



TACOMA HOUSING AUTHORITY

RESOLUTION 2020-04-22 (2)

Date: April 22, 2020
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Fiscal Year 2020 Agency Budget

This resolution would adopt Tacoma Housing Authority's (THA) budget for 2020. The details are set forth in the attachments.

SOME BACKGROUND

By this resolution, the Board would adopt the final THA budget for FY 2020. It would replace Resolution 2019-12-11 (4), which served as a Continuing Resolution budget to authorize expenditures of funds for 2020 in the meantime.

Each year THA budgets for the upcoming fiscal year. The annual budget reflects an estimate of the expected 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 budget process this year was unusual. Congress was late, again, in passing a 2020 budget. Then HUD asked Congress for a one-month extension on its time to translate the appropriation into allocations for the housing authorities. THA did not learn its allocation until deep into March. As a result, the Board decided to delay its adoption of a final THA budget April.

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 April 3rd 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 have been the expenditure of THA's Housing Assistance Payment (HAP) funds. This is the largest

allocation of federal funding that THA receives, approximately \$50.1 million in 2020, as well as the largest expenditure of funds (\$43.1 million). The Board then received a preview of the budget proposal at its Study Session on April 3rd.

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

- The budget is based on current year federal funding.
- The 2020 budget accounts for our strategic objectives.
- The 2020 budget fits recurring and non-projected oriented expenses within recurring income.
- This budget anticipates THA receiving approximately \$7.7 million from our Renew Tacoma Housing (RTH) Rental Assistance Demonstration (RAD) conversion in the form of final Developer Fees (\$3.1 million), and cash flow payments from time of conversion (\$2.1 million non-recurring, \$500K recurring. (The final Developer Fee and non-recurring cash flow is a carry over from 2019, as it was anticipated to be paid during that period. Due to environmental issues on a couple of properties, it was delayed)
- The budget provides funding for ongoing client support. It focuses on properties we manage; assisting families in asset building; and preparing for successful exits of our Housing Opportunity Program (HOP) participants at the end of their assistance. An additional 3 positions are being budgeted for 2020 in an effort to better serve our existing clients.
- 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.
- Like past budgets, this one is based on conservative estimates. THA's past prudence has allowed us to weather the continuing budget challenges. As we remain in an unsettled environment for predicting future HUD funding, this approach should continue to serve the agency well.
- The 2020 Budget proposal leaves THA with adequate reserves of both Moving to Work (MTW) and non-MTW funds. There are also reserves accumulated by the sale of ACC property (Salishan lots and AMP 6 Single Family homes), which are designated by HUD under the terms of the demo/diso application for rehab or existing and developing of new affordable housing in the community. Additionally, we are anticipating that there will be HAP reserves remaining at HUD at the end of 2020 due to cash management regulations they are following regarding disbursement of funds.

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 good shape for 2020. It allows THA to continue core programs. It allows for 100% MTW utilization of voucher allocation. It also allows THA to continue its special programs that continue to distinguish THA nationally for its innovation, such as the education program, children's match savings accounts, client support to help families prosper, rapid rehousing, and assistance to Tacoma Community College (TCC) students who are homeless.

It is important to note that this budget does not account for the financial effect of the Coronavirus pandemic. If there is any substantial deviation, we will propose a mid-course revision. We will keep the Board informed.

PRINCIPLES GUIDING THE BUDGET CHOICES

Staff have used the following principles to guide the preparation of this budget proposal:

- **THA's strategic directives**

THA's statement of vision, mission and values, and our 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 also are real estate and community developers. We seek ways to spend our housing dollar to leverage other outcomes: increased earned income of our families, improved educational outcomes, and improved asset building. Our efforts to do this have become signature attributes of THA. These have distinguished THA from its counterparts. As we craft the budget each year, depending on the funding we receive we make judgements. One of the basic tenets that we keep in front of us is that we would rather retain a meaningful measure of these functions, even on a reduced scale, rather than derail the significant movement forward on important initiatives due to fear of reduced funding. If we retain at least a minimal presence in these areas it allows us to later pick these initiatives back up and move them forward easier than if we had to start from scratch.

- **Congressional appropriations**

Congress is supposed to adopt a federal budget by October 1st. Per usual, there were delays, and the federal budget was not approved until late December. HUD is required to provide Housing Authorities their funding level within two months (end of February), but requested an extension until March 27th. We received the funding information on March 26th.

Overall HUD funding for 2020 (\$3.6 million) was better than 2019, where we saw a \$2.9 million increase over 2018. Actual increases for a Housing Authority are based on a variety of factors, including changes in rents for each area, as well as increase or decrease of units, and does not necessarily follow the Appropriation changes.

- **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. Our proposed budget provides a comfortable aggregate surplus of recurring income over recurring expenses.

- **Reserves and reserve spending**

Reserves are important. We want to keep enough for important purposes; to operate safely, to make credit worthy to investors and partners, and to allow enough funding for real estate development opportunities when they arise. We continue to identify minimum and maximum levels of reserves overall and for each type of reserve. A determination is then made by the Board as to what level of reserves is optimal. For our MTW funds, we will have approximately \$1 million in reserves at THA, and \$2 million at HUD at year end. For our Business Activity funds (Non-MTW without restrictions), we anticipate approximately \$8.5 million, or \$2.3 million over optimal.

The budget also spends reserves per 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. A substantial portion of the spending of non-MTW reserves is on development projects that we expect could earn us a developer fee, increase the number of affordable housing units for the community, and provide ongoing cash flow for the agency.

For the 2020 budget we will continue to invest in our new IT platform; ramp up our process improvement and documentation effort; upgrade our website and remodel the 1st floor at our 902 S. L administration building. We will also continue to support our families with services. As we typically have in recent years, we have set funds aside for property purchases (\$2 million this year), as well as look at other development opportunities, such as the Hilltop Redevelopment, James Center, and currently Gault School.

NOTABLE BUDGET ASSUMPTIONS

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

- **Budgeting at 2020 funding levels**

In 2018 and 2019, we received a combined \$4.2 million dollars in HAP increases. The federal government passed the 2020 budget in December, with us finding out late March our 2020 funding, which was a \$3.6 million increase from 2019. This represents a 9.4% increase in funding from 2019.

- **THA's Uses of Funds**

The budget would use \$6.9M that could fund more housing vouchers on other purposes. This would leave 670 families unserved on the waiting list. That means the reasons for spending the money on other purposes need to be very good ones. This budget would spend that money on purposes that THA judges are very good.

- Back filling the Congressional underfunding of the portfolio
- Back filling the Congressional underfunding for administering the voucher program.
- Real estate development
- Supportive services
- Education Project
- Strengthening administrative systems to provide good customer service and maintain THA's standards of stewardship.

