



TACOMA HOUSING AUTHORITY

RESOLUTION 2020-12-09 (2)

Date: December 9, 2020
To: THA Board of Commissioners
From: Michael Mirra
Executive Director
Re: Fiscal Year 2021 Agency Budget

This resolution would adopt Tacoma Housing Authority's (THA) budget for 2021. The details are set forth in the attachments.

BACKGROUND

By this resolution, the Board would adopt a THA budget for FY 2021. 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 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 December 4th budget study session, the Board indicated approval of the budget that staff now submits. As is typically the case each year, one of the biggest topics of discussion has been the expenditure of THA's Housing Assistance Payment (HAP) funds. This is the largest allocation of federal funding that THA receives, approximately \$51.3 million (recurring) for the 2021 budget, as well as the largest expenditure of funds (\$46.6 million).

Here are some of the other notable features within the budget:

- The budget is based on current year federal funding (2020 HAP funding)
- The 2021 budget accounts for our strategic objectives.
- The 2021 budget fits recurring and non-projected oriented expenses within recurring income.

- 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 HOP participants at the end of their assistance.
- 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 2021 Budget proposal leaves THA with adequate reserves of both MTW and non-MTW funds. There are also reserves remaining from 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 2021. This is due to Cash management regulations HUD follows not allowing agencies to have excess MTW reserves held at the agency.

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 2021. 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, rapid rehousing, and assistance to TCC students who are homeless.

Lastly, this budget allows us to continue making adjustments as needed in both operations and client support to the ongoing COVID pandemic that we have been dealing with since March.

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; improved asset building. Our efforts to do this have become signature attributes of THA. The 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 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 have been delays. As of the date this resolution was crafted, we are operating under a Continuing Resolution which expires December 11th and provides funding at 2020 levels. We are using this flat funding level as our basis for the 2021 budget proposal. Any additional funds received for 2021 will be beneficial to the agency in completing its mission.

- **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. Based on the 2021 budget, we are projecting we will have approximately \$600K MTW funds at THA, and \$1.45 million of HAP held reserves at HUD. For our Business Activity funds (Non-MTW without restrictions), we anticipate approximately \$8.7 million.

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 2021 budget we will continue to invest in our 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, such as finalizing the Trees Property purchase, as well as look at other development opportunities, such as the gap funding for the Hilltop Redevelopment, and continued predevelopment needs for James Center,

NOTABLE BUDGET ASSUMPTIONS

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

- **Budgeting at 2020 Funding Levels**
Between 2018- 2020, we received an approximate \$8 million combined HAP funding increase from HUD. As of this writing, we are operating under a Continuing Resolution for the 2021 Federal Budget, with HAP funded at 2020 levels. We will finalize this budget, using 2020 levels, with hope that there will be some level of increase once the Federal Budget is finalized.
- **Public Housing Operating Subsidy:**
This 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 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.
- **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 over HAP expenses of approximately \$6.5 million as of 2013. The savings has fluctuated over the years. It dropped to around \$4 million by 2017 due to flat funding. It increased again in 2018-2020 as we received significant increases in funding during that period which were greater than increases in HAP expenses. With budgeting at 2020 funding levels, and bringing on 3 new Project Based Voucher properties, coupled with a higher than average projected HAP increase, the budget projects a \$4.5 million in recurring HAP income over HAP expenses that can be programmed for operational shortfalls, Client support, and other initiatives in the 2021 budget.

- **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 2021 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 \$200K added to the Executive Department's Special Recognition fund above the 2% to address any extraordinary efforts throughout the agency during 2021. 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 2% increase in rates from 2020 for PEBB.
 - Dental*
There was a minimal increase over 2020's costs.
 - Retirement*
Washington State employer portion of retirement plan is budgeted at the 12.97%. This rate has been increasing the last couple of years and may trend slightly higher in 2021.
 - 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 2021. THA pays for all of 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 \$2.6 million reserve level for this category.

SOME BUDGET DETAIL

- **HAP Utilization**

The intent is to serve as many families as possible under THA's rental assistance programs. The Board of Commissioner approved a utilization rate of 95% of our Section 8 MTW authorization in 2018. Due to the additional funding received over the past few years, THA was able to increase MTW utilization to 100% by the end of 2019. We have maintained the utilization at 100% or higher since that time. With additional Project Based Vouchers for Arlington, the Rise at 19th, and Home at Last coming on in 2021, coupled with a projected reduction in tenants exiting the program in 2021, we will be over 100% utilization all of 2021.

- **Special Program Initiatives**

The budget provides approximately \$2.1 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
- Tacoma Schools Housing Assistance Program (TSHAP)

The funding for special programs represents housing an equivalent of approximately 150 families per year.

- **HAP Expenditures**

Due to increasing upward pressure in the area's housing market, our monthly average HAP has been increasing since 2016. With COVID presenting challenges for employment, and a current freeze on rent increases for our landlords, we are budgeting an average \$5 per month HAP increase in 2021. This is higher than what we would typically budget yet want to be mindful of the potential impacts of COVID on HAP expenses, both as the pandemic continues, and the aftermath impacts on contract rents. Additionally, we are budgeting \$1.5 million for ways to assist our clients with eviction prevention due to the current crisis.

