\$0	\$0	\$14,550	\$12,750	\$22,750				\$69,600
	Total Tenant Services	\$0	\$0	\$19,750	\$0	\$0	\$14,550	\$12,750	\$25,333				\$72,183

AMP 6										Totals	
		Tax Credit AMP's	Highland Crest	James Center North	Key Bank	Outrigger	Pacific Oaks	Salishan 7			
Utilities											
38	Water	\$0	\$0	\$11,850	\$44,100	\$0	\$9,112	\$2,200	\$38,738	\$108,000	
39	Electric	\$0	\$0	\$5,250	\$12,600	\$0	\$6,480	\$20,000	\$3,616	\$47,948	
40	Gas	\$0	\$0	\$0	\$5,985	\$0	\$1,080	\$0	\$362	\$7,427	
41	Sewer	\$0	\$0	\$39,880	\$0	\$500	\$28,044	\$8,000	\$67,145	\$144,548	
Total Project Utilities		\$0	\$0	\$56,980	\$62,685	\$500	\$44,716	\$37,200	\$109,881	\$305,622	
Ordinary Maintenance & Operations											
42	Maintenance Salaries	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000	\$72,910	\$84,910	
43	Maintenance Personnel - Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,400	\$30,400	
44	Maintenance Materials	\$0	\$0	\$13,200	\$8,000	\$0	\$14,700	\$4,500	\$38,000	\$78,400	
45	Contract Maintenance	\$0	\$0	\$121,960	\$152,450	\$10,000	\$87,015	\$15,000	\$111,978	\$478,003	
Total Routine Maintenance		\$0	\$0	\$134,760	\$160,450	\$10,000	\$81,715	\$31,600	\$254,288	\$872,713	
General Expenses											
46	Protective Services	\$0	\$0	\$0	\$8,800	\$500	\$0	\$500	\$0	\$7,800	
47	Insurance	\$0	\$0	\$22,000	\$15,945	\$3,375	\$0	\$8,750	\$34,294	\$84,364	
48	Other General Expense	\$0	\$1,545,497	\$100	\$2,800	\$1,000	\$0	\$40,000	\$105,806	\$1,695,203	
49	Payment in Lieu of Taxes	\$0	\$11,608	\$0	\$0	\$0	\$0	\$0	\$775	\$12,384	
50	Collection Loss	\$0	\$0	\$17,471	\$0	\$0	\$1,200	\$0	\$12,386	\$31,067	
51	Interest Expense	\$0	\$0	\$262,800	\$152,000	\$0	\$74,300	\$10,228	\$0	\$529,328	
Total General Expenses		\$0	\$1,557,106	\$332,371	\$177,645	\$4,875	\$75,500	\$59,478	\$163,271	\$2,360,145	
TOTAL OPERATING EXPENSES		\$0	\$1,561,386	\$638,438	\$457,480	\$15,875	\$282,287	\$163,778	\$708,231	\$3,817,484	
Nonroutine Expenses and Capital Expenditures											
52	Ext Maint/Fac Imp/Gain/Loss prop sale	\$0	\$0	\$0	\$0	\$0	\$15,100	\$0	\$93,000	\$108,100	
53	Casualty Loss	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	\$5,000	
54	Section 8 HAP Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Nonroutine Expenditures		\$0	\$0	\$0	\$0	\$0	\$15,100	\$0	\$98,000	\$113,100	
TOTAL EXPENSES		\$0	\$1,561,386	\$638,438	\$457,480	\$15,875	\$297,387	\$163,778	\$806,231	\$3,930,584	
OPERATING SURPLUS(DEFICIT)		\$0	\$8,405,980	\$306,308	\$264,368	\$19,625	\$251,521	\$2,622	\$372,729	\$9,613,154	
55	Debt Service Principal Payments	\$0	\$0	\$0	\$0	\$0	(\$80,828)	\$0	(\$12,500)	(\$73,128)	
Surplus/Deficit Before Reserve Appropriations		\$0	\$8,405,980	\$306,308	\$264,368	\$19,625	\$160,693	\$2,622	\$360,228	\$9,540,026	
56	Reserve Appropriations	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79,000	\$79,000	
57	Operational/Transfers In/Out	\$0	\$0	\$0	(\$175,000)	\$0	\$0	\$0	\$0	(\$175,000)	
Surplus/Deficit Before Capital Expenditures		\$0	\$8,405,980	\$306,308	\$79,368	\$19,625	\$160,693	\$2,622	\$439,228	\$9,444,026	
58	Capitalized Items/Development Projects	\$0	\$0	(\$45,000)	\$0	\$0	\$0	\$0	\$0	(\$45,000)	
59	Reserve for Replacement Contributions	\$0	\$0	(\$32,950)	(\$50,000)	\$0	(\$12,550)	(\$5,250)	(\$72,000)	(\$172,650)	
60	Revenue - Capital Grants/Sale of property	\$450,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$450,000	
61	Reserve Appropriations - Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Surplus/Deficit		\$450,000	\$8,405,980	\$228,458	\$28,368	\$19,625	\$178,343	(\$2,622)	\$367,228	\$9,876,376	