The attached Uses of Funds chart depicts these choices. It also shows three metrics that help keep THA within bounds in its other uses of HAP funds. By those metrics, THA is well within bounds. These are the three metrics:

- *Utilization:* THA is budgeting to serve 100% of its assigned baseline number of households.
- *Voucher Administrative Expenses:* While THA uses HAP money to backfill the Congressional underfunding of voucher administration, it does not backfill even up to what THA would spend if Congress funded the expenses at 100%.
- *Backoffice Expenses:* THA spends about 12% of its funds on total backoffice expenses. That is a reasonable amount for an organization as complex and heavily regulated as a public housing authority

- **Public Housing (PH) Operating Subsidy**
Public housing operating subsidy is no longer a factor in the agency budget, as we only have 5 units of PH remaining. We are looking at bringing on Public Housing Faircloth units and transitioning them to Rental Assistance Demonstration (RAD) at some point. If this is done, due to the timing of how long a property may be Public Housing before being transitioned, we may periodically receive funds in this category.
- **Housing Assistance Program (HAP) savings**
Over the years, as a MTW agency, due to changing our occupancy standards to 2 individuals per bedroom; discontinuing utility allowance payments instituting minimum rents at \$75 per unit; and transitioning new households to HOP, THA achieved HAP savings of approximately \$6.5 million as of 2013. During the next few years with reduced funding, and increasing HAP payments, this had dropped to approximately \$4 million. With the HAP increases over the past two years (\$6.5 million), the savings is back up to \$7.0 million with 100% utilization. This allows some flexibility and provides us an opportunity to look at the HOP program, and our concern regarding the rent burden on those families.
- **Section 8 Admin Fee**
Section 8 Admin Fees are budgeted at 82% of authorized amount. This % is based upon an average of what we received over the past few years.
- **Wages and salaries**
For 2020 we are budgeting to include a 3% increase for OPEIU non-represented and Trades staff, along with an extra 2.0% for Variable Pay based on performance. Scheduled increases are budgeted for July 1. There is an additional \$175K added to the Executive Department's Special Recognition fund above the 2% to recognize extraordinary efforts throughout the agency during 2020, especially during the pandemic. This resolution would also authorize the Executive Director to approve raises above 3% if he determines the demands placed on staff warrants additional compensation in that area.

- **Employee benefits**

We calculated the costs of employee benefits on the following assumptions:

Health Care benefits

We plan for a 5% increase in the Laborers trust for our maintenance staff, effective July 1st. For our OPEIU and Non- represented staff, there was less than a 1% increase in rates from 2019 for PEBB.

Dental

There was a minimal increase over 2019's costs.

Retirement

Washington State employer portion of retirement plan is budgeted at the 12.86%. This rate has been increasing the last couple of years.

Short- and Long-Term Disability/Life Insurance

There was a reduction in these costs due to the Family Medical leave Act yet had minimal impact on the budget.

Unemployment Insurance

THA pays out all unemployment claims and remains self-insured for 2020. We are maintaining the accrual at 1.5% in 2020. THA pays for all the claims from this accrual.

Benefits, on average, are 40.0% of salary dollars.

- **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 \$2.5 million reserve level for this category.

SOME BUDGET DETAIL

- **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

The funding for special programs represents housing an equivalent of approximately 100 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 2020 HAP anticipating this trend of rent increases will continue, but at a little bit slower rate, or approximately \$1.50 per year.
- **Tax Property Cash Flows**
For 2020, there is \$500K in recurring cash flow from Renew Tacoma Housing, and approximately \$200K projected from the Salishan properties. As we transitioned 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 2021 as there was an increase in contract rent for the properties at the time of conversion.
- **IT/Process Improvements/Document Management**
We transitioned to our new IT platform (OpenDoor and Intacct) in 2017. The new platform is solid, and well designed. As this was a platform that was built specifically for THA, we need to ensure it provides good quality information and performance to meet THA's needs. As we have utilized it for a couple of years, we have determined enhancements, along with standardizations and bumpers around processes that need to be developed. With that in mind, we are planning on putting renewed and more focused emphasis on our Process Improvement and Documentation effort. In the past we have hired a Business Process Improvement Manager to lead the effort. As that has not been fully successful, a decision was made to implement a Team Approach that included IT, Project Managers from major functional areas, and moving to a robust document management platform. Additional staff are being hired for this effort. We anticipate that this will be a 3-year intensive effort, with ongoing updates and maintenance after that.
- **Client Support**
THA continues to move forward with both the Education and Scholar incentives programs. Funding has been received by a variety of grantees to assist us in moving forward in both areas. In 2019, we started charging each unit a \$250 annual fee to pay for supportive services to help our tenants be successful in their tenancy. This fee was made possible when we determined the rents for our Public Housing properties when they transitioned to Project Based Section 8 RAD units and helps offset the MTW funds utilized for this area. We also have staff assigned to support our Voucher tenants and partnering them with 3rd party services when necessary.
- **The Rise at 19th**
THA will complete The Rise on 19th by early 2021, with lease up commencing last quarter of 2020. Construction began in 2019. In total, THA will put in approximately \$2.5 million from its restricted ACC funds to fill the funding gap for this project. All but \$571K of these funds were utilized in 2019, with this remaining amount included in the 2020 budget.

- **Arlington Drive Youth Campus**
THA has received 9% tax credits, and funds from the State, City, and other local resources for the development. Both the 16 bed Crisis Residential Center for homeless youth, and a 58-unit rental housing for homeless young adults ages 18-24 started construction in 2019. The local funds procured are flowing through THA financials as loans. \$335K was budgeted as a THA sponsor loan for the development in 2020, if needed.
- **James Center North**
This complex was purchased in 2017, with commercial leases in place. THA is still investigating redevelopment opportunities, and working to come up with a plan for its redevelopment in the early 2020's. The development will be a mix of Affordable Housing, along with student housing, market rate and commercial.
- **Hilltop**
The redevelopment of the Hilltop area will remain a priority in 2020.

We have changed our approach somewhat and working with two outside parties on the development of the properties (Inland and Horizon) where they would take the lead on the development of the parcels.

THA is committed to moving forward with this development, with initial site plans in place. Tax credits have been applied for and approved for homeless housing on the Mr. Mac site.

We also remain on the lookout for opportunities to purchase land for our redevelopment efforts in this part of the community.

- **902 South L Additional Needs**
In 2019, it was determined that additional repairs in the Rental Assistance and Administration areas needed to be addressed. We are also experiencing some issues with the roofing that need to be addressed, as well as our HVAC system. \$1.5 million is included in the budget to address these issues. Additionally, \$150K has been budgeted to relocate a portion of the staff to the Chelsea for the foreseeable future due to staffing needs. With the pandemic, and increased ability to telework, we will be reevaluating the decision for additional space, yet will move forward with the 902 additional remodel most likely this summer.
- **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 expenditures. For FY 2020, due to the non-recurring income resulting from the final developer fee, and back cash flow from Renew Tacoma Housing, we not anticipate we will need to dip into operating reserves to balance the budget. The following is important to note though:

- Budgeted \$335K from the restricted ACC lots sales proceeds for funding gap at the Arlington Crisis Residential Center.
- Budgeted \$130K of restricted ACC lots sales for potential funding gap at the Arlington Youth Rental Housing.
- Budgeted \$571K of restricted ACC lots sales for remaining funding gap at The Rise on 19th.
- Budgeting a \$992K transfer of funds from THA owned rental properties to Business activities at end of 2020 in order to maintain optimal Operating and Replacement reserves at the properties.