- **Tax Property Cash Flows**

For 2020, we budgeted \$500K in recurring Cash flow from Renew Tacoma Housing, and approximately \$200K from our Salishan, Hillside and Bay Terrace Properties. With both Hillside and Salishan properties transitioning to RAD in 2020, and mortgages only on Salishan 5 & 6 for 2021, we are projecting an approximate \$1.9 million in recurring waterfall payments for 2021.

- **IT /Process Improvements/ Document Management**

We transitioned to our current IT platforms (OpenDoor and Intacct) in 2017. The platform has allowed us to perform our basic function, yet there are still some challenges with it, with enhancements still needed to standardize and put bumpers around existing processes. We are also looking to build and bring on other modules (Client Support; Maintenance and Inspection; Tenant and Landlord portals).

With that in mind, we are planning on putting emphasis on the Process Improvement and Documentation effort that we had budgeted for in the 2020 budget. The agency's intent was to hire staff for this initiative in 2020, yet with COVID, and the operational challenges the pandemic presented, we decided to defer moving forward on this until 2021. In 2020 the agency hired a consultant to assist us in mapping out the best path for ongoing success for this project. We intend on hiring the additional staff needed for the Process Improvement effort in early 2021. It is anticipated that this will be at least a 3-year intensive effort, with ongoing updates and maintenance after that period.

- **Client Support**

THA continues to continue the Education and Scholar incentives programs. Funding has been received by a variety of grantees to assist us in moving forward in both of these areas.

With the transitioning of our Tax Credit properties to RAD, we included a \$250 Client Support fee to provide funding for staff to support clients that reside in properties we manage in being successful in their tenancy. We also have staff assigned to support our Voucher tenants and partnering them with 3rd party services when necessary.

- **The Trees Property Purchase**

THA will finalize the purchase of the 3 properties (Conifer South Apts., Pine Tree South Apts., and Redwood Juniper Apts.) in early 2021. We will pay off the current owners' portion, and retire the existing loans, and refinance Redwood Juniper and Pine Trees South Apts. with loans from Banner Bank. The budget includes \$2 million to pay off the Conifer South Apts. using THA restricted funds, and also includes \$750K from Non-MTW funds to help cover any immediate repair work and building up Replacement Reserves for any future repair needs.

- **James Center North**

This complex was purchased in 2017, with commercial leases in place. THA is moving forward on finalizing plans and phasing for redevelopment of that area. The development will be a mix of Affordable Housing, along with student housing, market rate and Commercial. In 2021, \$1,000,000 of the Loan associated

with this property is due. Additionally, we are anticipating selling a parcel of the property to offset the loan payment.

- **Hilltop**

The redevelopment of the Hilltop area is a priority in 2021. At this time THA intends to remain in partnership with two outside parties (Inland and Horizon) who would take the lead on the Development of the parcels. The current intent is to break ground in the spring of 2021 for the Homeless units located on the current Mr Mac site utilizing tax credits. Our hope is that the affordable housing portion of the development can proceed shortly thereafter. THA has included \$3 million in the 2021 budget to assist in filling a funding gap that exists for the affordable housing units before development can proceed.

As the units that will serve the Homeless population includes the Mr. Mac parcel, the intent is to sell the parcel to the developer for \$625K. These funds will assist in retiring the \$715K loan that exists on the Key Bank property.

We continue to 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 of the building needed to be addressed. \$1.5 million was included in the 2020 budget to address these issues. Due to the pandemic, and increased ability to telework we did move forward with the remodel in 2020. We are reevaluating what the new work environment will be like, including post-Covid, to determine how to best utilize the space at 902. We will tailor the remodel to include those decisions. We therefore have carried over the \$1.5 million for the remodel into the 2021 budget.

- **Heritage Line of Credit – BFIM Reserves**

\$2.5 million has been set aside since we bought out BFIM as the investor for Salishan's 1-3, and Hillside Terrace 1-2. These funds were set aside as a requirement of the buyout until the last property in the buyout would be susceptible for recapture of Tax Credits. As the end of 2020 is the last year any of the properties would be susceptible, the LOC can be released by the middle of 2021. We will be releasing the restrictions on those funds and transferring them to Business Activities.

- **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-2021, we will be drawing down from our HUD held HAP reserves in order to cover operational shortfalls and will not need to draw from reserves. We will need

to draw from reserves for capital purposes though. The purpose for the Reserve appropriation follows:

- \$ 2 million for a property purchase to be determined.
- \$ 2 million from Reserves with restrictions for the Trees Property Purchase
- \$750K for immediate repairs and Reserve for Replacement for the Trees.
- \$ 3 million gap financing for the Hilltop Affordable Housing development

- **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 all but 5 of our Public Housing units transitioned 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 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	\$ 603,000
○ Business Activities (Non-MTW) Reserves	\$ 8,768,000
○ PH Owned Property Reserves	\$ 2,633,000
○ Reserves with Restrictions	\$ 5,440,000
○ Section 8 Reserves Held at HUD	<u>\$ 1,450,000</u>
	\$ 18,894,000

Recommendation

I recommend that the Board adopt Resolution 2020-12-09 (2) to formally approve THA's Fiscal Year 2021 Annual Budget.