- **Use of MTW Flexibility**

Due to our MTW flexibilities, we have had the ability to combine our Public Housing Operating subsidies, Public Housing Capital Funds and Section 8 Housing Choice Voucher Program assistance into a single authority-wide funding source. With our Public Housing primarily converted to Section 8 RAD units by the end of 2019, our flexibility basically lies in combining our Section 8 Housing Choice Voucher HAP funds and Section 8 admin fees for those units into a single funding source 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 will leave us with the following reserves as indicated in Attachment A:

○ MTW Reserves	\$ 942,000
○ Business Activities (Non-MTW) Reserves	\$ 8,541,000
○ PH Owned Property Reserves	\$ 2,500,000
○ Reserves with Restrictions	\$ 6,968,000
○ Heritage Line of Credit – BFIM Buyout	\$ 2,500,000
○ Section 8 Reserves Held at HUD	<u>\$ 2,077,000</u>
	\$ 23,528,000

RECOMMENDATION

I recommend that the Board adopt Resolution 2020-04-22 (2) to formally approve THA's Fiscal Year 2020 Annual Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2020-04-22 (2) (Fiscal Year 2020 Annual Budget)

WHEREAS, the Housing Authority of the City of Tacoma (“Authority”) intends to incur expenses and other cash outflows for Fiscal Year 2020; and

WHEREAS, Authority staff has prepared and the Board of Commissioners of the Housing Authority of the City of Tacoma has reviewed and provided input to the proposed Fiscal Year 2020 annual budget; and

WHEREAS, this resolution replaces Continuing Resolution Budget 2019-12-11(4) passed in December, 2019; now, therefore, be it

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

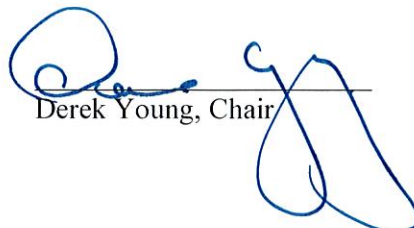
1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the attached FY 2020 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Administration	\$ 3,649,941
Client Support & Empowerment	2,033,216
Executive	1,150,743
Finance	1,532,223
Human Resources	725,002
Policy, Innovation and Evaluation	1,251,061
Rental Assistance	47,663,663
Real Estate Development	2,761,683
Property Management Overhead	1,586,499
Property Budgets	<u>2,342,937</u>
Subtotal	64,696,968

<u>Additional Cash Outflows</u>	
Debt Service	74,994
Capital Expenditures	10,519,000
Replacement Reserves	<u>172,650</u>
Subtotal	10,766,644

TOTAL APPROVED BUDGET \$ 75,463,612

Approved: April 22, 2020


Derek Young, Chair



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra
Date: March 30, 2020
Re: Proposed Budget for FY 2020

At its meeting on April 22nd, the Board is scheduled to adopt THA's final budget for FY 2020, which began on January 1st. This new budget would replace the Continuing Resolution Budget passed by the Board December 12, 2019. The Board has a study session on April 3rd at noon to review the proposed budget. I have had discussions with various board members regarding the draft, and what is in store for 2020. I write to describe this proposal.

PLEASE REMEMBER:

All Board meetings during the COVID-19 pandemic, until further notice, will occur remotely and not in person.

1. BUDGET PRINCIPLES

The draft budget resolution conforms to the following four budget principles that have served us well for the past 16 years.

- *Presume upon the worst of the plausible budgets pending in Congress.*
In a more orderly world, by October 1st Congress would pass a budget for the following year. That would allow THA to write its own budget knowing its income. However, usually Congress is late. That was the case this year. When this happens THA has to place its bets. To do this THA uses an important budget principle: it budgets to the worse of the plausible budget proposals pending in Congress.

This year, we adopted a similar strategy. The THA Board adopted a continuing resolution of its own in December. This kept THA functioning upon the same expenditure levels in 2019. We then waited for Congress to pass a real budget, and for HUD then to tell us under that budget what our allocation would be.

We have just received good news from HUD about our allocation. We will receive an increase of **\$3.6 million**. This is more than the \$2.5 million increase we had estimated when we drafted this budget. That estimate turned out to be conservative, as we intended it to be.

- *Recurring income covers recurring expenses.*
We strive for a budget in which recurring income covers recurring expenses. We try not to spend reserves on recurring expenses. We are pleased to submit this budget proposal and its anticipated recurring operating surplus of about **\$1.6 million**. This is the highest we have seen in years. This is primarily due to our conservative estimate on what our increase this year would be.

This budget principle 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 deferred developer fee as recurring, and the remaining development income as nonrecurring. Also, we characterize all development related expenses as nonrecurring.

- *We use reserves for nonrecurring expenditures that make us money, save us money, or make us more efficient or stronger.*
As I explain above, we do not like to use reserves on recurring expenses. Our main use of reserves continues to be real estate development. We are budgeting \$2 million for property purchases, which will either make us money and/or house more people that need affordable housing in an underserved market. We are also budgeting \$1.5 million for additional improvements to the 902 building. For 2020, we would continue to invest in our IT structure and our Business Process Improvement Project.

- *We keep 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. Our reserves, for example, were reassuring to have during the recent governmental shutdowns. 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 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 too much 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 seek to have between \$9.2 million and \$16.1 million. This budget proposal would leave THA with approximately \$23.5 million in reserves for all purposes. Although this is higher than we need, this budget commits most of that amount for specific purposes. Also, approximately \$7 million of those funds are restricted by HUD to particular uses.

2. SUMMARY

I attach budget documents that describe the proposal in summary and in detail. The actual budget resolution, along with agency commitments, will be in the Board packet for the April 22nd Board meeting. We have changed the software we use to develop the budget. In addition to the documents, we will present the budget using the new software. We will summarily present the budget by department. If the Board wishes, the software will allow us to drill down into granular detail at both the study session and the board meeting.

Of the attached documents, Attachment A shows the reserve levels at both the beginning and end of the year. It will also show notable non-recurring items. We will also provide a THA property budget as in the past. The following gives an overview of the budget and the important factors that we considered in drafting this budget proposal.

2.1 Operating Surplus

This proposal presents an operational budget of about \$64.7 million. In its operational aspect, there is a surplus of approximately **\$1.6 million**. The surplus is due to approximately \$5.5 million in Renew Tacoma RAD proceeds consisting of the final developer fee payment and deferred cash flow. The budget also includes the \$3.6 million increase in HAP funding over 2019 levels.

2.2 Capital Expenditures

The capital budget would have the agency expend a little more than \$10.5 million in 2020.