TACOMA HOUSING AUTHORITY

RESOLUTION 2020-12-09 (2) (Fiscal year 2021 Annual Budget)

WHEREAS, The Housing Authority of the City of Tacoma ("Authority") intends to incur expenses and other cash outflows for Fiscal Year 2021; 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 2021 annual budget; now, therefore, be it

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

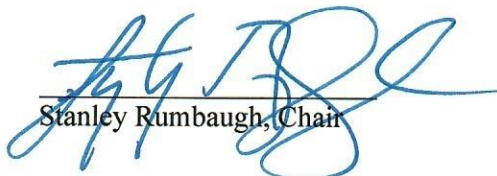
1. The Board of Commissioners of the Housing Authority of the City of Tacoma adopts the attached FY 2021 Agency wide budget. Expenses and other cash outflows are projected as follows:

<u>Expenses</u>	
Administration	\$4,315,064
Client Support & Empowerment	4,881,867
Executive	1,485,686
Finance	1,871,396
Human Resources	919,122
Policy, Innovation and Evaluation	865,541
Property Management Overhead	1,880,629
Property Budgets	2,260,505
Rental Assistance	54,408,705
Real Estate Development	<u>2,794,518</u>
Subtotal	\$75,683,033

<u>Additional Cash Outflows</u>	
Debt Service	137,500
Capital Expenditures	11,540,000
Replacement Reserves	<u>172,652</u>
Subtotal	11,850,152

TOTAL APPROVED BUDGET	<u>\$87,533,185</u>
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Approved: December 9, 2020


Stanley Rumbaugh, Chair



TACOMA HOUSING AUTHORITY

To: THA Board of Commissioners
From: Michael Mirra
Date: December 1, 2020
Re: Proposed Budget for FY 2021

At its meeting on December 9th, the Board is scheduled to adopt THA's final budget for FY 2021, which begins on January 1st. The Board has a study session scheduled for December 4th at Noon to review the proposed budget. I write to describe this proposal. It resembles our various discussions over the past few months in anticipation of the new year.

1. BUDGET PRINCIPLES

The draft budget resolution conforms to the following four budget principles that have served us well for the past 17 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 allocation from HUD. However, Congress is late this year, as it has usually been. When this happens, THA has to place its bets. To do this THA uses an important budget principle: it budgets to the worst of the plausible budget proposals pending in Congress.

To determine the worst of the plausible budgets, we consulted our congressional delegation, CLPHA, and our governmental liaison in Washington, D.C. Those sources judge that the worse of the plausible budgets will be flat funding from 2020. This is good news, as it preserves the \$3.6 million increase in 2020, and the \$2 million increase in 2019. These increases have allowed us to operate our Rental Assistance program at 100% utilization and cover ongoing operational costs.

- *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 approximately \$726,000.

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, using Business Activity funds, which will either make us money and/or house more people that need affordable housing in an underserved market.
 - We are budgeting another \$2 million for property purchases using funds from Greater Tacoma Community Foundation (GTCF). These will not be reflected in our budget.
 - \$2 million is set aside from the Reserves with Restrictions pot of funds that came from the sale of our Salishan lots, and Single Family homes to finalize the purchase of the Trees properties in early 2021. We have additionally set aside another \$750K from Business Activities to supplement the Reserve for Replacement account for any unanticipated repairs due to our limited ability to look at the units prior to acquisition.
 - We included \$3 million for gap financing for the Hilltop redevelopment.
 - \$1.5 million is being carried over from the 2020 budget for additional improvements to the 902 building. The pandemic put this work on hold. This delay will also allow us to reconsider our office needs in the post pandemic world.
 - For 2021, we are continuing to invest in our IT structure and our Business Process Improvement Project, as well as our Education project.
 - Due to the challenges for our clients during COVID, we are also including \$1.5 million in this budget for Eviction prevention funds.
- *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, especially a Congress that displayed its willingness over the years to let the government shut down. For this purpose, we like to have at least 2 months of recurring operating expenses, including HAP, or about \$ 11 million. **Second**, we need a healthy balance sheet to make THA credit worthy when it seeks financing and partners. **Third**, we 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 periodically shown its interest in 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 \$8.0 million and \$16.5 million. This budget proposal would leave THA with approximately \$18.3million in reserves for

all purposes. This includes \$5.4 million that is restricted by HUD for very specific purposes (Development) and needs their approval.

2. THE BUDGET PROPOSAL

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 December 9th Board meeting. We will summarily present the budget by department. If the Board wishes, our new budget 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 \$75.7 million. In its operational aspect, there is a surplus of approximately \$2.7 million. This surplus includes drawing down \$5.5 million of HUD held HAP reserves, primarily for Non Recurring purposes, as the Recurring portion of the budget meets the principle of expenses fitting into recurring income.

2.2 Capital Expenditures

The capital budget would have the agency expend a little more than \$11.5 million in 2021.