- The primary focus of this expenditure is about \$6 million for the development of Arlington Drive Campus for Homeless Youth and Young Adults, and The Rise at 19th. Approximately \$1 million comes from reserves associated with our restricted ACC sales proceeds, with the remaining from the city, county, and state.
- \$2 million is set aside for Property Purchases and \$1.5 million for additional rehab needs at the Administrative Office Building at 902 South L.
- The budget anticipates \$575K of income from the sale of the remaining Salishan lots.
- There are approximately \$500K in capitalized IT equipment and programming.

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2.3 Adequate Reserves Committed to Specific Purposes

The budget anticipates that we will start FY 2020 with reserves of approximately \$23.7 million and end with \$23.5 million. We do not dip into reserves to end up with a balanced budget even with our nonrecurring expenses. But the budget commits those reserves to important purposes:

- \$2.5 million are property reserves.
- \$2.5 million are restricted until mid-2021 as requested by BFIM upon its buyout in 2018. This amount covers any potential Tax Credit losses.
- The budget restricts approximately \$7 million of funds coming from the sale proceeds of property that formerly was public housing, with funds being used for affordable housing development or purchases.
- In the MTW pot of funds, at the end of 2019, THA held \$2.2 million and HUD held \$2.4 million of THA funds due to the HUD rules of Cash Management rules. For 2020, we propose to fully use most of these funds, leaving THA with a MTW balance of \$942K that THA will hold and approximately \$2 million that HUD will hold.
- Attachment A, #3, provides a snapshot of the Budget Impact on Reserves based on the 2020 budget.
- The proposal for the 2020 Board Reserve Commitments are shown in Attachment A, # 6.

2.4 Uses of THA Funding

An important consideration for the Board and the budget asks how THA is spending the money it gets that is available to pay for housing vouchers. Vouchers are the main way we house people. THA's MTW status allows it to spend that money also on other purposes. Of the \$39.8 million we receive that we could spend on vouchers, we spend about \$6.9 million on other purposes. Doing that leaves 670 households unserved. This means that those other purposes need to be important. We judge that they are:

- maintaining the portfolio because Congress underfunds it
- administering the voucher program, because Congress underfunds it as well
- supportive services to the clients we house or pay to house
- the Education Project
- administrative services to maintain our standards of stewardship and customer service (We are grateful for the IT and staff investments we have made as we manage through this pandemic.)

The attachment entitled *Uses of THA Funding* provides more detail about these choices.

We must be mindful of these choices. We use some metrics that would warn us if we are spending too much on these other purposes. By those metrics we are doing well.

- *Utilization Rate of 100%*

The main metric is whether we are at 100% utilization. HUD assigns to all MTW agencies a “baseline” number of families we must serve. Serving them all would be a utilization rate of 100%. Meeting this standard is the main benchmark that we are spending the funds appropriately. We met this standard in 2019. We are pleased to present a budget that would have us meet it again in 2020.

This is a notable achievement considering Tacoma’s very tight and expensive rental market. This market makes it hard for our voucher holders to find landlords willing to rent to them. In general, landlords prefer other tenants with stronger rental, credit or criminal histories. We have reached 100% utilization in two main ways: increasing the number of Project Based units and inventing a new Property Based Subsidy model that has proved popular with landlords. Both of these programs reserve housing for our clients, sparing them the challenge of shopping for housing in a brutal market. The increase funding for 2020 also helps keep our utilization at 100%.

- *Amount Spent on Voucher Administration Below HUD’s Standard*

HUD calculates how much it should cost a PHA to manage its voucher program. Congress then appropriates some portion of that, usually around 80%. That underfunding is called a proration. We spend HAP dollars backfilling these losses. Yet we do not want to backfill too much. The attachment shows that we don’t. If we fully backfilled, we would spend \$882,700 on voucher administration and spend what HUD says it should cost us to manage the voucher program. Instead, we backfill with \$676,500. This means we are still spending less on voucher administration than HUD thinks is necessary. That too is a reassurance.

- *Spending 12.68% Overall on Administration*

We do not want to spend too much on overall administration. The attachment shows that we are spending 12.68% of our money on “administration”. We judge this is a reasonable percentage for such a highly regulated organization like a public housing authority, especially one like THA with high standards of stewardship.

2.5 RAD Transition

In 2020, all of our public housing units (except for 5) will have transitioned over to Project Based Section 8 units under the RAD program. We will therefore no longer be receiving any substantial public housing subsidy or capital funds. We have used HAP money to increase the contract rents for these tax credit properties, so they cash flow. That too is a backfilling of Congressional underfunding.

2.6 Budget Continues THA's Project Priorities

The proposed budget funds THA's mainline programs and allows THA to continue the following notable initiatives:

Rapid rehousing for homeless families/youth
Education Program expansion – Youth & College
Section 8 lease up support
Continued IT and process improvement
Arlington development
Property purchases
James Center North predevelopment
Savings Account for the Children of Salishan
Enhanced client support
The Rise at 19th development
Hilltop redevelopment
902 South L improvements

3. A LOOK AHEAD TO FY 2020

We can look ahead to 2020 to see some challenges as well as opportunities. Here are some notable examples of each.

3.1 COVID-19 Pandemic

The COVID-19 pandemic poses an important uncertainty to this budget. We have never before experienced something like this. Along with the rest of the country, we are living through an experiment in improvisation. We do not know what it will mean for THA and its finances. We are struggling with operational challenges of social distancing, the dislocation of staff, arranging to serve and feed vulnerable clients, temporary shut down or slowdown of business, and the general unease. We may also face some notable new expenditures. These include:

- *Increased HAP expenditures.* Of the nearly 5,000 households that THA houses or pays to house, 1,350 of them are dependent on earned income. Most of their jobs are in the low-wage service trade. Many of these clients may be losing their jobs as the economy shuts down in response to the Governor's Stay Home order. Most of them may be entitled to have THA decrease their rent or their share of rent to reflect their loss of income. For those households who are THA tenants, THA will lose that rental income.

For those households who are voucher clients, THA will reduce the tenant's share of the rent and increase its share. All this may be very expensive.

- THA is also incurring new expenses because of the pandemic. *E.g.*, sanitizing our properties twice a day; deep cleaning when we have reason to think a tenant has the virus; enhanced services to our clients.

On April 27th, the President signed the CARES Act. This Act expends \$2 trillion to help the nation cope with the pandemic. \$12 billion of that money goes to HUD. Of that amount about \$ 2 billion goes to public housing authorities for public housing and voucher programs. We will not for a while know how much of it will find its way to THA.

We are tracking our expenses associated with the Coronavirus. We do that with the hope of reimbursement from HUD or other sources.

We have not made any adjustments to the budget to account for the COVID-19 pandemic. There are too many uncertainties. We will keep the Board informed as the picture clarifies.

3.2 Tacoma's Rental Market and Federal Funding

In 2018, we received our first increase in HAP in approximately 5 years (3.6%). In 2019, we received a 7.9% increase or \$2.9 million. We just found out last week the 2020 increase would be 9.4%, or \$3.6 million. This increase will allow us some flexibility. It will also help us meet the extra expenditures the COVID-19 pandemic may impose.