2.3 Adequate Reserves Committed to Specific Purposes

The budget anticipates that we will start FY 2021 with reserves of approximately \$28.9 million and end with \$18.9 million. This reduction in reserves is accounted for in the following ways:

- \$2.6 million are property reserves.
- The \$2.5 million Heritage Line of Credit (LOC) is restricted until mid-2021 as requested by BFIM upon its buyout of its tax credit interest in Salishan and Hillside properties in 2018. This amount covers any potential Tax Credit losses. At the time the restriction ends we will transfer the amount to Business Activities.
- After using \$2 million of the Reserves with Restrictions to assist in finalizing the Trees purchase early 2021, there will be an approximate \$5.5 million remaining for future development from funds coming from the sale proceeds of property that formerly was public housing,

- In the MTW pot of funds, at the end of 2020, THA is projecting there will be reserves of approximately \$1.3 million at THA, with HUD holding approximately \$6.9 million of THA funds due to the HUD rules of Cash Management. At the end of 2021, based on the budget, we are projecting THA's agency-held MTW balance will be approximately \$600K, and HUD will only be holding \$1.45 million. This is based on projected expenses and flat funding from HUD for HAP.

For your reference the detailed reserve information can be found in the following areas

- Attachment A, #3, provides a snapshot of the Budget Impact on Reserves based on the 2021 budget.
- The proposal for the 2021 Board reserve commitments are shows in Attachment A, # 6.

2.4 Uses of THA Funding

An important consideration for the Board regarding the budget is 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 in assisting our community in ways not available to traditional Housing Authority. The proposed budget continues those MTW expenditures. These are the main ones:

- Rapid Rehousing
- Tacoma Schools Housing Assistance Program (TSHAP)
- College Housing Assistance Program (CHAP)
- Project Based Vouchers above the traditional 20% cap that assists specific populations that are underserved.
- Property Based subsidy program

THA is also able to spend HAP funds on services other than direct housing. Of the \$46.6 million we receive that we could spend on vouchers, we spend about \$4.3 million on these other purposes. Doing that leaves over 500 households unserved. This means that those other purposes need to be important. We judge that they are:

- administering the voucher program, because Congress underfunds it;
- 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.);
- For 2021, we are budgeting \$1.5 million to assist with eviction prevention.

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% Voucher 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 2020. We are pleased to present a budget that would have us meet it again in 2021.

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. In 2021, we will have brought on an additional 150 Project Based Vouchers with the lease up of our Arlington and Rise properties, and a community partner property called Home at Last.

- *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 over backfill. For 2021, we are projecting we are receiving approximately \$1 million less in funding for voucher administration due to proration based on what HUD says it should cost us to manage the voucher program. We will backfill \$200,000. This means we are still spending less on voucher administration than HUD thinks is necessary. That too is a reassurance.

- *Spending 13.00% Overall on Administration*

We do not want to spend too much on overall administration. We are currently expending approximately 13.% of our agency revenue 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) 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
Property purchases
James Center North predevelopment
Savings Account for the Children of Salishan
Enhanced client support
Hilltop redevelopment
902 South L improvements

3. A LOOK AHEAD TO FY 2021

We can look ahead to 2021 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. Their jobs have been in flux during the pandemic. A segment of our client population have been furloughed or laid off. 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. The impact to date has been less than we had anticipated, yet the longer the pandemic continues, the challenges may increase, and the cost to our HAP more 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 or staff person has the virus; enhanced services to our clients.

We are continually mindful of funds that may come our way from other sources such as the CARES act funding. We received approximately \$1.7 million from HUD to assist with the challenges of the Pandemic during 2020, which allowed us to assist clients who were having challenges due to lost income, and allow us to operate at full capacity, even with the challenges that face our agency. We will have spent the bulk of this sum by year end, yet will be able to carry over the remaining amount in 2021. In November we received \$500K from the County to be spent by end of 2020 for rent arrearages for the clients that reside in properties we manage, along with our Section 8 Voucher landlords. We will be on the watch for whatever funds that can assist our clients and agency as the pandemic continues in 2021.

We have tracked our expenses associated with the Coronavirus. This lets us know the expense to the agency, as well as spends down the funds we have all ready received, and positions us to provide information as other funds may become available.

We have not made any adjustments to the budget to account for the COVID-19 pandemic. This is an everchanging landscape, and there are too many uncertainties. We will keep the Board informed as the picture clarifies.

3.2 Tacoma's Rental Market and Federal Funding

Since 2018 – 2020 we received an approximate 20% increase (\$8 million) in HAP funding. This was after approximately 5 years of flat funding. This increase has allowed us some flexibility, as we are carefully watching the increases above the normal HAP expenses that may occur due to the pandemic both in contract rents, and clients' income.

It is important we be mindful that future Federal funding may not be so generous, even with escalating rental costs. If Federal budgets get tight, HUD might provide inflation factors close to what the market is, and then factor in larger pro-ration deductions, which could effectively keep funding at a flat level, or, even reduce funding in the future. We therefore need to remain cautious in our decisions.

3.3 Moving to Work (MTW) Changes

With the current MTW contract extending to 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 for Section 8 HAP and Administrative expenses. Our HAP funding is tied to HUD's inflation factor and pro-ration, meaning funding is increased then prorated at the same rate applied to other housing authorities. 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 Staffing

The 2021 budget has us adding 14 new positions. Six of them are either grant funded or time-limited.

I know this is a notable increase. Yet it recoups some longstanding understaffing at THA that has burdened staff. Also, while we feel confident of our need for these staff positions, we will remain cautious about filling them. We will first monitor the federal budget for 2021. We will also have an internal discussion about the agency and individual department's priorities before making final decisions about if and when new positions will be filled.

3.5 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.

The imperative to buy property has only grown as Tacoma's rental market has turned so brutal. We can see that large parts of Tacoma are on such a trajectory that their only notable measure of affordable housing or meaningful racial or economic diversity will be in properties that THA and its partners own, buy or build in the next five years. THA's job is to remove as much of the city's housing stock from the speculative rental market, assuring its permanent affordability. This work contrasts with our tenant based rental assistance programs, which do not add any housing to the city's market.

We also know 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.

In early 2021, we will be purchasing over 300 units of housing in a 3-property acquisition that we call "The Tree" properties. As we are still unsure of the timing, and we have yet to fully flesh out the property budgets, we are not including the anticipated cash flow from these properties in the 2021 budget. (We are including the

cash necessary for the purchase and for possible repairs.) We will come back with a mid-year revision if needed.

3.6 Property Sales

We intend to sell a parcel of James Center North in 2021, as well as the Mr. Mac building in Hilltop.

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 and because staff for the first time fully utilized our new budget software. They all did an admirable job in doing so. We are also lucky with our Board and its good judgment, its measured 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: 2021 Budget
December, 2020

Rev 2020-12-01 AM

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 01/01/21
a. MTW Reserves	\$1,300,000
b. Business Activities (Non-MTW) reserves	\$7,800,000
c. THA Owned Property	\$2,500,000
d. Reserves with Restrictions (ACC sale proceeds)	\$7,840,000
e. Heritage Line Of Credit - BFIM investor buyout Reserve	\$2,500,000
f. Section 8 Reserves held at HUD.	\$6,950,000
Totals	\$28,890,000

-

Minimum necessary and Optimal Reserves

Minimum	Maximum	Amount to Reserve - 2021
\$ 500,000	\$ 5,000,000	\$500,000
\$5,000,000	\$8,500,000	\$8,000,000
\$2,500,000	\$3,000,000	\$2,600,000
\$0	\$0	\$0
\$0	\$0	\$0
\$0	\$0	\$0
\$8,000,000	\$16,500,000	\$11,100,000

=

Amount of reserves available to use in FY-2021
\$800,000
(\$200,000)
(\$100,000)
\$7,840,000
\$2,500,000
\$6,950,000
\$17,790,000

Annual Amount	Minimum	Maximum
\$15,000,000	Period 1/2 month Amount \$ 600,000	Period 4 months Amount \$ 5,000,000
Total	\$ 600,000	Total \$ 5,000,000

MTW Reserves

MTW Expenses Non-HAP

2. RECURRING OPERATIONAL INCOME AND EXPENSES FY-2021

	Recurring Income
MTW	\$54,318,000
Non-MTW	\$9,696,000
Rental Properties	\$3,620,000
Total	\$67,634,000

	Cost of Recurring operations (with proposed savings)
	\$55,030,000
	\$9,330,000
	\$2,548,000
Total	\$66,908,000

	Surplus or (Shortfall) in recurring operations ¹
	(\$712,000)
	\$366,000
	\$1,072,000
Total	\$726,000

=

3. BUDGET IMPACT - RESERVES - FY-2021

	MTW	Business Activities	THA Owned Property	Reserves with Restrictions (ACC sale proceeds)	Heritage Line Of Credit - BFIM investor buyout Reserve	Section 8 Reserves held at HUD.	Total
a. Estimated Reserves - 01/01/21	\$1,300,000	\$7,800,000	\$2,500,000	\$7,840,000	\$2,500,000	\$6,950,000	\$28,890,000
a. Recurring Surplus/(Shortfall) ¹	(\$712,000)	\$366,000	\$1,072,000				\$726,000
Non-Recurring Income/(Expense)							Amount
b. Non Recurring Income - Operational	\$486,000	\$4,757,000	\$30,000				\$5,273,000
c. Non Recurring Income - Capital	\$0	\$1,625,000					\$1,625,000
d. Non Recurring Expenses - Operational	(\$3,896,000)	(\$5,165,000)	(\$19,000)				(\$9,080,000)
e. Non Recurring Expenses - Capital	(\$2,075,000)	(\$7,465,000)		(\$2,000,000)			(\$11,540,000)
f. Operating Transfers		\$3,450,000	(\$950,000)		(\$2,500,000)		\$0
g. HUD HAP Drawdown/Transfer to MTW	\$5,500,000					(\$5,500,000)	\$0
h. Renew Tacoma Developer Fee Receivable -2020		\$3,400,000					\$3,400,000
i. Possible THA Loans to AYC/Rise-2020				(\$400,000)			(\$400,000)
Projected Reserves - 12/31/21	\$603,000	\$8,768,000	\$2,633,000	\$5,440,000	\$0	\$1,450,000	\$18,894,000

4. FY-2021 PROJECTED END OF YEAR RESERVE LEVELS

Type/Purpose of Reserves	Projected Reserves 12/31/21	Minimum	Maximum
a. MTW Reserves	\$603,000	\$500,000	\$5,000,000
b. Business Activities (Non-MTW) reserves	\$8,768,000	\$5,000,000	\$8,500,000
c. THA Owned Property	\$2,633,000	\$2,500,000	\$3,000,000
d. Reserves with Restrictions (ACC sale proceeds)	\$5,440,000	\$0	\$0
e. Heritage Line Of Credit - BFIM investor buyout Reserve	\$0	\$0	\$0
f. Section 8 Reserves held at HUD.	\$1,450,000	\$0	\$0
g. Totals	\$18,894,000	\$8,000,000	\$16,500,000