It is important we be mindful that future funding may not be so generous, even with escalating rental costs. Also, if budgeting gets tight, we may see inflation factors close to the market with larger pro-ratio deductions, which could effectively reduce funding in the future. So, we need to remain cautious in our decisions.

3.3 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. With the conversion of all but 5 of our Public Housing units to RAD, our federal funding will consist solely of Section 8 HAP and Administrative expense, starting this year. Our HAP funding is tied to HUD's inflation factor and pro-ratio. Section 8 funding has traditionally been better for the agency than public housing, so we believe the movement to RAD of our Public Housing units will assist us in funding and stability.

3.4 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.

Let us also remember that our chances to buy property often come by surprise. We need to be flexible to take advantage of the chances when they come. So, this may have us spend deeper into reserves than we are budgeting to do.

3.5 Property Sales

We anticipate selling the remaining Salishan lots for \$575K in 2020. Also, we may sell the Bismark single family home. We have been using it as a Crisis Residential Center. We will no longer need it for that purpose when the Arlington Drive Crisis Residential Center opens later this year.

Writing a budget for an organization as complex as THA takes a lot of work. I thank the entire staff for their effort, diligence, and good humor. Their effort was especially notable because, at the same time, we had to puzzle our way through this pandemic. I especially thank our Finance Director, Ken Shalik. He led the many discussions. He also applied his customary excellent judgment. He brings a necessary caution to the question, nicely spiced with a full appreciation for THA's mission and ambition. THA is very fortunate in its staff all year long. We are also lucky with our Board and its good judgment, its appetite for risk, and its own focus on THA's mission and ambitions. That good fortune shows particularly at budget time, especially during a pandemic.

Thank you.



Attachment A
BOARD OF COMMISSIONER DECISION POINTS: 2020 Budget
April, 2020



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

Minimum necessary and Optimal Reserves

Type/Purpose of Reserves	Reserves 01/01/20	-	Minimum	Maximum	Amount to Reserve	=	Amount of reserves available to use in FY-2020
a. MTW Reserves	\$2,157,000		\$ 600,000	\$ 4,600,000	\$750,000		\$1,407,000
b. Business Activities (Non-MTW) reserves	\$7,011,000		\$4,000,000	\$6,500,000	\$6,500,000		\$511,000
c. THA Owned Rental Property	\$2,388,000		\$2,100,000	\$3,000,000	\$2,500,000		(\$112,000)
d. Reserves with Restrictions (AGC sale proceeds)	\$7,299,000		\$0	\$0	\$0		\$7,299,000
e. Heritage Line Of Credit - BFIM investor buyout Reserve	\$2,500,000		\$2,500,000	\$2,500,000	\$2,500,000		\$0
f. Section 8 Reserves held at HUD.	\$2,427,000		\$0	\$0	\$0		\$2,427,000
Totals	\$23,782,000		\$9,200,000	\$16,600,000	\$12,250,000		\$11,532,000

MTW Reserves
MTW Expenses Non-HAP

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

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2020

Recurring Income	
MTW	\$52,899,000
Non-MTW	\$4,706,000
Properties	\$3,695,000
Total	\$61,300,000

Cost of Recurring operations (with proposed savings)	
MTW	\$51,685,000
Non-MTW	\$5,407,000
Properties	\$2,579,000
Total	\$59,671,000

Surplus or (Shortfall) in recurring operations ¹	
MTW	\$1,214,000
Non-MTW	(\$701,000)
Properties	\$1,116,000
Total	\$1,629,000

3. BUDGET IMPACT - RESERVES - FY-2020

	Non - MTW						Total
	MTW	Business Activities	THA Owned Rental Property	Reserves with Restrictions (AOC sale proceeds)	Heritage Line Of Credit - BFIM investor buyout Reserve	Section 8 Reserves held at HUD.	
Estimated Reserves - 01/01/20	\$2,157,000	\$7,011,000	\$2,388,000	\$7,299,000	\$2,500,000	\$2,427,000	\$23,782,000
a. Recurring Surplus/(Shortfall) ¹	\$1,214,000	(\$701,000)	\$1,116,000				\$1,629,000
Non-Recurring Income/(Expense)							
b. Non Recurring Income - Operational	\$1,136,000	\$7,306,000					\$8,442,000
c. Non Recurring Income - Capital	\$0	\$5,252,000		\$575,000			\$5,827,000
d. Non Recurring Expenses - Operational	(\$1,524,000)	(\$3,737,000)	(\$12,000)				(\$5,273,000)
e. Non Recurring Expenses - Capital	(\$2,041,000)	(\$7,582,000)	\$0	(\$906,000)			(\$10,529,000)
f. Operating Transfers		\$992,000	(\$992,000)			\$0	\$0
g. HUD HAP Drawdown						(\$350,000)	(\$350,000)
h. Projected Reserves - 12/31/20	\$942,000	\$8,541,000	\$2,500,000	\$6,968,000	\$2,500,000	\$2,077,000	\$23,528,000

4. FY-2020 PROJECTED END OF YEAR RESERVE LEVELS

Type/Purpose of Reserves	Projected Reserves 12/31/20	Minimum	Maximum
a. MTW Reserves	\$942,000	\$600,000	\$4,600,000
b. Business Activities (Non-MTW) reserves	\$8,541,000	\$4,000,000	\$6,500,000
c. THA Owned Rental Property	\$2,500,000	\$2,100,000	\$2,500,000
d. Reserves with Restrictions (ACC sale proceeds)	\$6,968,000	\$0	\$0
e. Heritage Line Of Credit - BFIM Investor buyout Reserve	\$2,500,000	\$2,500,000	\$2,500,000
f. Section 8 Reserves held at HUD.	\$2,077,000	\$0	\$0
Totals	\$23,528,000	\$9,200,000	\$16,100,000

Amount to Reserve	Excess/(Deficit) Reserves Over Amount to Reserve
\$750,000	\$192,000
\$6,250,000	\$2,291,000
\$2,500,000	\$0
\$0	\$6,968,000
\$2,500,000	\$0
\$0	\$2,077,000
\$12,000,000	\$11,528,000

5. A LOOK AHEAD AT FY-2020 and beyond (ADDITIONAL INCOME, SAVINGS OR EXPENSES TO EXPECT)

5.1	New Recurring FY020 Income	New Recurring FY020 Expense	Amount
a. Section 8 HAP - HUD Increase			\$36
b. Section 8 Admin Fee- Salsihan & Hillside RAD units			\$250,000
c. Cash Flow - RTH Tax Credit Properties			\$500,000
d.		HAP MTW Supplement - Salsihan/Hillside RAD conversion	(\$475,000)
e.		HAP expenditures due to increased occupancy and rents	(\$500,000)
f.		Chelsea Heights Lease	(\$150,000)
g.		Staffing Costs - Prorated based on projected 2020 hire date.	(\$410,000)
5.2	Recurring FY021 Income	Recurring FY021 Expense	Amount
a. Section 8 HAP - HUD Increase			TBD
b. Cash Flow - Tax Credit Properties (Salsihan & Hillside RAD)			TBD
5.3	Non-Recurring FY021 Income	Non-Recurring FY021 Expense	Amount
a. Developer Fee - Bay Terrace - Rise at 19th			\$755,000
b. Developer Fee - Arlington Rental Housing			\$1,021,800
5.4	Non-Recurring FY022 Income	Non-Recurring FY022 Expense	Amount
a. Developer Fee - ?			