Amount to Reserve - 2021	Excess/(Deficit) Reserves Over Amount to Reserve
\$500,000	\$103,000
\$8,000,000	\$768,000
\$2,600,000	\$33,000
\$0	\$5,440,000
\$0	\$0
\$0	\$1,450,000
\$11,100,000	\$7,794,000

5. A LOOK AHEAD (ADDITIONAL INCOME, SAVINGS OR EXPENSES TO EXPECT)

5.1	New Recurring FY021 Income	New Recurring FY021 Expense	Amount
a. Section 8 HAP - HUD increase			\$0
b. Department of Commerce - Support for ARC Supportive Services			\$2,000,000
c.		YMCA/CYS Supportive Services for ARC	(\$2,000,000)
d.		New Staff Positions requested	(\$990,000)
e.		Increase in TSHAP funding from 2020	(\$400,000)
f.		HAP expenditures- Arlington Youth, Rise at 19th, Home at Last Project Based Vouchers (PBV)	(\$1,500,000)
5.2	Recurring FY022 Income	Recurring FY022 Expense	Amount
a. Section 8 HAP - HUD increase			TBD
b. Trees Property Cash Flow			TBD
c.		HAP expenditures for Hilltop PBV's	(\$650,000)
5.3	Non-Recurring FY022 Income	Non-Recurring FY022 Expense	Amount
a. Developer Fees			TBD
b.		BPI Project - continuation	\$450,000

6. Board Future Commitments		2020	Future	MTW or Non-	Period
		Commitments	Commitments	MTW	
a.	Business Process Improvement Project	\$1,500,000	\$1,260,000	MTW	2021-2024
b.	Childrens Savings Account Cohort payments	\$300,000	\$0	MTW	
c.	Development Projects	\$2,500,000	\$2,500,000	Non MTW	2021 Forward
d.	Education Projects	\$1,200,000	\$2,400,000	MTW	2021-2025
e.	Faircloth RAD units	\$1,500,000	\$1,500,000	MTW	2021-2024
f.	James Center North Loan Payment	\$1,000,000	\$0	Non MTW	2021
g.	James Center North Loan Payment	\$3,000,000	\$3,000,000	Non MTW	2023
h.	James Center North Loan Payment	\$2,000,000	\$2,000,000	Non MTW	2025
i.	Key Bank Loan Payment	\$715,000	\$0	Non MTW	2024
j.	Open Door Future Enhancements	\$1,000,000	\$2,000,000	MTW	2021-2024
k.	Property Acquisitions	\$2,000,000	\$2,000,000	Non MTW	2021 -
l.	Section 8 HOPP Increases	\$1,500,000	\$1,500,000	MTW	2021 -
m.	Reserves				
	1. Business Activity Reserves	\$6,750,000	\$8,000,000	Non MTW	In perpetuity
	2. MTW Reserves	\$750,000	\$500,000	MTW	In perpetuity
	3. THA Property Reserves	\$2,500,000	\$2,600,000	Non MTW	In perpetuity
Totals		\$28,215,000	\$29,260,000		

Back-up Detail - Notable Items

7. Non-Recurring Income: FY-2020

Sources of Non-Recurring Income	Amount	MTW/Non-MTW/Properties	Department
Operational			
a. 2020 HAP income carryover and included in 2021 budget	\$5,500,000	MTW	RA
b. Developer Fee Income			
1. Arlington Youth Rental Housing	\$1,749,000	Non-MTW	RD
2. Rise at 19th	\$750,000	Non-MTW	RD
c. Public Housing Capital Funds (Final Year carryover)	\$486,000	MTW	PM
d. Grant Income (All grants with end dates)	\$2,210,000	Non-MTW	CS/PI
e. Other Revenue			
	\$10,695,000		

Capital	Amount	MTW/Non-MTW/Properties	Department
a. James Center North Land Sale	\$1,000,000	Non -MTW	RD
b. Mr. Mac Land Sale	\$625,000	Non -MTW	RD

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

8.1 Operational

	Amount	MTW/Non-MTW/Properties	Department
a. Salaries			
1. Non project oriented positions	\$565,000	MTW/Non-MTW	Multiple
2. Overtime/Interns/Transitions	\$285,000	MTW/Non-MTW	Multiple
3. Executive Special Recognition Funds	\$200,000	MTW/Non-MTW	EX
b. Information Technology Expenses			
1. Finance Subsystem Implementations/Support	\$33,000	MTW/Non-MTW	FD
2. Laserfiche (Electronic Content Management)	\$75,000	MTW/Non-MTW	AD
3. Open Door Programming		MTW/Non-MTW	AD
3.1. Existing System Improvements.	\$150,000	MTW/Non-MTW	AD
4. Phone System transition to Cloud	\$100,000	MTW/Non-MTW	AD
c. Office Equipment			
1. Computer Replacements & Smartboard	\$49,000	MTW/Non-MTW	Multiple
2. Office Furniture & Equipment	\$25,000	MTW/Non-MTW	Multiple
d. Legal			
1. Admin Department request	\$50,000	MTW/Non-MTW	AD
2. New or upcoming Development Projects/Acquisitions	\$80,000	Non-MTW	RD
3. Eviction Requirement Analysis	\$15,000	MTW/Non-MTW	PM
e. Administrative Contracts			
1. Administrative Plan Editing	\$15,000	MTW	RA
2. Agent Fee - Bismark Home sale	\$14,000	Non-MTW	RD
3. Budget Support and Finance Consulting	\$25,000	Non-MTW	FD
4. Comp & Benefits Survey (HR)	\$7,400	MTW/Non-MTW	HR
5. Cyber Security Consulting	\$10,000	MTW/Non-MTW	AD
6. Diversity Facilitation	\$50,000	MTW/Non-MTW	EX
7. Employment Engagement Survey (HR)	\$25,000	MTW/Non-MTW	HR
8. Landlord Tenant Portal Focus Group	\$15,000	MTW	RA
9. Leadership Development	\$75,000	MTW/Non-MTW	HR
10. Nan McKay Inspection Support	\$7,500	MTW	RA
11. Online Performance Management System	\$25,000	MTW/Non-MTW	HR
12. Process Improvement Consulting	\$50,000	MTW/Non-MTW	AD
13. Program Evaluations	\$50,000	MTW	PI
14. Recruitment & possible Relocation of 2 Director positions	\$100,000	Non-MTW	HR
15. Workforce Central	\$12,000	MTW	CS
f. Due Diligence - Development Opportunities			
1. Existing Opportunities			
1.1 Hilltop Redevelopment	\$250,000	Non-MTW	RD
1.2 James Center North Redevelopment	\$250,000	Non-MTW	RD

1.3 Hillside 1500 Resyndication	\$250,000	Non-MTW	RD
2. New Opportunities	\$150,000	Non-MTW	RD
3. Potential land/building acquisition	\$100,000	Non-MTW	RD
g. Tenant Services			
1. Security Deposit Assistance		\$100,000	
1.1 Administered by CSE for both Portfolio and Vouchers	\$75,000	MTW	CS
1.2 Right size of Portfolio/AYC/Rise Leaseups	\$25,000	MTW	RA
h. Housing Assistance Payments		\$2,200,000	
1. Reduced Client Attrition due to COVID - Average 12 per month	\$700,000	MTW	RA
2. Eviction Prevention Funds placeholder	\$1,500,000	MTW	RA
i. Contingency	\$175,000	Non-MTW	EX/PI

8.2 Capital

	Amount	MTW/Non-MTW/Properties	Department
a. Website Development (Carryover amt from \$130K approved 2020)	\$100,000	MTW	AD
b. IT Program Development		\$425,000	
1. CSE platform	\$125,000	MTW	AD
2. Inspection/Maintenance System	\$150,000	MTW	AD
3. Landlord/Tenant Portals	\$150,000	MTW	AD
c. Maintenance Vehicles	\$50,000	MTW	PM
d. The Trees		\$2,750,000	
1. THA Loan to Refinance	\$2,000,000	Reserves w/ restrictions	RD
2. Replacement Reserves for possible fix up needs	\$750,000	Non MTW	RD
e. James Center North		\$1,000,000	
1. Land Sales (Included in Income)		Non MTW	RD
2. REDI loan payment due 2021	\$1,000,000	MTW or Non MTW	RD
f. Hilltop Redevelopment		\$3,715,000	
1. Gap Financing	\$3,000,000	Non MTW	RD
2. Mr. Mac Land Sale (Included in income)		Non MTW	RD
3. Key Bank LAP Loan Payment	\$715,000	Non MTW	RD
g. New Acquisitions			RD
1. THA Funds	\$2,000,000	Non-MTW	RD
2. GTCF Funds (not in THA budget)	\$2,000,000		RD
h. 902 Additional Remodel (Carryover fm 2020 Budget)	\$1,500,000	MTW	RD

9 Notable Position Information/ Changes - FY 2021

Position	Department
9.1 <i>Currently Occupied Position Upgrades</i>	
a. Lead Positions (2)	RA
9.2 <i>New Positions for 2021 Budget- Recurring</i>	
a. Salesforce Administrator	AD
b. Senior Systems Engineer	AD
c. Financial Analyst	FD
d. Procurement Specialist	FD or AD
e. HR Analyst (Filled in 2020)	HR
f. Legal Counsel	PM
g. Housing Specialist	RA
h. Housing Specialist - effective 07/01. Based on 150 add'l Mainstream/VASH vouchers applied for	RA
i. Program Manager	RA

9.3 <i>New Positions - Grant Funded - Time limited</i>	
a. Caseworkers (Ballmer (2))	CS
b. Compliance Auditor (Gates)	RA
c. Grants Administration Specialist (Silver Foundation)	AD
d. Grant Writer (Silver Foundation)	PI
e. Housing Navigator (Gates)	RA

#### <i>Notable Non-Recurring Non Grant Funded Positions</i>	
a. Functional Reps (Process Improvement Project)(4)	AD
b. Department Director Transitions (1st qtr)	HR/AD
c. Development Real Estate Acquisition Mgr (thru 06/30)	RD
d. Program Specialist (Hilltop)	RD
#### <i>Positions deleted</i>	
None	