6. Board Commitments	2019 Commitments	Balance at end of 2019	Included in 2020 Budget	Future Commitments	MTW or Non-MTW	Period
a. Arlington Youth Housing	\$500,000	\$500,000	\$581,000	\$0		
b. Bay Terrace 3 Funding Gap	\$500,000	\$500,000	\$180,000	\$0		
c. Business Process Improvement Project			\$500,000	\$1,500,000	MTW	2021-2022
d. Childrens Savings Account Cohort payments	\$270,000	\$270,000	\$0	\$300,000	MTW	
e. Development Projects	\$2,500,000		\$0	\$2,500,000	Non MTW	2021 Forward
f. Education Projects - CHAPTSHAP	\$310,000	\$310,000	\$0	\$1,200,000	MTW	2021-2025
g. Faircloth RAD units				\$1,500,000	MTW	2021-2024
h. James Center North Loan Payment				\$1,000,000	Non MTW	2021
i. James Center North Loan Payment				\$3,000,000	Non MTW	2023
j. James Center North Loan Payment				\$2,000,000	Non MTW	2025
k. Key Bank Loan Payment				\$715,000	Non MTW	2024
l. Open Door Future Enhancements	\$500,000	\$500,000	\$530,000	\$1,000,000	MTW	2021-2022
m. Property Acquisitions			\$2,000,000	\$2,000,000	Non MTW	2021 -
n. Section 8 HOPP Increases	\$0	\$0	\$0	\$1,500,000	MTW	2021 -
o. Reserves						
1. Business Activity Reserves				\$6,750,000	Non MTW	In perpetuity
2. MTW Reserves				\$750,000	MTW	In perpetuity
3. THA Property Reserves				\$2,500,000	Non MTW	In perpetuity
Totals	\$4,580,000	\$1,580,000	\$3,791,000	\$28,215,000		

Back-up Detail - Notable Items

7. Non-Recurring Income: FY-2020

Sources of Non-Recurring Income	Amount	MTW/Non-MTW/Properties	Department
<i>Operational</i>			
a. 2019 HAP income carryover to 2020	\$0	MTW	RA
b. Arlington Crisis Center Project Admin Fee	\$87,500	Non-MTW	RD
c. <i>Developer Fee Income</i>			
1. Renew Tacoma Housing RAD - (Final Payment)	\$3,400,000	Non-MTW	PM
2. Alberta J Canada Renovation (RD)	\$450,000	Non-MTW	RD
d. Public Housing Capital Funds (Final Year carryover)	\$786,000	MTW	PM
e. Grant Income (All grants with end dates)	\$1,294,000	Non-MTW	CS/PI
f. <i>Other Revenue</i>			
1. Renew Tacoma Housing Waterfall pymt (2016-2018)	\$2,100,000	Non -MTW	PM

Capital	Amount	MTW/Non-MTW/Properties	Department
g. Court F (Rise at 19th)		\$300,000	
1. City of Tacoma (COT) -CBDG Loan	\$300,000	Non -MTW	RD
h. Arlington - CRC		\$2,252,000	
1. City of Tacoma Funds	\$1,808,000	Non -MTW	RD
2. Pierce County Funds	\$366,000	Non -MTW	RD
3. Solar Loans	\$78,000	Non -MTW	RD
i. Arlington - Rental Unit Development		\$2,700,000	
1. State HTF - \$4.29 mill; 1.15 mill remaining 2020	\$1,150,000	Non -MTW	RD
2. FHLB	\$800,000	Non -MTW	RD
3. AHP Loan	\$750,000	Non -MTW	RD
j. Sailshan- Market Rate Lots sale (ACC sales proceeds)	\$575,000	Reserves w/ restrictions	RD

8. Notable Non-Recurring Expenses (Non Grant Funded) - 2020

8.1 Operational

	Amount	MTW/Non-MTW/Properties	Department
a. Salaries		\$975,000	
1. New project oriented positions	\$550,000	MTW/Non-MTW	Multiple
3. Overtime/Items/Transitions	\$250,000	MTW/Non-MTW	Multiple
4. Executive Special Recognition Funds	\$175,000	MTW/Non-MTW	EX
b. Information Technology Expenses		\$250,000	
1. Open Door Programming	\$200,000	MTW/Non-MTW	AD
2. Software Implementation Costs	\$50,000	MTW/Non-MTW	AD
c. Office Equipment		\$60,000	
1. Office Furniture & Equipment	\$17,000	MTW/Non-MTW	Multiple
2. Computer Replacements & Smartboard	\$43,000	MTW/Non-MTW	Multiple
d. Legal		\$180,000	
1. New or upcoming Development Projects/Acquisitions	\$80,000	Non-MTW	RD
2. Sal 4 - 6 Investor Buyout, Faircloth	\$100,000	MTW/Non-MTW	AD
e. Staff Training/Out of Town Travel		\$82,000	
1. Marketing Cloud Training	\$40,000	MTW/Non-MTW	AD
2. Lean Training -BPI	\$20,000	MTW/Non-MTW	AD
3. Executive Coaching	\$22,000	MTW/Non-MTW	Multiple
f. Administrative Contracts		\$145,000	
1. PIE Initiatives/Evaluations	\$120,000	MTW	PI
2. Leadership Team Development (HR)	\$25,000	MTW/Non-MTW	HR
g. Due Diligence - Development Opportunities		\$950,000	
1. Existing Opportunities	\$785,000	Non-MTW	RD
2. New Opportunities	\$65,000	Non-MTW	RD
3. Potential land/building acquisition (RD)	\$100,000	Non-MTW	RD
h. Tenant Services		\$175,000	
1. Security Deposit Assistance (RA)	\$45,000	MTW	PM/RA
2. Safe Streets Grant - Community Engagement	\$70,000	MTW	CS
i. General Expenses		\$65,000	
1. Buyout Alliant - Hillside 1500	\$65,000	Non MTW	RD
j. Contingency (Line 33)	\$105,000	Non-MTW	EX

8.2 Capital

	Amount	MTW/Non-MTW/Properties	Department
a. IT Equipment	\$231,000	MTW	AD
b. Website/Portal Development	\$250,000	MTW	AD
c. Maintenance Vehicles	\$50,000	MTW	PM
d. Arlington - CRC		\$2,587,000	
1. City of Tacoma Funds	\$1,808,000	Non-MTW	RD
2. Pierce County Funds	\$366,000	Non-MTW	RD
3. Solar Loans	\$78,000	Non-MTW	RD
4. THA Sponsor Loan	\$335,000	Reserves w/ restrictions	RD
e. Arlington - Rental Unit Development		\$2,830,000	
1. State HTF - \$4.29 mill; 1.15 mill remaining 2020	\$1,150,000	Non-MTW	RD
2. FHLB	\$800,000	Non-MTW	RD
3. AHP Loan	\$750,000	Non-MTW	RD
4. THA Sponsor Loan (ACC Sales Proceeds)	\$130,000	Reserves w/ restrictions	RD
f. Court F (Rise at 19th)		\$871,000	
2. City of Tacoma (COT) - CBDG Loan	\$300,000	Non-MTW	RD
3. THA Sponsor Loan (ACC Sales Proceeds) - remaining for 2020 expenses)	\$571,000	Reserves w/ restrictions	RD
g. New Acquisitions	\$2,000,000	Non-MTW	RD
h. 902 Additional Remodel	\$1,500,000	MTW	RD

10. Notable Position Changes - FY 2020

Position	Department
##### Currently Occupied Position Upgrades	
a. Compliance Auditor Upgrade	AD
b. Project Manager 1 to Project Manager 2	AD
c. Project Manager 1 to Project Manager 2 (2)	RD
d. Salesforce Analyst to Salesforce Administrator	AD
##### New Positions - Recurring	
a. Associate Director	RA
b. Caseworkers (2)	CS
c. Electronic Content Manager	AD
d. Housing Specialist	RA
e. Maintenance Specialist (Rise & Arlington)	Properties
f. Office Assistant - FIC	PM
g. Program Specialist	CS
h. Property Manager (Rise & Arlington)	Properties
i. Property Specialist (2) Rise & Arlington	Properties
##### New Positions - Classified as Non Recurring in 2020	
a. BPI Project Managers (4)	AD
b. Arlington & Rise staff pre leasing (3)	PM
c. Program Specialist (Grant Funded)	CS
##### Positions deleted	
a. Operations Coordinator	RA

Rev. 2020-03-27

Resolution 2020-04-22(2)
Attachment B

Tacoma Housing Authority
FY-2020 Budget

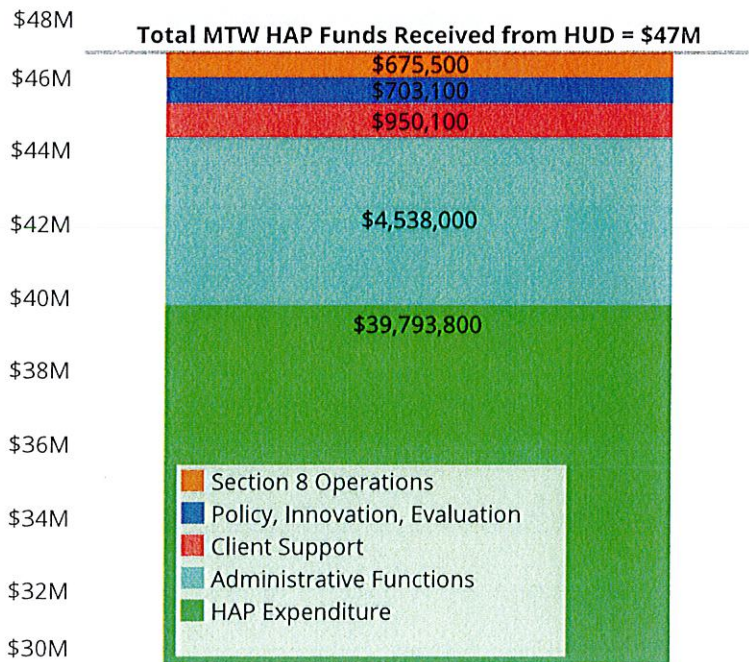
Accounts	CS Client			FD Finance	HR Human Resources	PI Policy, Innovation & Evaluation		PM Property Management Overhead (Rollup)		RA Rental Assistance	RD Real Estate Development	Agency Total
	AD Admin Overhead	Support and Empowerment	EX Executive									
Revenue - Operations												
Revenue	659,181	1,251,832	143,148	686,668	115,119	390,000	11,054,504	54,615,398	827,268	69,743,118		
Total Revenue	659,181	1,251,832	143,148	686,668	115,119	390,000	11,054,504	54,615,398	827,268	69,743,118		
Expenses - Operations												
Operating Expense	3,649,941	2,033,216	1,150,743	1,532,223	725,002	1,251,061	3,883,336	4,606,213	2,761,683	21,593,418		
Non-Operating Expenses	-	-	-	-	-	-	46,100	43,057,450	-	43,103,550		
Total Expenses - Operations	3,649,941	2,033,216	1,150,743	1,532,223	725,002	1,251,061	3,929,436	47,663,663	2,761,683	64,696,968		
Surplus/(Loss) - Operations	(2,990,760)	(781,384)	(1,007,595)	(845,555)	(609,883)	(861,061)	7,125,068	6,951,735	(1,934,415)	5,046,150		
Capital Expenses/(Revenue)	(481,000)	0	0	0	0	0	(232,650)	0	(4,161,000)	(4,874,650)		
Liabilities and Equities	0	0	0	0	0	0	(74,994)	0	0	(74,994)		
Net Surplus/(Loss)	(3,471,760)	(781,384)	(1,007,595)	(845,555)	(609,883)	(861,061)	6,817,424	6,951,735	(6,095,415)	96,506		

Attachment C

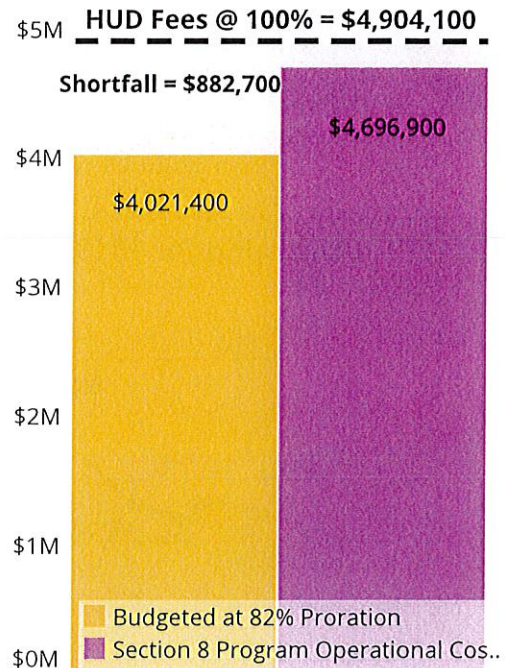
Tacoma Housing Authority - Property Budget
FY - 2020

Accounts	FICA Salishan- 902L 902 South L St - Admin Office (Rollup)			SALM Salishan- Family Investment Center (Rollup)		SALZ Salishan Z Maintenance Shop		HLCR Highland Crest Apartments			JAMC James Center North		KEYB Key Bank Building		MMAC Mr Mac. 1124 MLK		OUTR Outrigger Apartments		POAK Prairie Oaks		Subtotal
	Revenue - Operations		Revenue	Expenses - Operations		Operating Expense	Non-Operating Expenses	Total Expenses - Operations		Surplus/(loss) - Operations	Capital Expenses/(Revenue)		Liabilities and Equities	Net Surplus/(loss)							
													</								