Rev 2020-12-01 AM

**Tacoma Housing Authority - Agency Wide Budget
FY2021**

	AD Admin. Overhead	CS Client Support and Empowerment	EX Executive	FD Finance	HR Human Resources	PI Policy, Innovation & Evaluation	PM Property Management Overhead (Rollup)	RA Rental Assistance	RD Real Estate Development	Agency Total
Revenue - Operations										
Operating Grants										64,455,094
Tenant Revenue		2,405,618						61,509,376		2,849,561
Management Fee Revenues	696,897	538,368	149,076	685,116	121,833			352,437		2,945,674
Other Revenues	137,225	811,121	-	40,000		384,666	2,693,983	1,383,453	2,706,468	8,156,916
Total Revenue	\$834,122	\$3,755,107	\$149,076	\$725,116	\$121,833	\$384,666	\$6,485,591	\$63,245,266	\$2,706,468	\$78,407,245
Expenses - Operations										
Operating Expense										
Administrative Expenses	4,280,341	228,380	1,478,977	1,841,057	856,614	862,371	1,695,647	5,022,102	2,754,791	19,020,280
Tenant Services		4,631,957					38,280	356,460		5,026,697
Utilities							398,003		13,450	411,453
Maintenance		3,000					997,838	6,000	10,000	1,016,838
Protective Services (THA)		-					82,400			82,400
Insurance Premiums	34,723	18,530	6,709	7,839	2,508	3,170	167,676	32,270	9,277	282,701
Total Other General Expenses				22,500	60,000		190,390	103,100	7,000	382,990
Interest Expense and Amortization Cost							519,800			519,800
Total Operating Expense	\$4,315,064	\$4,881,867	\$1,485,686	\$1,871,396	\$919,122	\$865,541	\$4,090,034	\$5,519,932	\$2,794,518	\$26,743,160
Non-Operating Expenses										
Extraordinary Maintenance Expense							51,100			51,100
Housing Assistance Payments								48,888,773		48,888,773
Total Non-Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$51,100	\$48,888,773	\$0	\$48,939,873
Total Expenses - Operations	\$4,315,064	\$4,881,867	\$1,485,686	\$1,871,396	\$919,122	\$865,541	\$4,141,134	\$54,408,705	\$2,794,518	\$75,683,033
Surplus/(Loss) - Operations	(\$3,480,942)	(\$1,126,760)	(\$1,336,610)	(\$1,146,280)	(\$797,289)	(\$480,875)	\$2,344,457	\$8,836,561	(\$88,050)	\$2,724,212
Capital Net Surplus/(Expense)							(222,652)		(7,625,000)	(8,372,652)
Liability and Equity							(137,488)		(1,715,000)	(1,852,488)
Reserve Appropriation - Capital									7,750,000	7,750,000
Net Surplus/(Loss)	(\$4,005,942)	(\$1,126,760)	(\$1,336,610)	(\$1,146,280)	(\$797,289)	(\$480,875)	\$1,984,318	\$8,836,561	(\$1,678,050)	\$249,072

**Tacoma Housing Authority - Property Budget
FY- 2021**

Accounts	AMP6		HLCR Highland		JAMC James Center North	KEYB Key Bank Building	MMAC Mr Mac - 1124 MLK	OUTR		Subtotal
	Scattered Site Homes	SAL7 Salishan Z	Crest Apartments	Outrigger Apartments				POAK Prairie Oaks		
Revenue - Operations										
Revenue	30,000	1,105,850	999,721	706,413	33,000	5,580	548,651	220,329	3,649,544	
Total Revenue	\$30,000	\$1,105,850	\$999,721	\$706,413	\$33,000	\$5,580	\$548,651	\$220,329	\$3,649,544	
Expenses - Operations										
Operating Expense	3,840	781,858	577,551	455,892	1,050	1,650	291,073	131,491	2,244,405	
Non-Operating Expenses	-	16,100	-	-	-	-	-	-	16,100	
Total Expenses - Operations	\$3,840	\$797,958	\$577,551	\$455,892	\$1,050	\$1,650	\$291,073	\$131,491	\$2,260,505	
Surplus/(Loss) - Operations	\$26,160	\$307,892	\$422,170	\$250,521	\$31,950	\$3,930	\$257,578	\$88,838	\$1,389,039	
Capital Expenses/(Revenue)										
Liabilities and Equities										
Net Surplus/(Loss)	\$26,160	\$223,392	\$389,320	\$200,521	\$31,950	\$3,930	\$120,039	\$83,588	\$1,078,900	

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. 06/30/2022)

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, 2021**

Board Resolution Number: **2020-12-09(2)**

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

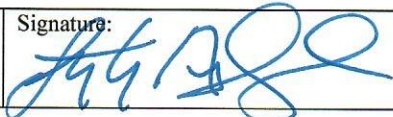
- ☒ Operating Budget approved by Board resolution on: **12/09/2020**
- ☐ Operating Budget submitted to HUD, if applicable, on:
- ☐ Operating Budget revision approved by Board resolution on:
- ☐ Operating Budget revision submitted to HUD, if applicable, on:

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: Stanley Rumbaugh	Signature: 	Date: 12/09/2020
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