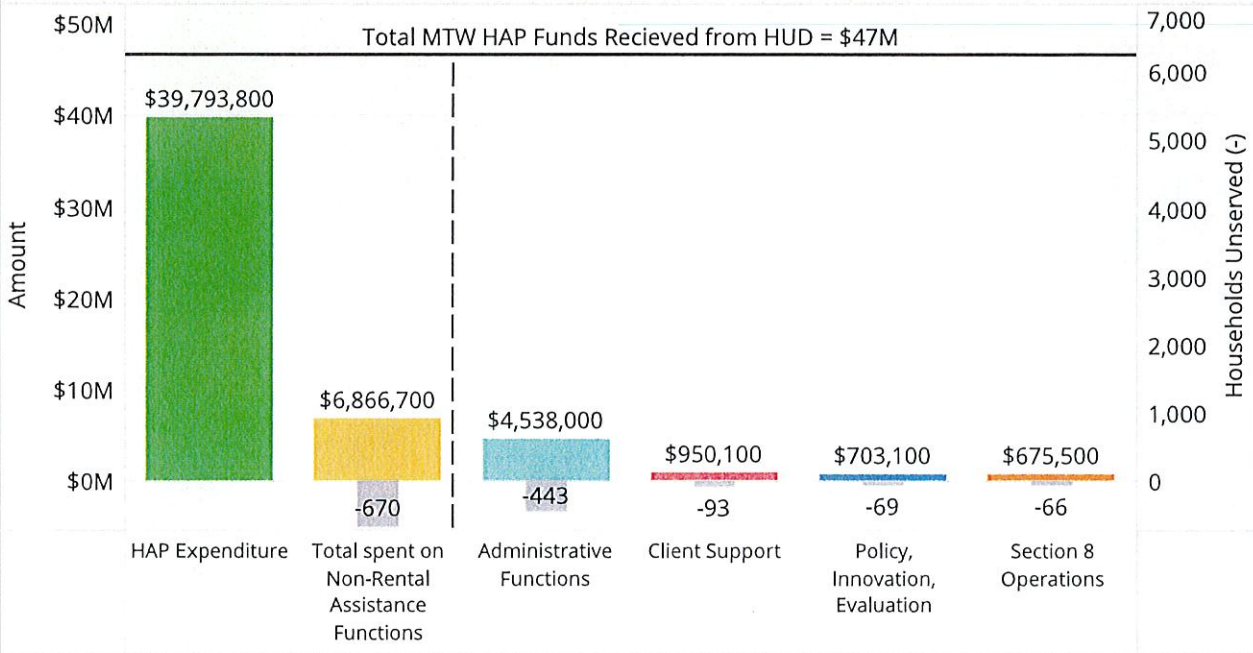
MTW HAP, HAP Expenses, and HAP Reprogrammed Uses



HUD Section 8 Admin Fees



MTW HAP/ Reprogrammed Uses with Households Unserved



TACOMA HOUSING AUTHORITY

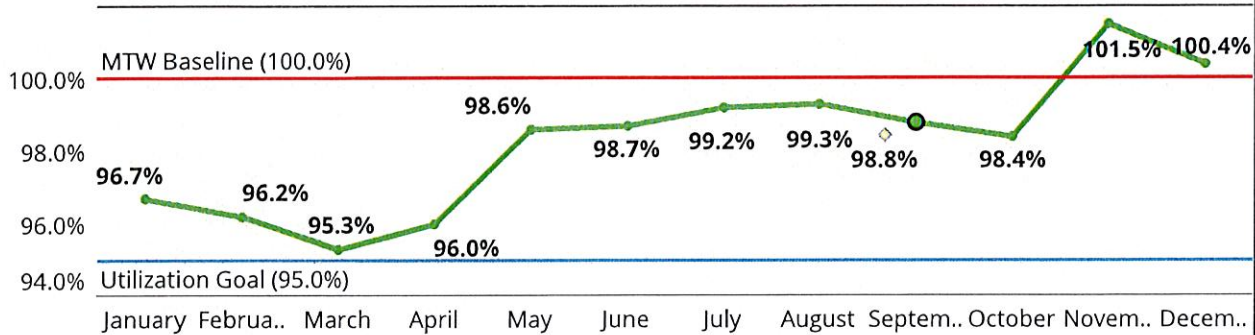
THA USES OF FUNDING - 2020 Budget

March 27, 2020

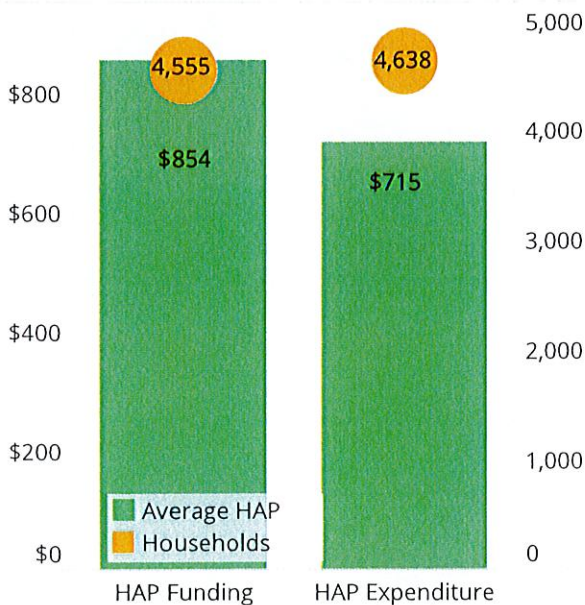


This document illustrates the choices THA faces when allocating its housing resources to housing and other related purposes. THA uses 87.8% of rental assistance funding on rental assistance. With this funding, THA projects it will serve 100% of its MTW baseline in 2020. It spends the balance on managing its rental housing portfolio, supportive services, administrative support, and other agency activities including backfilling HUD's underfunding of those functions.

Overall MTW Utilization for 2019

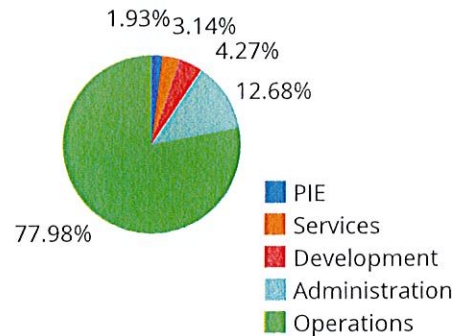


MTW Households Served in 2020



HAP Funding: \$46,660,500 | HAP Expenditure: \$39,793,800

Agency Wide Expenditures by Type



Agency Wide Expenditures by Type

	% Amount	Amount
Operations	77.98%	\$50,449,000
Administration	12.68%	\$8,202,000
Development	4.27%	\$2,761,700
Services	3.14%	\$2,033,200
PIE	1.93%	\$1,251,000
Grand Total	100.00%	\$64,696,900